THE PRESIDENCY

NEITI

Nigeria
Extractive
Industries
Transparency
Initiative

# 2023

# SOLID MINERALS INDUSTRY REPORT

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# FOREWORD

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 the 2023 EITI Standard. 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 2022 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 2023 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 |
| **FMoE** | Federal 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 |

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# EXECUTIVE SUMMARY

The 2023 solid minerals sector audit report is Nigeria's 14th cycle of the Extractive Industries Transparency Initiative (EITI) audit covering the period 1st January to 31st December 2023. 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 2023 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 2023 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 the 2023 EITI standard and the ToR 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 to determine the audit materiality and covered entities in accordance with NSWG guidelines
- The IA in conjunction with NEITI collected data from covered entities and sorted and analysed the collected data.
- Data validation and investigation was carried out by the IA to ascertain the data accuracy and completeness
- A tripartite reconciliation (IA, covered entities/companies and Government entities) was carried out in Lagos and Abuja on the 26th to 28th August 2024, and 2nd to 4th September, 2024, respective to reconcile positions of the Government Agencies with that of the covered entities.
- Upon completion of the tripartite reconciliation a process reporting and contextual report were drafted and submitted to NEITI NSWG for review and inputs.
- Having carried out the above procedures and methodology the IA has submitted a draft report to NEITI NSWG for review and approval.

## COVERED ENTITIES

A total of One Thousand Five Hundred and Thirty-Seven (1,537) companies paid both Royalty and Annual Service Fee during the review period. However, the 2023 SMA covered entities comprises of 110 extractive companies 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 and was used by the IA. The adopted and evaluated procedure is outlined in detail in Appendix 1 of this report.

Consequently, out of a total of One Thousand Five Hundred and Thirty-Seven (1,537) companies which paid both Royalty and (or) Annual Service Fee in the year under review, only One Hundred and Ten (110) 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 and 9 Government Agencies.

## TOTAL REVENUE

The aggregate of total receipts by Federal, States, and Local Government agencies amounted to **₦401.86 billion** representing amount paid by all companies operating in the solid mineral sector in 2023 as against ₦345.41 billion receipts in 2022. This indicates a 16% increase in revenue collection compared to 2022.

Table 1 below, shows the distribution of collection by the relevant agencies.

Table 1: Summary of Total Revenue Flows in 2023

| S/NO | GOVERNMENT ENTITY | AMOUNT (₦) | % CONTRIBUTION TO AMOUNT |
|---|---|---|---|
| 1 | FIRS | 370,088,887,359 | 92.09% |
| 2 | MID | 9,061,710,799 | 2.25% |
| 3 | MCO | 6,071,263,462 | 1.51% |
| 4 | MOE | 7,145,500 | 0.00% |
| 5 | NGSA | 32,688,790 | 0.01% |
| 6 | NCS | 7,022,682,024 | 1.75% |
| 7 | Subnational Payments (SIRS and LGA) | 9,584,249,407 | 2.38% |
| | **TOTAL** | **401,868,627,340** | **100.00%** |

Source: NEITI SMA 2023 Templates

## OUTSTANDING LIABILITIES

In the year under review, the total outstanding liabilities from 1.619 companies that had not paid Annual Service Fee is ₦680,634,060 as shown below

Table 2: Outstanding Liabilities from Companies and License Type

| S/N | LICENSE TYPE | AMOUNT OWED IN (₦) | NUMBER OF COMPANIES |
|---|---|---|---|
| 1 | Exploration Lease (EL) | 191,204,500 | 528 |
| 2 | Mining Lease (ML) | 399,600,000 | 31 |
| 3 | Quarry Lease (QL) | 89,700,000 | 274 |
| 4 | Small Scale Mining Lease (SSML) | 129,560 | 786 |
| | **Total** | **680,634,060** | **1,619** |

Source: MCO Record on liability.

Five (5) Year Trend Analysis of Revenue From the Solid Minerals Sector to the Federation Account

Table 3 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 ₦1.143 trillion.
- This represents a growth of ₦ 515.5 billion or (261%), moving from ₦79.96 billion in 2019 to ₦401.87 billion in 2023.

Table 3: Five Year Trend of Payments Paid into the Federation Account

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|
| | NGN'B | NGN'B | NGN'B | NGN'B | NGN'B | NGN'B |
| Total | 79.96 | 128.17 | 193.59 | 339.57 | 401.87 | 1,143.16 |
| Change (NGN' b) | | 48.21 | 65.42 | 145.98 | 62.3 | |
| % Change | | 60% | 51% | 75% | 75% | |

Source: 2018-2022 NEITI SMA Reports

## SUBNATIONAL TRANSFERS AND DISTRIBUTION.

During the year under review, there was a total of ₦16,680,990,990.93 in subnational transfers or distributions of funds from the solid minerals' revenue account.

## LICENSE ALLOCATION

A total of **2,833** licenses were issued during the year under review, representing a 114% increase in licenses issued when compared to the**1,325** licenses issued in 2022.

Table 4 below illustrates the distribution of current year's mineral license allocation:

Table 4: Licences Issued During the Year

| S/NO | LICENSE TYPES | NUMBER OF LICENCES |
|---|---|---|
| 1 | Exploration License (EL) | 1,406 |
| 2 | Mining Lease (ML) | 48 |

| | | |
|---|---|---|
| 3 | Quarry Lease (QL) | 184 |
| 4 | Small Scale Mining Lease (SSML) | 790 |
| 5 | Reconnaissance Permit (RP) | 405 |
| | **TOTAL** | **2,833** |

Source:2023 MCO Records

## MINERAL PRODUCTION

- The total mineral production in 2023 was **95,070,036.12** Tonnes which represents an increase of 24,342,505 Tonnes when compared to 2022 production of 70,727,531, indicating a 34.4% increase.
- Accordingly, the total royalty payment in the year under review was **₦9,012,650,637.25.**
- Production volumes and associated royalty payments, disaggregated by mineral type, company, state and zone are presented in Table 5 below

Table 5: Production Disaggregated by Mineral Type

| S/N | MINERAL TYPES | QUANTITY PRODUCED (TONNES) | % CONTRIBUTION TO QUANTITY | ROYALTY PAID (NGN) | % CONTRIBUTION TO ROYALTY PAID |
|---|---|---|---|---|---|
| 1 | Limestone | 49,057,064.08 | 51.60% | 3,027,262,005.71 | 33.59% |
| 2 | Granite Aggregate | 15,564,655.08 | 16.37% | 2,243,784,459.29 | 24.90% |
| 3 | Sand | 12,343,136.17 | 12.98% | 385,083,488.09 | 4.27% |
| 4 | Laterite | 4,437,265.10 | 4.67% | 189,012,369.68 | 2.10% |
| 5 | Clay | 5,900,429.73 | 6.20% | 61,367,108.87 | 0.68% |
| 6 | Granite Dust | 3,536,932.33 | 3.72% | 110,542,346.38 | 1.23% |
| | Others | 4,230,553.64 | 4.43% | 2,995,598,859.23 | 33.21% |
| | | **95,070,036.12** | **100.00%** | **9,012,650,637.25** | **100%** |

Source: 2023 NEITI SMA Templates

From the above analysis,

- Minerals with the largest production volume in the year under review were Granite, Limestone, Laterite, Clay and Sand.
- Analysis by company shows major contributors to production are: Dangote, BUA and Lafarge, with a combined production quantity and royalty payment of 51,615,051 Tonnes and ₦3,227,611,424 respectively.
- Notably, Dangote accounted for a significant share of total production (54.2%) and royalty (35.8%).

See Table 6 below for breakdown

Table 6: Production Disaggregated by Company

| S/N | COMPANIES | QUANTITY PRODUCED (TONNES) | % CONTRIBUTION TO PRODUCTION | ROYALTY PAID IN ₦ | % CONTRIBUTION TO ROYALTY |
|---|---|---|---|---|---|
| 1 | Dangote Cement Plc | 22,560,757 | 23.73% | 945,559,695 | 10.49% |
| 2 | BUA Cement Plc | 9,790,948 | 10.30% | 711,098,575 | 7.89% |
| 3 | Dangote Industries | 9,349,484 | 9.83% | 661,742,915 | 7.34% |
| 4 | Lafarge PLC | 7,163,472 | 7.53% | 496,651,739 | 5.51% |
| 5 | Zeberced Ltd | 2,750,390 | 2.89% | 412,558,500 | 4.58% |
| | Other Companies | 43,454,986 | 45.68% | 5,785,039,214 | 64.20% |
| | | **95,070,036** | **100.00%** | **9,012,650,637** | **100.00%** |

Source: 2023 NEITI SMA Templates

## PRODUCTION BY STATE

- Edo recorded the highest production in the year under review, with a total of 19.4 million Tonnes.
- Ogun with 15.3 million Tonnes
- Kogi with 10.9 million Tonnes.
- The state with the least production by volume was Borno State with 9,352 Tonnes of minerals produced.

Table 7: Production Disaggregated by State

| S/N | STATES | QUANTITY PRODUCED (TONNES) | % CONTRIBUTION TO QUANT | ROYALTY PAID IN ₦ | % CONTRIBUTION TO ROYALTY |
|---|---|---|---|---|---|
| 1 | Edo | 19,413,061 | 20.42% | 750,457,786 | 8.33% |
| 2 | Ogun | 15,340,100 | 16.14% | 1,185,989,333 | 13.16% |
| 3 | Kogi | 10,901,358 | 11.47% | 836,524,079.80 | 9.28% |
| 4 | Cross River | 7,670,460 | 8.07% | 580,658,357 | 6.44% |
| 5 | Kano | 7,646,304 | 8.04% | 137,420,754 | 1.52% |
| 6 | Others | 34,098,752 | 35.85% | 5,521,600,328 | 61.24% |
| | Total | **95,070,036** | **100.00%** | **9,012,650,637** | **100.00%** |

Source: 2023 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 its potential to generate higher revenue.

Table 7 below provides information on the active valid titles for these strategic minerals

| S/N | MINERAL | LICENSE TYPE | | | | TOTAL NUMBER OF LICENSE ISSUED |
|---|---|---|---|---|---|---|
| | | EL | QL | ML | SSML | |
| 1 | Baryte | 53 | 1 | 6 | 31 | 91 |
| 2 | Bitumen | 28 | - | 12 | - | 40 |
| 3 | Coal | 62 | - | 33 | 9 | 104 |
| 4 | Gold | 764 | 3 | 39 | 385 | 1,191 |
| 5 | Iron Ore | 113 | 2 | 17 | 20 | 152 |
| 6 | Lead/Zinc | 155 | 2 | 11 | 119 | 287 |
| 7 | Limestone | 95 | 32 | 33 | 34 | 194 |
| | TOTAL | 1,270 | 40 | 151 | 598 | 2,059 |

Source: 2023 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 Sector, the ETP focuses on Nationally Determined Contributions (NDC) and critical minerals to the Energy Transition.

The global EITI also identifies these five (5) minerals which are essential for the energy transition. These minerals are listed in Table 9 below.

Table 8: Energy Transition Minerals, Production and Licenses

| S/N | MINERALS | QUANTITY OF MINERALS PRODUCED (TONNES) | NUMBER OF ISSUED LICENSE VALID IN 2022 | LOCATIONS |
|---|---|---|---|---|
| 1 | Lithium | 744,502 | 823 | Nasarawa, Kwara, Kogi, Ekiti and Cross Rivers. |
| 2 | Nickel | 0 | 0 | Kaduna, Kebbi, Nasarawa and Taraba |
| 3 | Cobalt | 0 | 0 | Nasarawa, Bauchi & Plateau |

| | | | | |
|---|---|---|---|---|
| 4 | Copper | 80 | 0 | Zamfara, Sokoto, Nasarawa & Plateau |
| | **TOTAL** | **744,502** | **823** | |

Source: MCO Records

KEY HIGHLIGHTS OF THE 2023 SOLID MINERALS AUDIT EXPORT

| COUNTRY | NIGERIA |
|---|---|
| FISCAL PERIOD COVERED | 2023 |
| SECTORS COVERED | Solid Minerals (Financial, Physical and Process audit) |
| INDEPENDENT ADMINISTRATOR | Haruna Yahaya and Co. (Chartered Accountants) |
| ENTITIES | Total number of entities 1,537 |
| | Entities within threshold 110 |
| GOVERNMENT REVENUES | **Total government revenues (including unilaterally disclosed)** |
| | ₦401,868,627,340 |
| | **Final reconciled revenues (excluding unilateral disclosure):** |
| | ₦382,509,000,000 |
| COMPANY PAYMENTS | **Total company payments (including non-reconciled):** |
| | ₦401,868,627,340 |
| | **Final reconciled payments (excluding unilateral disclosure):** |
| | ₦382,509,000,000 |
| COMPANY OUTSTANDING LIABILITIES | **₦680,634,060** |
| LARGEST REVENUE STREAM (TYPE AND %) | Valued Added Tax (VAT) ₦187.95 Billion (46.77%) of 2023 total reconciled flows |
| COVERAGE (TYPES OF FINANCIAL FLOWS) | **Reconciled financial flows** |
| | FIRS – Taxes: ₦370,088,887,359 (92%) |
| | MID – Royalty and Others: ₦9,061,710,799 (2.25%) |
| | MCO – Annual Service Fee and Others: ₦6,071,263,462 (1.51%) |
| | **Unilaterally disclosed financial flows** |
| | MOE -Registration fees for Environmental Impact Analysis - ₦7,129,500 (0.08%)<br>NCS: NESS - ₦7,022,682,024 (1.75%) |
| | States – Annual Surface Rents and Others: ₦ 9,584,249,407 (2.38%) |
| | NGSA – Consultancy Fee: ₦7,022,682,024 (1.75%) |
| TOTAL DISCREPANCIES | Initial: ₦430.95 Billion |
| | Final Reconciled: ₦329.9 Billion<br>Unreconciled: ₦18 Million |
| PRODUCTION | Total Quantity Used/Sold (95,070,036 Tonnes) |
| | Total Royalty Paid: ₦9,012,650,637 |
| EXPORT | **Export Minerals by Companies** |
| | Total Export Quantity: |
| | Total Export Value: |
| GDP | GDP: |

| | |
|---|---|
| | Contribution of Solid Minerals Sector to GDP (₦1.76 Trillion; 0.75%) |
| **EXCHANGE RATE AND SOURCE** | ₦903<br>Central Bank of Nigeria (CBN) official exchange rate as at 31st December, 2023. |
| **RECENT BILLS** | i. The Nigerian Mining Act 2007, Proposed Replacement: The Nigerian Minerals & Mining Bill 2023<br>Status: Yet to be passed<br>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)<br>Status: Implemented<br>iii. New Bill: Mining Host Communities Development Bill<br>Status: yet to be passed<br>iv. New Bill: Environmental Protection and Rehabilitation Bill<br>Status: yet to be passed |

| TOP 3 STATES WITH HIGHEST ROYALTY PAYMENT | | |
|---|---|---|
| **STATE** | **QUANTITY (MT)** | **ROYALTY (NGN)** |
| Osun | 94,981 | 1,397,180,770.92 |
| Ogun | 15,367,624 | 966,827,851.35 |
| Rivers | 8,612,823 | 460,298,581.05 |
| **BOTTOM 3 STATES WITH HIGHEST ROYALTY PAYMENT** | | |
| Enugu | 183,502 | 6,112,535.00 |
| Imo | 77,106 | 3,464,250.00 |
| Borno | 105 | 145,000.00 |

## 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:**<br><br>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 Solid Minerals 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<br><br>ii. MCO should Enforce the penalty of non-usage of licenses as stipulated in the Minerals and Mining Regulations 2011.<br><br>iii. The Government should increase funding and introduce appropriate technology to support accounting, monitoring and enforcement activities.<br><br>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 which encourage speculative holding. This practice hinders serious investors, negatively impacts reserve growth, leads to future revenue losses and illegal mining, undermining the sector's growth and potential.<br><br>**Decline in the issuance of license**<br>The number of SSML declined from 771 in 2021 to 502 in 2023. This represents 34.8% decline from the previous year (2023). | These are some of recommendations to the findings<br>**Encourage Exploration:** License holders should start exploration within the stipulated time or face license withdrawal.<br>**Revise Licensing Policies:** Simplify procedures, reduce delays, and tie new licenses to local value addition.<br>**Enhance Regulatory Framework:** Strengthen regulatory bodies, enforce compliance, and implement digital solutions to reduce corruption.<br>**Promote Investment:** Attract investors through incentives and roadshows, and encourage public-private partnerships.<br>**Improve Infrastructure:** Invest in transport and power infrastructure to support mining operations and reduce costs. |
| 3 | **BENEFICIAL OWNERSHIP CHALLENGES**<br><br>i. **Complex Ownership Structures:** Companies | To address the challenges of Beneficial Ownership (BO) information in Nigeria's solid minerals sector, a multi-faceted |

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| | use intricate structures to hide true owners.<br><br>ii. **Regulatory Inconsistencies: Gaps** and inconsistencies in regulations hinder effective BO information collection and sharing.<br><br>iii. **Data Quality Issues:** Available BO information may be incomplete or inaccurate due to inadequate verification.<br><br>iv. **Limited Public Access:** Restricted access to BO information limits its usefulness for stakeholders.<br><br>v. **Weak Enforcement:** Poor enforcement of regulations leads to non-compliance by companies.<br><br>vi. **Unharmonized Data**: Data from agencies like MCO, CAC, and NEITI are not aligned.<br><br>These challenges impede efforts to combat corruption, money laundering, and other illicit activities in the sector. | approach is recommended:<br>i. **Strengthen Legal Frameworks:** Implement robust laws mandating BO disclosure, aligning with international standards.<br><br>ii. **Strengthen Enforcement Mechanisms**: Enforce strong penalties for non-compliance to deter companies from hiding BO information.<br><br>iii. **Improve Data Collection and Verification:** Establish comprehensive systems for accurate and complete BO data, using centralized registries and technology.<br><br>iv. **Enhance Transparency and Public Access:** Make BO information publicly accessible through online platforms for increased transparency and accountability.<br><br>v. **Capacity Building and Training:** Train regulatory authorities, companies, and stakeholders on BO transparency and compliance.<br><br>vi. **Centralize Data:** Centralize BO data for access by relevant agencies.<br><br>vii. **International Cooperation:** Collaborate with international bodies to harmonize regulations and facilitate cross-border BO information exchange.<br><br>iii. **Engage Stakeholders**: Involve government agencies, the private sector, and civil society in BO transparency initiatives. |
| 3 | **REVOCATION OF LICENSES**<br>The revocation of 3,467 solid mineral licenses in Nigeria has several significant effects:<br>i. **Increased Compliance and Transparency:** Enforces regulatory standards and improves | i. Collaboration between NCS and MSMD should be strengthened. MSMD should have a dedicated desk officer at the NCS office to ensure the communication |

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| | sector transparency.<br><br>ii. **Encouragement of Active Mining:** Promotes productive use of mineral resources and attracts serious investors.<br><br>iii. **Revenue Generation**: Increases government revenue through fees, royalties, and taxes.<br><br>iv. **Market Opportunities:** Opens up the market for new entrants, fostering competition and innovation.<br><br>v. **Deterrence of Speculative Practices**: Prevents companies from hoarding licenses without mining activities.<br><br>vi. **Potential Legal Challenges:** May lead to disputes and litigation, causing temporary uncertainty.<br><br>vii. **Impact on Local Communities**: Can lead to more responsible mining practices but may cause temporary job losses. | 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.<br><br>ii. There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences. |
| 4 | **CONFLICTING MINERAL EXPORT DATA RECORD BETWEEN NCS AND MSMD**<br>i. Records from the Nigerian Customs Service (NCS) and the MSMD reveals that the collaboration between both agencies is weak as their reported figures differ significantly. The wide margin between these records underscores the lack of collaboration and coordination between the two agencies, leading to discrepancies in export data and | iii. Collaboration 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 |

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| | causing revenue loss for the government:<br><br>ii. The lack of coordination between the NCS and MSMD could result in companies exporting minerals without paying the appropriate royalties and fees, leading to significant revenue losses for the government.<br><br>iii. 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.<br><br>The export data from the Nigerian Customs Service (NCS) includes minerals that were not reflected in the production data supplied by the Ministry | organizations. Thus, ultimately improving revenue generation from the sector.<br><br>iv. There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences. |
| 6 | **INSECURITY IN THE SOLID MINERALS SECTOR**<br><br>According to NGSA's data, there is an estimated large deposit of one of the strategic minerals (gold) in some of the areas with high insecurity in the country.<br><br>i. 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 | 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. |

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| | minerals in Nigeria is found.<br><br>ii. 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. | |
| 7 | **MULTIPLE TAXATION AND OVERLAPPING TAX JURISDICTION**<br><br>Multiple Taxation and overlapping Tax Jurisdiction on companies from both Federal, State, Local Government and other unsanctioned entities.<br><br>Mining companies in Nigeria face both legally mandated taxes and unsanctioned levies, leading to several challenges:<br><br>i. **Increased Operational Costs:** High taxes and unsanctioned levies increase financial burdens and reduce profitability, deterring investment.<br><br>ii. **Administrative Complexity:** Navigating complex tax regulations requires significant resources, leading to higher administrative costs and potential legal issues.<br><br>iii. **Reduced Competitiveness:** High production | The taxation problems can be addressed through the following recommendations:<br><br>**Harmonization of Tax Policies:**<br>• Develop a unified tax framework to eliminate overlapping jurisdictions and reduce the tax burden.<br>• Simplify tax codes to avoid multiple taxes on the same income.<br><br>**Strengthening Regulatory Oversight:**<br>• Implement anti-corruption measures and ensure transparency in tax collection.<br>• Conduct regular independent audits of tax authorities.<br><br>**Capacity Building and Training:**<br>• Train tax officials to correctly apply tax laws.<br>• Provide support to companies for navigating the tax landscape. |

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| | costs make Nigerian mineral products less competitive globally, and companies may lose market share.<br><br>iv. **Encouragement of Informal Activities:** Excessive taxation can drive illegal mining and tax evasion, leading to revenue losses and environmental damage.<br><br>i. **Adverse Impact on Local Communities:** Higher operational costs reduce companies' ability to invest in community projects, potentially causing social unrest. | **Stakeholder Engagement:**<br>i. Establish regular dialogue between government authorities and industry stakeholders.<br>ii. Conduct public awareness campaigns about tax rights and responsibilities.<br><br>**Leveraging Technology and Innovation:**<br>• Implement digital tax systems to streamline collection and reduce corruption.<br>• Use blockchain for secure and transparent recording of transactions.<br><br>**Improving Coordination and Collaboration:**<br>• Foster inter-agency collaboration for unified revenue tracking.<br>• Align with international standards like EITI for best practices in transparency and accountability.<br><br>**International Standards:** Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure best practices in transparency and accountability |
| 8 | **ANNUAL SERVICE FEE AND LIABILITES**<br>The amount of ₦3,212,202,500 being owed to MCO by companies as a result of non-payment of ASF<br><br>i. Reduced Investment: Widespread non-compliance can create a negative perception of the sector, reducing overall investment and growth. | i. Regular Audits: Conduct regular audits to ensure compliance and identify non-payment issues early and address it on the spot.<br><br>ii. Enhanced Penalties: Implement stricter penalties for non-compliance to deter companies from defaulting on their liabilities. |

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| | ii. Regulatory Strain: Increased non-compliance puts additional strain on regulatory bodies, diverting resources from other critical functions.<br><br>iii. 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. | iii. 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. |
| 9 | 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<br><br>As a result of this abysmal revenue generation, there was no allocations to any tier of government during the year.<br><br>As a result, there will be years revenue allocation will be missed as it happened in 2023. Thus, there will be lost opportunities to either invest or develop the country from 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 |
| 10 | **POOR DISCLOSURE OR EXECUTION OF MANDATORY SOCIAL PAYMENTS**<br><br>i. Only 15 out of the 85 companies made the | Strengthening Regulatory Oversight through: |

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| | 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<br><br>ii. 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.<br><br>iii. Host communities will feel unfairly treated giving room for the tendency to become hostile to companies. | • Regular Audits: Conduct regular audits to ensure companies comply with their CDA commitments<br><br>• Penalties for Non-Compliance: Implement and enforce penalties for companies that fail to meet their social payment obligations<br><br>Public Disclosure by ensuring<br><br>• Transparency: Make CDAs and compliance reports publicly accessible to enhance transparency and accountability<br><br>• Community Involvement: Engage local communities in monitoring and verifying the implementation of CDA commitments<br><br>• Capacity Building: By Providing training for both companies and community representatives on the importance of CDAs and best practices for implementation<br><br>• Support Mechanisms: Establish support mechanisms to help companies and communities effectively manage and utilize social payments |
| 11 | **PUBLIC DISCLOSURES OF CDA'S NOT ACCESSIBLE**<br><br>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.<br><br>As a result of this, hence the gaps below: | **Public Disclosure of CDAs:**<br><br>• Online Portals: Establish online portals where all signed CDAs are made publicly accessible. This can enhance transparency and allow stakeholders to monitor compliance |

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| | **Transparency and Accountability:**<br>• Opaque Processes: Without public access to CDAs, it is difficult to hold companies accountable for their commitments to host communities<br>• Trust Deficit: The lack of transparency can lead to mistrust between communities, companies, and the government<br><br>**Monitoring and Compliance:**<br>• 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.<br>• Inconsistent Implementation: There may be inconsistencies in how CDAs are implemented across different regions and companies.<br><br>**Community Benefits:**<br>• Unmet Expectations: Communities may not receive the promised benefits if they are unaware of the specific commitments made by companies.<br>• Social Unrest: Lack of transparency can lead to social unrest and conflicts if communities feel | • Regular Updates: Ensure that the information on these portals is regularly updated to reflect any changes or new agreements<br>**Strengthening Regulatory Frameworks:**<br>• Mandatory Disclosure: Update regulations to mandate the public disclosure of CDAs as part of the licensing and regulatory process<br>• Compliance Monitoring: Implement robust mechanisms for monitoring compliance with CDA commitments, including regular audits and community feedback<br>**Community Engagement:**<br>• Awareness Campaigns: Conduct awareness campaigns to educate communities about their rights and the contents of CDAs.<br>• Stakeholder Involvement: Involve local communities in the negotiation and monitoring of CDAs to ensure their needs and concerns are addressed.<br><br>**Leveraging Technology:**<br>• Digital Platforms: Utilize digital platforms and blockchain technology to securely record and track CDA commitments and compliance.<br>• Mobile Applications: Develop mobile applications that allow communities to access information about CDAs and |

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| | they are not being fairly treated. | report non-compliance. |

# CHAPTER 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 14th cycle of Nigeria's Solid Minerals Sector audit covering the period of 1st January to 31st December 2023, 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 2023. 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 2023. 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. It 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 2023 audit of the Nigerian Solid Mineral sector. It is the 14th Cycle of the Extractive Industries Transparency Initiative (EITI) audit covering the period 1st January to 31st December 2023. The report is in compliance with the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007 and the 2023 EITI Standard and the ToR.

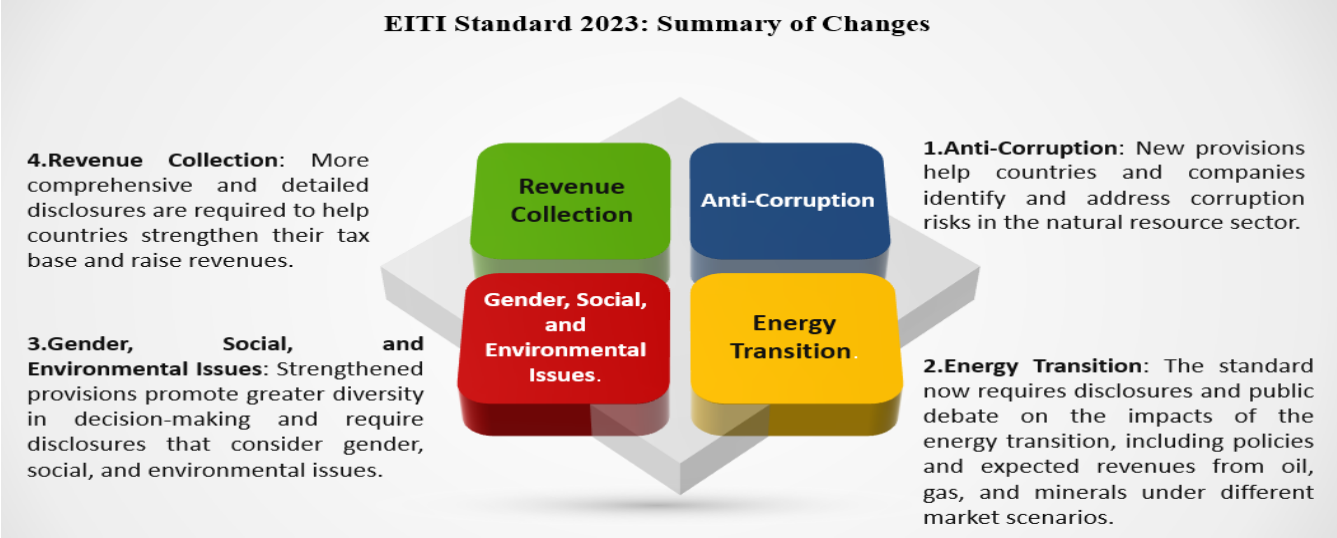
### 1.1.1. Road Map of EITI Implementation in Nigeria

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 National 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:

Figure 1:EITI Summary of changes




Source: 2023 EITI Standard

### 1.1.2. Effects of these changes on the report

- **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

- **Energy Transition:**

[1] EITI STANDARD 2023

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 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. Recognizing 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.

- **Gender, Social and Environmental Issues:**

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, countries 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].

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

**Environmental Considerations:**

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

- Decision-Making Diversity: By promoting greater diversity in decision-making, countries 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 to considering the broader implications of resource extraction.

**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.

[4] eiti.org/sites/default/files/2023-06/Explainer_EITI Standard 2023_ Summary of changes.pdf
[5] 2023 EITI Standard

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 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 14th 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 10 below.

Table 9: Sixteen-Year Reporting Trend of Sector Contribution

| S/N | Reporting Year | Number of reporting companies | Government Receipts | CBN Exchange rate @ 31st | Government Receipts | Publication Dates |
|---|---|---|---|---|---|---|
| | | | ₦'billion | ₦ | US$' million | |
| 1 | 2007 | 78 | 7.59 | 116.3 | 65.26 | 12-Dec |
| 2 | 2008 | 78 | 10.57 | 130.75 | 80.82 | 12-Dec |
| 3 | 2009 | 78 | 19.15 | 147.6 | 129.73 | 12-Dec |
| 4 | 2010 | 78 | 17.1 | 148.67 | 115 | 12-Dec |
| 5 | 2011 | 67 | 27.01 | 156.2 | 172.91 | 13-Jan |
| 6 | 2012 | 65 | 25.57 | 155.27 | 164.67 | 15-Dec |
| 7 | 2013 | 65 | 30.25 | 155.2 | 194.93 | 16-Mar |
| 8 | 2014 | 39 | 49.17 | 167.5 | 293.57 | 16-Dec |
| 9 | 2015 | 42 | 64.46 | 196.5 | 328.06 | 17-Jul |
| 10 | 2016 | 56 | 43.22 | 304.5 | 141.94 | 18-Nov |
| 11 | 2017 | 59 | 52.76 | 305.5 | 172.69 | 19-Oct |
| 12 | 2018 | 69 | 69.47 | 306.5 | 226.66 | 20-Mar |
| 13 | 2019 | 74 | 79.96 | 306.5 | 260.88 | 20-Dec |
| 14 | 2020 | 102 | 128.17 | 379.5 | 337.73 | 22-Mar |
| 15 | 2021 | 121 | 173.48 | 413.3 | 419.74 | 22-Mar |
| 16 | 2022 | 85 | 341.27 | 448.55 | 756.79 | |
| | TOTAL | | 1,139.21 | | 3,861.38 | |

Source: NEITI Solid Minerals Audit (SMA) Reports

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

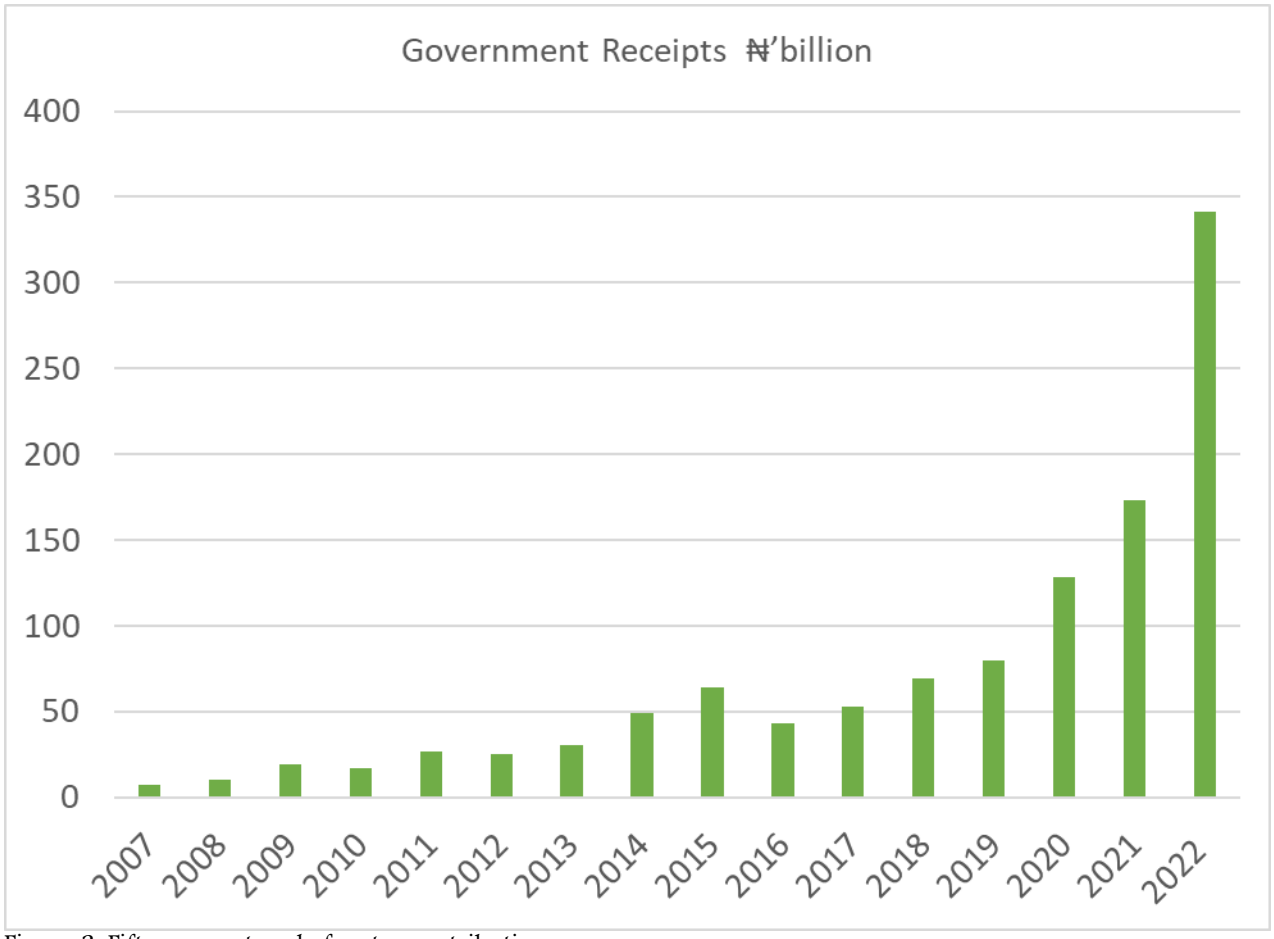


Figure 2: Fifteen-year trend of sector contribution

## 1.2. OBJECTIVES AND SCOPE OF THE AUDIT

The 2023 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 summarized in Table 11 and figure 3 below as extracted from the ToR:

Figure 3: Objective of the Audit

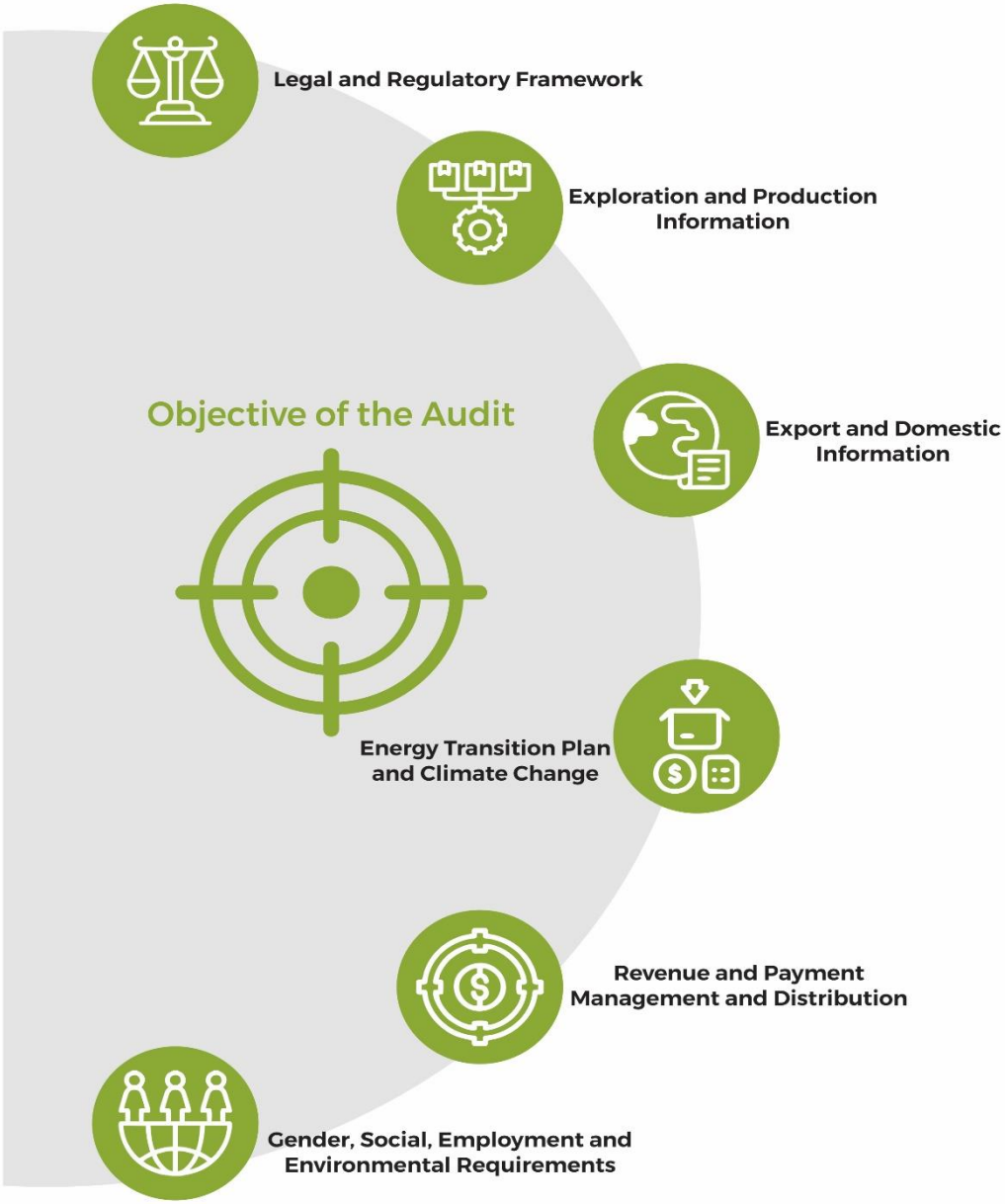


Table 10: Objectives of the Audit

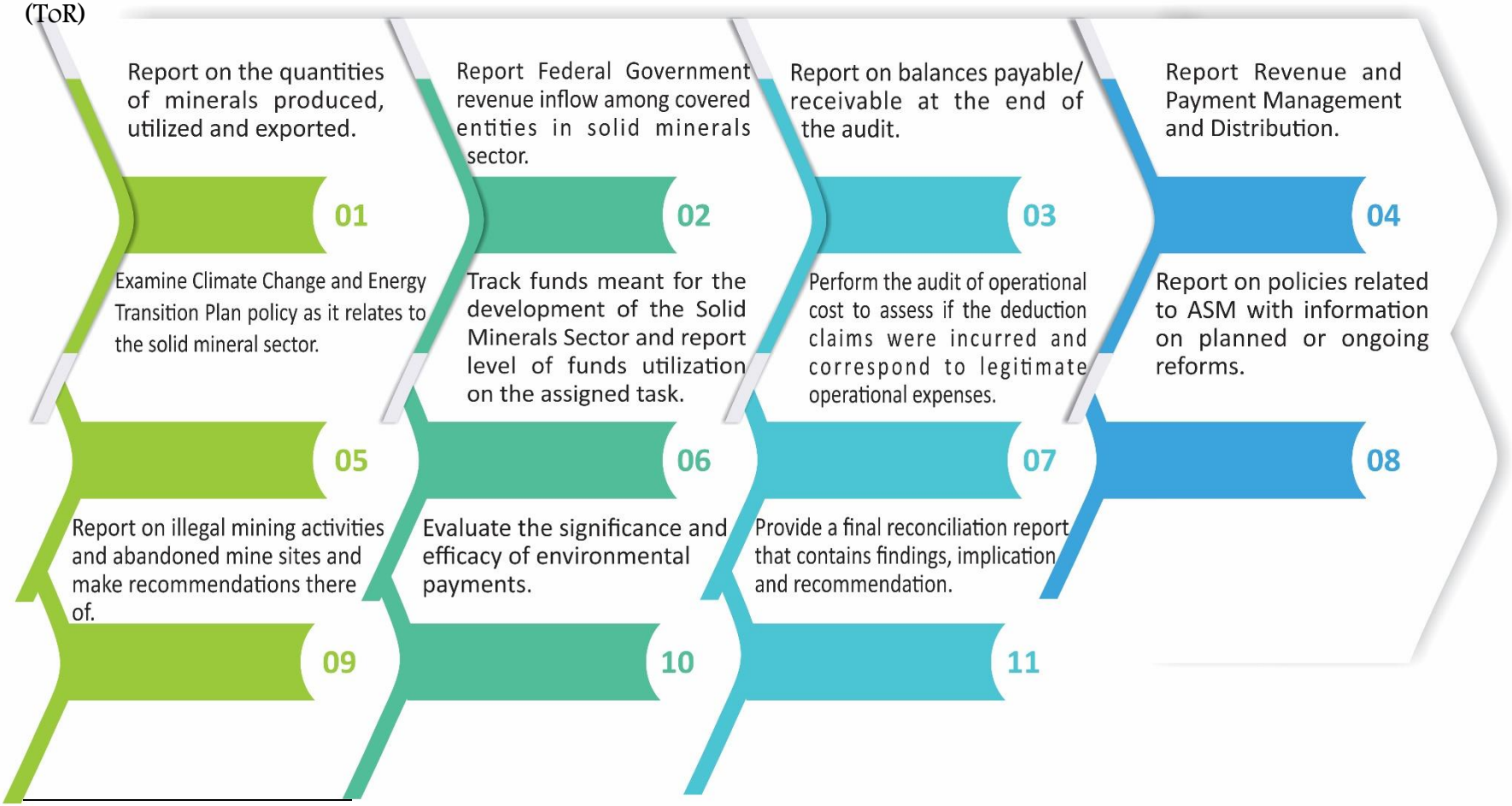
| KEY REQUIREMENT | DESCRIPTION |
|---|---|
| **Legal and Regulatory Framework** | • Report on all aspects of the regulatory framework for the solid mineral industry: including the legal framework, fiscal regime, roles of government entities and reforms, laws, and regulations relating to addressing corruption risks in the solid mineral sector<br>• Provide an overview of the statutory procedures for awards and transfers of licenses and assess if these procedures are followed in practice.<br>• Disclose comprehensive information on property rights to mineral licenses and leases.<br>• Disclose information on 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** | • Disclose comprehensive information on property rights to mineral licenses and leases.<br>• Disclose an overview of the exploration activities in the solid mineral sector highlighting its potential, recent, ongoing, and planned significant exploration activities.<br>• 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** | • Disclose greenhouse gas (GHG) emissions from the solid minerals sector, produce an overview of Nigeria's national energy transition commitments, policies, and plans as they pertain to the extractive sector.<br>• 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 |

| KEY REQUIREMENT | DESCRIPTION |
|---|---|
| | extractive sector.<br>• 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, 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<br>• Disclose information on revenue management and distribution, highlighting subnational transfers and revenue sustainability.<br>• 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.<br>• 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<br>• 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.<br>• conduct the assignment in a manner, which is insightful, and of such integrity as to be reasonably relied upon by the NSWG.<br>• Incorporate suggestions from previous reports and formulating suggestions for any emerging matters encountered during the execution of the task<br>• Address issues 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 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 1 (ToR)




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

## 1.3. STRUCTURE OF THE REPORT

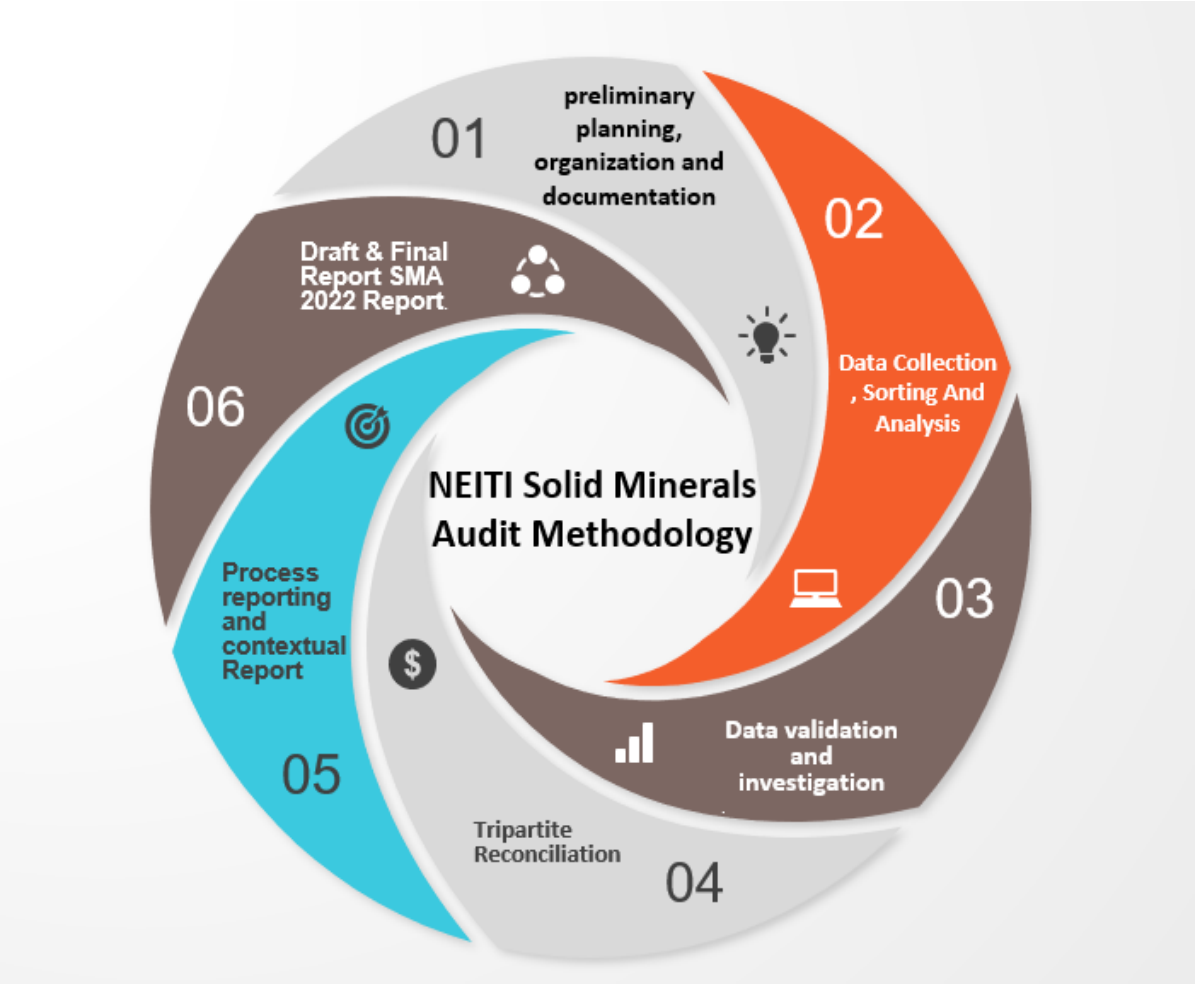
The report is structured into seven sections namely:


## 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 figure 4 below:

Figure 4: 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 2023 audit, NEITI set the materiality threshold at ₦6million 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 2023 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 Solid Minerals Development (MSMD) and the Mining Cadastre Office (MCO), consulting relevant resources and the recommendations from the 2022 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 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. *Table 12* 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 Five Hundred and Thirty-Seven (1,537) companies paid both Royalty and Annual Service Fee during the review period. From the 1,537 companies operating in the mining sector in 2023, 110 companies met or exceeded the materiality threshold of ₦6 million in royalty and ASF payments. However, only 69 companies provided complete data that could be fully reconciled in the audit. The remaining 41 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 ₦9,012,650,637 was received as total receipt for Royalty of which ₦6,866,283,325 was paid by the material companies covered in this audit exercise. This receipt represents 76.18% of the total royalty payment. As for the Annual Service fee, a total of ₦3,088,483,802 was received during the year, of which ₦1,165,899,800 was paid by the material companies covered in this audit exercise. These companies' contribution on this

[8] Appendix 1: NSWG Materiality Document

payment represents 37.74%. Both streams (Royalty and Annual Service Fee) totals ₦12,101,134,439 and the companies selected based on the ₦6 million materiality cumulatively contributed ₦8,032,183,125 or 66.36% of the total.

Table 11: Materiality Sensitivity Analysis

| Materiality Sensitivity Analysis of 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Options | Threshold | S/N | Description | Number of companies and Ratio | | Annual Service Fee | Royalty | Total | Ratio |
| | | | | Number | % | ₦ | ₦ | ₦ | % |
| 1 | ₦10,000,000 | 1 | Above Threshold | 49 | 3% | 1,072,896,000 | 6,774,057,288 | 7,846,953,288 | 64.8% |
| | | 2 | Below Threshold | 1,488 | 97% | 2,015,587,802 | 2,238,593,350 | 4,254,181,152 | 35.2% |
| | | **Total** | | **1,537** | **100%** | **3,088,483,802** | **9,012,650,637** | **12,101,134,439** | **100%** |
| 2 | ₦6,000,000 | 1 | Above Threshold | 110 | 7% | 1,165,899,800 | 6,866,283,325 | 8,032,183,125 | 66.4% |
| | | 2 | Below Threshold | 1,427 | 93% | 1,922,584,002 | 2,146,367,313 | 4,068,951,315 | 33.6% |
| | | **Total** | | **1,537** | **100%** | **3,088,483,802** | **9,012,650,637** | **12,101,134,439** | **100%** |
| 3 | ₦5,000,000 | 1 | Above Threshold | 141 | 9% | 886,003,381 | 7,165,128,055 | 8,051,131,436 | 66.5% |
| | | 2 | Below Threshold | 1,396 | 91% | 2,202,480,421 | 1,847,522,582 | 4,050,003,003 | 33.5% |
| | | **Total** | | **1,537** | **100%** | **3,088,483,802** | **9,012,650,637** | **12,101,134,439** | **100%** |
| 4 | N4,000,000 | 1 | Above Threshold | 192 | 12% | 883,781,351 | 8,443,514,625 | 9,327,295,976 | 77.1% |
| | | 2 | Below Threshold | 1,345 | 88% | 2,204,702,451 | 569,136,012 | 2,773,838,463 | 22.9% |
| | | **Total** | | **1,537** | **100%** | **3,088,483,802** | **9,012,650,637** | **12,101,134,439** | **100%** |
| 5 | N3,000,000 | 1 | Above Threshold | 441 | 29% | 928,300,023 | 8,956,140,625 | 9,884,440,648 | 81.7% |
| | | 2 | Below Threshold | 1,096 | 71% | 2,160,183,779 | 56,510,012 | 2,216,693,791 | 18.3% |
| | | **Total** | | **1,537** | **100%** | **3,088,483,802** | **9,012,650,637** | **12,101,134,439** | **100%** |
| 6 | N2,000,000 | 1 | Above Threshold | 474 | 31% | 932,050,000 | 8,996,140,625 | 9,928,190,625 | 82.0% |
| | | 2 | Below Threshold | 1,063 | 69% | 2,156,433,802 | 16,510,012 | 2,172,943,814 | 18.0% |
| | | **Total** | | **1,537** | **100%** | **3,088,483,802** | **9,012,650,637** | **12,101,134,439** | **100%** |

Source: MCO and MID Records

### 1.5.1. COVERED ENTITIES

- There were One Thousand, Five Hundred and Thirty-Seven (1,537) companies operating in the Solid Minerals sector within the reporting period.
- One Hundred and Ten (110) out of the 1,537 made a payment of either royalty, ASF or both greater than or equal to the materiality amount of ₦6 million naira set.

- From the 110 material companies selected, 69 companies completed and returned data collection templates, and relevant supporting documents which were reconciled accordingly.
- Data from the remaining 41 material companies were unilaterally disclosed as their data templates were not returned at the time of publishing this report.

Table 13 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 |
|---|---|---|---|---|---|
| 1 | A.M.K.W INTERNATIONAL NIG. LTD. | 13,780,500 | 617,000 | 14,397,500 | 0.12% |
| 2 | AAY INTERNATIONAL MINING COMPANY LTD. | 5,065,000 | 24,400,000 | 29,465,000 | 0.24% |
| 3 | ABASA NIGERIA ENT. LTD | - | 11,500,000 | 11,500,000 | 0.10% |
| 4 | AFRICAN PITS AND QUARRIES LIMITED. | 48,750,000 | - | 48,750,000 | 0.40% |
| 5 | AGRA MINERALS LTD. | - | 9,066,000 | 9,066,000 | 0.07% |
| 6 | ARAB CONTRACTOR O.A.O NIGERIA LIMITED. | 7,621,443 | 550,000 | 8,171,443 | 0.07% |
| 7 | ASHAKA CEMENT COMPANY PLC. | 99,477,861 | 61,100,000 | 160,577,861 | 1.33% |
| 8 | BUA CEMENT PLC. | 711,098,575 | 55,715,000 | 766,813,575 | 6.34% |
| 9 | C.G.C NIGERIA LTD | 47,526,523 | 600,000 | 48,126,523 | 0.40% |
| 10 | CCECC NIG LTD | 92,542,040 | 1,950,000 | 94,492,040 | 0.78% |
| 11 | CENTURY MINING COMPANY LTD | 19,080,000 | 9,600,000 | 28,680,000 | 0.24% |
| 12 | CHINA SOLID ROCK NIGERIA LTD | 26,300,000 | 850,000 | 27,150,000 | 0.22% |
| 13 | COLTAN MINERAL LTD | 17,880,000 | - | 17,880,000 | 0.15% |
| 14 | COMET MINERALS LTD | - | 9,900,000 | 9,900,000 | 0.08% |
| 15 | COMETSTAR MANUFACTURING COMPANY LTD | - | 13,800,000 | 13,800,000 | 0.11% |
| 16 | DAI JIN JIA INVESTMENT LTD | 36,107,575 | 1,830,000 | 37,937,575 | 0.31% |
| 17 | DANGOTE INDUSTRIES | 1,607,302,610 | 331,615,500 | 1,938,918,110 | 16.02% |
| 18 | DOLVIC GLOBAL RESOURCES & CONTINENTAL SERVICE LTD. | 15,469,500 | 600,000 | 16,069,500 | 0.13% |

| | | | | | |
|---|---|---|---|---|---|
| 19 | EKITI STATE ALLIANCE GEM MINERS | 6,789,000 | 40,000 | 6,829,000 | 0.06% |
| 20 | FIRST PATRIOT LIMITED | 476,430,032 | 12,382,000 | 488,812,032 | 4.04% |
| 21 | FUHUA QUARRY NIGERIA LTD | 7,839,900 | 100,000 | 7,939,900 | 0.07% |
| 22 | GUARDIAN DRAGONS LTD | - | 26,775,000 | 26,775,000 | 0.22% |
| 23 | HITECH CONSTRUCTION COMPANY LTD | 7,329,972 | 120,000 | 7,449,972 | 0.06% |
| 24 | HONGTAI QUARRY CO LTD | 6,600,000 | - | 6,600,000 | 0.05% |
| 25 | INORGANIC EARTH RESOURCES LIMITED | 35,215,516 | 300,000 | 35,515,516 | 0.29% |
| 26 | INTERNATIONAL CEMENT COMPANY LTD | - | 8,300,000 | 8,300,000 | 0.07% |
| 27 | JIGOM NIG. LTD | 5,134,513 | 400,000 | 5,534,513 | 0.05% |
| 28 | JIN ZIANG QUARRY CO. LTD | 18,741,000 | - | 18,741,000 | 0.15% |
| 29 | JULIUS BERGER (NIG.) PLC | 173,429,499 | 1,500,000 | 174,929,499 | 1.45% |
| 30 | KADUNA MINING DEV CO. LTD | - | 11,031,000 | 11,031,000 | 0.09% |
| 31 | KAI DI INVESTMENT LIMITED | 25,202,431 | 4,950,000 | 30,152,431 | 0.25% |
| 32 | KCM MINING NIGERIA LIMITED | - | 41,732,000 | 41,732,000 | 0.34% |
| 33 | KEBARA-RICHLAND OIL SAND PROJECTS LTD | - | 19,600,000 | 19,600,000 | 0.16% |
| 34 | KENYANG MINING CO. LTD | 14,734,000 | 3,200,000 | 17,934,000 | 0.15% |
| 35 | KOPEK CONSTR LTD | 59,456,500 | 650,000 | 60,106,500 | 0.50% |
| 36 | KURSI INVESTMENT LIMITED | 95,338,809 | 11,306,500 | 106,645,309 | 0.88% |
| 37 | LAFARGE PLC | 496,651,739 | 144,500,000 | 641,151,739 | 5.30% |
| 38 | LANZHANG CONTINENTIAL SERVICES LTD | 29,700,000 | 150,000 | 29,850,000 | 0.25% |
| 39 | LEVENE HYDROCARBON LIMITED | | 274,200,000 | 274,200,000 | 2.27% |
| 40 | LONGMA INDUSTRY LTD | 8,812,000 | 50,000 | 8,862,000 | 0.07% |
| 41 | MANHARDI NIGERIA LIMITED | 8,131,800 | 50,000 | 8,181,800 | 0.07% |
| 42 | MARK-SINO NIG. LTD | 15,370,000 | - | 15,370,000 | 0.13% |
| 43 | MASTER ROCK LTD | 7,120,550 | - | 7,120,550 | 0.06% |
| 44 | MATRIX FERTILIZER LTD | - | 1,371,500 | 1,371,500 | 0.01% |
| 45 | MILHOUSE ENERGY SERVICES LIMITED | 11,643,950 | 9,600,000 | 21,243,950 | 0.18% |
| 46 | MORO ECONOMIC CONSULT LTD | - | 11,000,000 | 11,000,000 | 0.09% |
| 47 | MORSA ENERGY LTD | 22,295,184 | 2,008,300 | 24,303,484 | 0.20% |
| 48 | MOTHERCAT NIG. LIMITED | 34,354,122 | 800,000 | 35,154,122 | 0.29% |
| 49 | MULTIVERSE MINING & EXPLORATION | 28,279,188 | 100,000 | 28,379,188 | 0.23% |
| 50 | NBHH NIG LTD | 7,642,436 | - | 7,642,436 | 0.06% |
| 51 | NEVEAH LTD | 58,500,000 | - | 58,500,000 | 0.48% |
| 52 | OMOLUABI BADGER MINES LTD | - | 6,490,000 | 6,490,000 | 0.05% |
| 53 | ORBIT EXPLORATION & NATURAL PRODUCTS LTD | - | 43,284,000 | 43,284,000 | 0.36% |
| 54 | PERFECT STONE QUARRIES LTD | 17,322,757 | 300,000 | 17,622,757 | 0.15% |
| 55 | REYNOLDS CONSTRUCTION COMPANY LIMITED | 190,760,241 | - | 190,760,241 | 1.58% |

| | | | | | |
|---|---|---|---|---|---|
| 56 | ROCK KING CONSTRUCTION LTD | 16,015,032 | 200,000 | 16,215,032 | 0.13% |
| 57 | S.C.C. NIG. LTD. | 37,000,672 | - | 37,000,672 | 0.31% |
| 58 | SEGILOLA RESOURCES OPERATING LIMITED | 1,413,397,820 | 18,609,000 | 1,432,006,820 | 11.83% |
| 59 | SETRACO NIG. LTD | 125,434,588 | 1,700,000 | 127,134,588 | 1.05% |
| 60 | THE FREEDOM GROUP | 28,418,872 | 3,190,000 | 31,608,872 | 0.26% |
| 61 | TRIACTA NIG. LTD | 73,544,917 | 2,900,000 | 76,444,917 | 0.63% |
| 62 | VENUS MINING COMPANY LTD | 14,936,000 | - | 14,936,000 | 0.12% |
| 63 | WEST AFRICAN CERAMICS LTD | 730,000 | 9,550,000 | 10,280,000 | 0.08% |
| 64 | WODA MOUNTAIN INVEST. NIG. LTD | 51,411,625 | 2,421,000 | 53,832,625 | 0.44% |
| 65 | XINXIN MINING RESOURCES | 7,153,615 | - | 7,153,615 | 0.06% |
| 66 | Z & Y INVESMEN CO. LDZ & Y INVESMEN CO. LD | 51,723,071 | 200,000 | 51,923,071 | 0.43% |
| 67 | ZEBERCED LTD | 412,558,500 | 1,500,000 | 414,058,500 | 3.42% |
| 68 | ZHONG ZING MINING LTD. | 6,255,809 | 50,000 | 6,305,809 | 0.05% |
| 69 | ZUMA 828 COAL LIMITED | 36,078,470 | 17,630,000 | 53,708,470 | 0.44% |
| | **TOTAL** | **6,891,485,756** | **1,227,933,800** | **8,119,419,556** | 67.10% |
| | CONTRIBUTION FROM COMPANIES BELOW MATERIALITY THRESHOLD (B) | 448,449,500 | 261,856,077 | 710,305,577 | 5.87% |
| | CONTRIBUTION FROM UNILATERALLY DISCLOSED COMPANIES | 1,672,715,382 | 1,598,693,925 | 3,271,409,307 | 27.03% |
| | **TOTAL (A+B)** | **9,012,650,637** | **3,088,483,802** | **12,101,134,439** | 100.00% |

Source: MID Records and NEITI SMA 2023 Templates

### 1.5.2. Non-complaint Entities

From the covered entities listed in Table 14, Forty One (41) out of the One Hundred and Ten Companies (110) entities did not submit the templates and checklist dispatched to them. 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 14 for list of entities that did not return templates sent to out.

Table 13: Non-Compliant Entities

| S/N | NAME OF COMPANY | ANNUAL SERVICE FEE | ROYALTY | TOTAL |
|---|---|---|---|---|
| 1 | ACE GOIS LTD | 9,000,000 | - | 9,000,000 |
| 2 | AKAMKPA QUARRY LTD | 100,000 | 10,242,929 | 10,342,929 |
| 3 | AMEA AGRO AND MINING EXPORT ALLIANCE LTD | 10,302,000 | - | 10,302,000 |
| 4 | ANLI MINING NIGERIA LTD | 900,000 | 30,204,917 | 31,104,917 |
| 5 | ASPHALT UNITY CONSTRUCTION LIMITED | 250,000 | 7,444,261 | 7,694,261 |
| 6 | BADGER MINES NIGERIA LTD | 6,941,000 | - | 6,941,000 |
| 7 | BASIN MINING LIMITED | 31,950,000 | - | 31,950,000 |
| 8 | CALIANDRE LTD | 6,080,000 | - | 6,080,000 |
| 9 | CURKART MINING COMPANY LTD | 6,173,500 | - | 6,173,500 |
| 10 | DIAMOND CEMENT NIG LTD | 11,500,000 | - | 11,500,000 |
| 11 | ELIPSE INTERNATIONAL EX. SOLUTION LTD | 7,129,000 | - | 7,129,000 |
| 12 | ELTEEMATALLICS NIGERIA LTD | 6,048,000 | - | 6,048,000 |
| 13 | ESO TERRA INVESTMENT LTD | 8,490,500 | - | 8,490,500 |
| 14 | GEORGIO ROCKS LTD. | 450,000 | 52,972,250 | 53,422,250 |
| 15 | GIANT CEMENT WORKS LTD | 23,200,000 | - | 23,200,000 |
| 16 | GLADWYN INVESTMENT COMPANY LIMITED | 9,040,000 | - | 9,040,000 |
| 17 | GOLDEN QUARRY NIG LTD | 200,000 | 10,110,028 | 10,310,028 |
| 18 | GRANDS COPE CONSTRUCTION LTD | | 7,281,257 | 7,281,257 |
| 19 | H AND H MINES LTD | 16,000,000 | - | 16,000,000 |
| 20 | ILU EYE TRADING RESOURCES COMPANY LIMITED | 6,162,000 | - | 6,162,000 |
| 21 | JAKURA MARBLE IND. | 5,600,000 | 15,075,650 | 20,675,650 |
| 22 | KIAN SMITH TRADE AND COMPANY LTD | 6,600,000 | - | 6,600,000 |
| 23 | KOOK TECHNOLOGIES LTD | 7,620,000 | - | 7,620,000 |
| 24 | KOYLA ENERGY NIG LTD | 24,000,000 | 19,608,645 | 43,608,645 |
| 25 | LINGWELL TECHNOLOGY LTD | 6,666,500 | - | 6,666,500 |
| 26 | MANGAL INDUSTRIES LIMITED | 17,690,000 | - | 17,690,000 |
| 27 | MICRO LEASING LTD | 9,000,000 | - | 9,000,000 |
| 28 | MOTA ENGIL NIG LTD | 380,000 | 42,496,440 | 42,876,440 |
| 29 | NGUO MINING COMPANY LTD | 38,000,000 | - | 38,000,000 |
| 30 | NORTH SOUTH EXTRACTIVE CO. LTD | 79,700,000 | - | 79,700,000 |
| 31 | ORANTO PETROLEUM LIMITED | 20,254,000 | - | 20,254,000 |
| 32 | RAYCON & CO NIG. LTD | 550,000 | 12,697,575 | 13,247,575 |
| 33 | REDKEEP INVESTMENT LTD | 7,624,000 | - | 7,624,000 |
| 34 | ROCK BOOTOM MINES AND POWER LTD | 432,000 | 27,000,075 | 27,432,075 |
| 35 | SATURN MINING COMPANY LTD | | 13,472,050 | 13,472,050 |
| 36 | SHENG LONG NIG. LTD | 427,500 | 13,250,000 | 13,677,500 |
| 37 | SHOREFIELD MINERALS LTD | 9,026,000 | - | 9,026,000 |
| 38 | SUNRISE MINERALS LIMITED | 29,494,000 | - | 29,494,000 |

| | | | | |
|---|---|---|---|---|
| 39 | TRIAX COMPANY NIG. LTD | 8,841,500 | - | 8,841,500 |
| 40 | UNITED GEOLOGY AND MINERAL RESOURCES DEV LTD | 6,937,000 | - | 6,937,000 |
| 41 | ZEBRA ENERGY NIG LTD | 9,691,000 | - | 9,691,000 |

Source: MID Recordss

**Government Agencies:** Information was obtained from nine (9) Government Agencies as enumerated in Table 15 below.

Table 14: List of Government Entities

| S/N | GOVERNMENT COLLECTING AGENCIES | DATA EXTRACT |
|---|---|---|
| 1 | Federal Inland Revenue Service (FIRS) | Company Income Tax (CIT), V alue Added Tax (VAT), Withholding Tax (WHT ), Education Tax (EDT) |
| 2 | Ministry of Mines and Steel 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 Customs Service (NCS) | Export Data |
| 5 | Central Bank of Nigeria (CBN) | Export Data |
| 6 | Revenue Mobilization Allocation and Fiscal Commission (RMFAC) | Revenue Distribution Data |
| 7 | Ministry of Environment | Levies and Fees |
| 8 | Nigeria Geological Survey Agency (NGSA) | Levies and Fees |
| 9 | State Internal Revenue Service (SIRS) | 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) payment streams 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 entities.

A total revenue of ₦401.87 billion was paid by all companies operating in solid mineral sector in 2023 against ₦345.40 billion in 2022. This represents 16% increase in revenue collection in the sector. Table 16 below shows the revenues that were reconciled and the ones that were unilaterally disclosed.

[9] NSWG Materiality Document

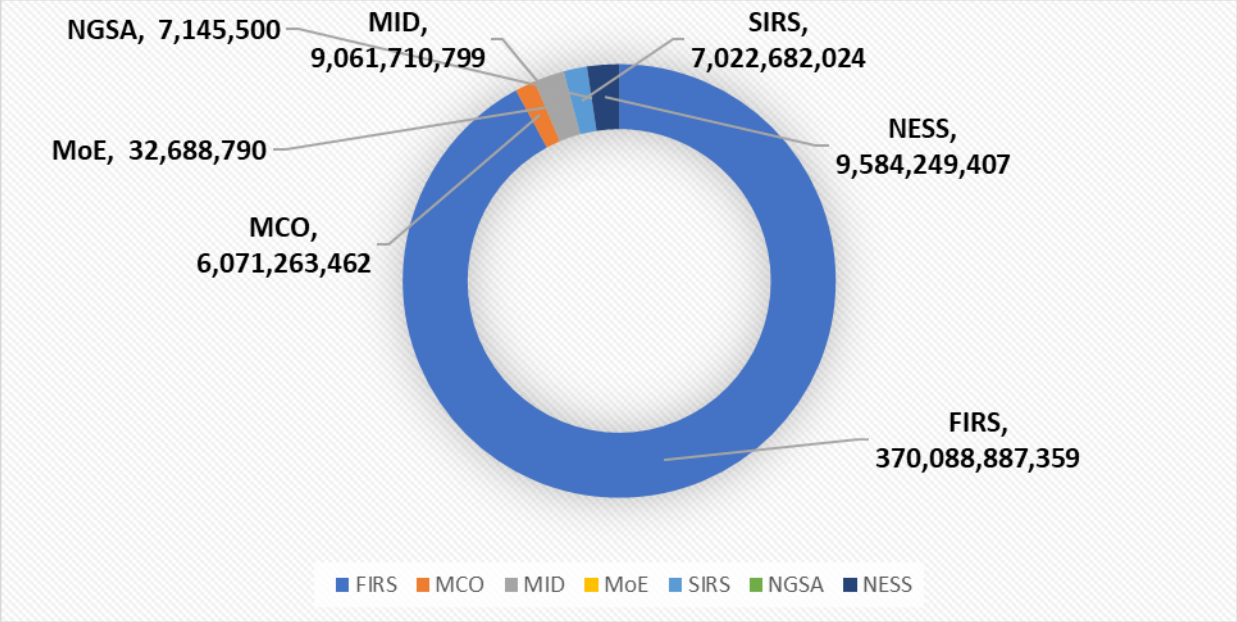
Table 15: Revenue Stream of Covered Entities

| S/N | RESPONSIBLE MDA | REVENUE HEAD | AMOUNT | CONTRIBUTION |
|---|---|---|---|---|
| | | | ₦ | % |
| 1 | FIRS | Value Added Tax (VAT) | 187,952,243,905 | 46.77% |
| 2 | FIRS | Company Income Tax (CIT) | 78,554,636,677 | 19.55% |
| 3 | FIRS | Education Tax (EDT) | 49,997,991,238 | 12.44% |
| 4 | FIRS | Withholding Tax (WHT) | 22,119,065,985 | 5.50% |
| 5 | FIRS | Capital Gain Tax (CGT) | 16,672,264,602 | 4.15% |
| 6 | FIRS | Stamp Duties | 3,973,329,515 | 0.99% |
| 7 | FIRS | Other Payments | 10,819,355,437 | 2.69% |
| **Sub-Total FIRS (A)** | | | **370,088,887,359** | **92.09%** |
| 8 | MCO | Mining titles(s) Application Processing Fee | 20,472,000 | 0.01% |
| 9 | MCO | Mining titles(s) Annual Service Fees | 3,088,483,802 | 0.77% |
| 10 | MCO | Transfer of Assignment | 318,412,250 | 0.08% |
| 11 | MCO | Registration Fees | 854,079,300 | 0.21% |
| 12 | MCO | Signature Bonus | 1,540,200,000 | 0.38% |
| 13 | MCO | Mining title(s) fee for processing of renewal application | 101,802,000 | 0.03% |
| 14 | MCO | Other Payments | 147,814,110 | 0.04% |
| **Sub-Total MCO (B)** | | | **6,071,263,462** | **1.51%** |
| 15 | MID | Royalty | 9,012,650,637 | 2.24% |
| 16 | MID | Permit to Mix ANFO | 27,475,000 | 0.01% |
| 17 | MID | License to Manufacture Explosives | - | 0.00% |
| 18 | MID | Permit to Erect A Magazine | 2,600,000 | 0.00% |
| 19 | MID | Blasting Certificates | 2,530,000 | 0.00% |
| 20 | MID | License to Buy Explosives | 1,785,161 | 0.00% |
| 21 | MID | License to Sell Explosives | 600,000 | 0.00% |
| 22 | MID | Explosives Magazine License | 7,260,000 | 0.00% |
| 23 | MID | Permit to Blast on the Road | - | 0.00% |
| 24 | MID | Explosives Handlers Permit | 100,000 | 0.00% |
| 25 | MID | License to Export | 750,000 | 0.00% |
| 26 | MID | Other Payments | 5,960,000 | 0.00% |
| **Sub-Total MID (C)** | | | **9,061,710,799** | **2.25%** |
| 27 | NGSA | Consultancy Fees | 32,688,790 | 0.01% |
| **Sub-Total NGSA (D)** | | | **32,688,790** | ***0.01%*** |
| 28 | NCS | NESS Fee | 7,022,682,024 | 1.75% |
| **Sub-Total NESS (E)** | | | **7,022,682,024** | ***1.76%*** |
| 29 | MOE | Registration fees for Environmental Impact Analysis | 7,129,500 | 0.00% |
| 30 | MOE | Other Payments | 16,000 | 0.00% |
| **Sub-Total MoE (F)** | | | **7,145,500** | ***0.00%*** |
| 31 | SIRS | Annual surface rents (Grounds Rents) | 143,652,810 | 0.04% |
| 32 | SIRS | Withholding Tax (WHT) | 3,186,308,786 | 0.79% |
| 33 | SIRS | Pay as You Earn (PAYE) | 6,026,976,854 | 1.50% |
| 34 | SIRS | Business Premises | 9,220,700 | 0.00% |

| | | | | |
|---|---|---|---|---|
| 35 | SIRS | Penalties | - | 0.00% |
| 36 | SIRS | Development Levy | 180,075,900 | 0.04% |
| 37 | SIRS | Other Payments | 38,014,357 | 0.01% |
| **Sub-Total SIRS (G)** | | | **9,584,249,407** | ***2.38%*** |
| | | **GRAND TOTAL (A+B+C+D+E+F+G)** | **401,868,627,340** | **100%** |

Source: NEITI SMA 2023 Templates

Figure 4: Proportion of Revenue Contribution




Based on the chart in Figure 4

- FIRS generated the most revenue of 92% of the total revenue from the solid mineral sector.
- Followed by payments made at the subnational level at 2.38% of the total revenue received by government at all level.
- MID and MCO tasked with overseeing the sector each contributed 2.25% and 1.51% respectively of the total contribution for the year.

## 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-nine (69) 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, the IA 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 17 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 | ASSESSMENT |
|---|---|---|---|---|---|---|
| 1 | Audited financial statement/ Management Account | 110 | 13 | 97 | 11.82% | Low |
| 2 | Template sign off by senior officer | 110 | 69 | 41 | 62.73% | High |
| 3 | Tripartite Reconciliation sign-off | 110 | 69 | 41 | 62.73% | High |
| 4 | Official Receipts / General Ledger/Bank Statement | 110 | 69 | 41 | 62.73% | High |

Source: NEITI SMA 2023 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 | FINDINGS | RECOMMENDATION |
|---|---|---|
| 1 | **NON-COMPLAINT COMPANIES:**<br><br>A total number of 110 companies which fell within the materiality threshold were covered in the 2023 solid minerals audit. Out of the 110, forty-one (41) companies failed to respond or submit the administered template to NEITI.<br><br>Non-compliance of companies to the request for information for validation purposes by the IA takes away from the comprehensiveness of the report. The lack of penalty for non-complaint companies in the NEITI annual audit process may encourage compliant companies to become non-compliant. | • NEITI should consider invoking sanctions based on Section 16 of the NEITI Act 2007, as it relates to companies not compliant with the EITI process.<br><br>• NEITI should also activate the various MOUs entered into with anticorruption agencies (EFCC, ICPC and NFIU) to sanction non-compliant companies, to serve as a deterrent to others. |
| 2 | The sector recorded an increase in revenue contribution from ₦345.41 billion in 2022 to ₦401.68 in 2023 representing 16% growth.<br><br>Though, this is commendable, however the sector has a potential to contribute more to the Nigerian economy. | To Maximize the solid mineral industry's potential, the following recommendations should be considered<br><br>Strengthen Regulatory Framework:<br><br>• 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.<br><br>• Simplify Licensing Processes: Streamline the process for obtaining mining licenses to attract more investors.<br><br>Improve Infrastructure: |

| | | |
|---|---|---|
| | | • Develop Transport Networks: Invest in roads, railways, and ports to facilitate the efficient movement of minerals from mining sites to markets.<br>• Upgrade Power Supply: Ensure reliable electricity supply to mining areas to reduce operational costs and increase productivity.<br><br>Promote Value Addition:<br>• Encourage Local Processing: Establish processing plants to add value to raw minerals before export. This can significantly increase revenue and create jobs.<br>• Support Small and Medium Enterprises (SMEs): Provide incentives and support for SMEs involved in mineral processing and related activities.<br><br>Enhance Data Collection and Management:<br>• Conduct Comprehensive Geological Surveys: Update and expand geological data to identify new mineral deposits and attract investment.<br>• Implement Digital Solutions: Use technology to improve data collection, management, and dissemination.<br><br>Foster Public-Private Partnerships (PPPs):<br>• Collaborate with Private Sector: Engage private companies in infrastructure development and mining operations through PPPs.<br>• Leverage International Expertise: Partner with international |

| | | |
|---|---|---|
| | | mining companies to bring in expertise, technology, and investment.<br><br>Tax and Revenue Management:<br>• Optimize Tax Policies: Review and adjust tax policies to ensure they are competitive and fair, encouraging investment while maximizing government revenue.<br>• Improve Revenue Collection: Strengthen the capacity of revenue collection agencies to minimize leakages and ensure all dues are collected. |
| 3 | **INADEQUATE SUPERVISION BY GOVERNMENT AGENCIES AND POOR RECORD KEEPING CULTURE OF COMPANIES:**<br><br>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.<br><br>Out of the 110 companies within the materiality threshold for the 2023 audit, only 69 material companies provided complete financial and volumetric information which facilitated full reconciliation.<br><br>As a result of the inadequate record keeping both National and Sub-national governments are losing revenue accruable to them. | In order to combat poor oversight<br>• MCO, MSMD FIRS and other regulatory authorities should increase their oversight function and sanction any erring operator.<br>• The financial reporting council and professional accounting bodies should develop accounting standards to address the challenges of solid minerals sector |

# CHAPTER 2 LEGAL AND INSTITUTIONAL FRAMEWORK

This section contains information on the legal and institutional framework, contract and licenses register, government policies around anticorruption and beneficial ownerships in the solid minerals sector.

## 2.0 INSTITUTIONAL FRAMEWORK

The solid minerals sector of the economy is managed and regulated by various institutions as presented in Table 18 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 | 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 | National Steel Raw Materials Exploration Agency (NSRMEA) | http://www.nsrmea.gov.ng/services |
| 5 | Nigeria Customs Service (NCS) | http://www.customs.gov.ng/ |
| 6 | Revenue Mobilization Allocation and Fiscal Commission (RMFAC) | https://RMFAC.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 | Federal Ministry of Environment | Federal Ministry of Environment |

## 2.1 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 19 below provides a summary of the laws and regulations guiding the operations of the solid mineral sector in Nigeria.

[10] Contextual Report Appendix 5

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 | Nigeria Minerals and Mining Act, 2007 | The Act provides guides to minerals prospecting, mining and quarry as well as operations in the solid mineral sector. See details here Nigeria Mineral Act,2007 |
| 3 | Nigeria Minerals and Mining Regulations of 2011 | The Regulations provide guidelines on how mining operations should be conducted and used vis-a-vis the Nigeria Mineral Act 2007. The Nigeria Minerals and Mining Regulations of 2011 can be found here |
| 4 | Mining Cadastre Office (MCO) | The Mining Cadastre Office is an agency of the MSMD and solely responsible for the management and administration of mineral titles to eradicate illegal mining activities. The MCO was established by Section 5 of the NMMA 2007, and is responsible for the receipt of application; issuance and suspensions of titles; receipt and disposal of applications for the transfer, renewal and modification of titles. Click here for details. |
| 5 | 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 manner that benefits all citizens. See details here |
| 6 | 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. See details here |
| 7 | Company and Allied Matters Act, 2020(As amended) | The Act establishes the Corporate Affairs Commission to deal with the incorporation of companies in Nigeria and incidental matters, including the incorporation of trustees of certain communities, bodies and association. It also relates to terms of partnerships and administrative proceedings of companies. See link for details of the Act: |
| 8 | Nigeria Investment Promotion Commission Act, 2004 | The act establishes the Nigeria investment Promotion Commission (NIPC), to promote investment in the Nigerian economy; and for matters connected therewith:including mining of solid minerals. See here for details. |
| 9 | National Environmental Standards Regulations and Enforcement Agency (NESREA) Act | The Act establishes NESREA as the body to enforce 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. See 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. See details here |
| 11 | Finance Act 2019 | The Finance Act 2019 reviews and consolidates into one statute, many tax provisions from different statutes. The focus of the Act is to increase Federal Government revenue and curb avenues of tax evasion. See 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. See 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, See details here . |

Source: Contextual Report

## 2.2 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 sector specific fiscal regime for solid minerals in Nigeria.

The two major revenue streams from the Solid Minerals Sector are Royalty and Annual Service Fees (ASF). Find below a brief explanation on both payment flows.

### 2.2.1 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.

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

- 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 Mining Cadastre Office (MCO) is responsible for collecting the annual service fee and ensuring that mining companies comply with all regulatory requirements.

### 2.2.2 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.

## 2.3 FISCAL INCENTIVES

Investment in the Nigerian mining sector is supported by various incentives, including those outlined in the Nigeria Minerals and Mining Act (NMMA) 2007, the Nigeria Investment 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 Mines and Steel Development (MSMD) deployed a catalogue containing sectoral incentive See details here .

## 2.4 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 under listed 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 is 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. 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.*

## 2.5 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 apply 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 2023 to determine compliance with regulations outlined in the mining legislation. It sampled each category of mineral title issued in 2023 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 2023, along with data from the four years preceding 2023 is presented in Table 20 below.

Table 19: Trend Analysis of lease license from 2019 to 2023

| S/N | TITLE TYPE | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
|---|---|---|---|---|---|---|---|
| 1 | Exploration License (EL) | 501 | 516 | 840 | 628 | 1,406 | **3,891** |
| 2 | Mining Lease (ML) | 24 | 12 | 40 | - | 48 | **124** |
| 3 | Quarry Lease (QL) | 169 | 185 | 255 | 195 | 184 | **988** |
| 4 | Small Scale Mining Lease (SSML) | 602 | 598 | 771 | 502 | 790 | **3,263** |
| 5 | Reconnaissance Permit (RP) | - | 171 | 139 | 341 | 405 | **405** |
| | **Total** | **1,296** | **1,311** | **1,906** | **1,325** | **2,833** | **8,671** |

Source: 2023 MCO Records

There has been a noticeable exponential increase in the issuance of licenses in Nigerian solid minerals sector during the period under review. This trend can be attributed to:

- **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.

- **Government Initiatives:** The Nigerian government has been actively promoting the solid mineral sector as part of its economic diversification strategy. This includes policies and incentives aimed at attracting investment and boosting local production.

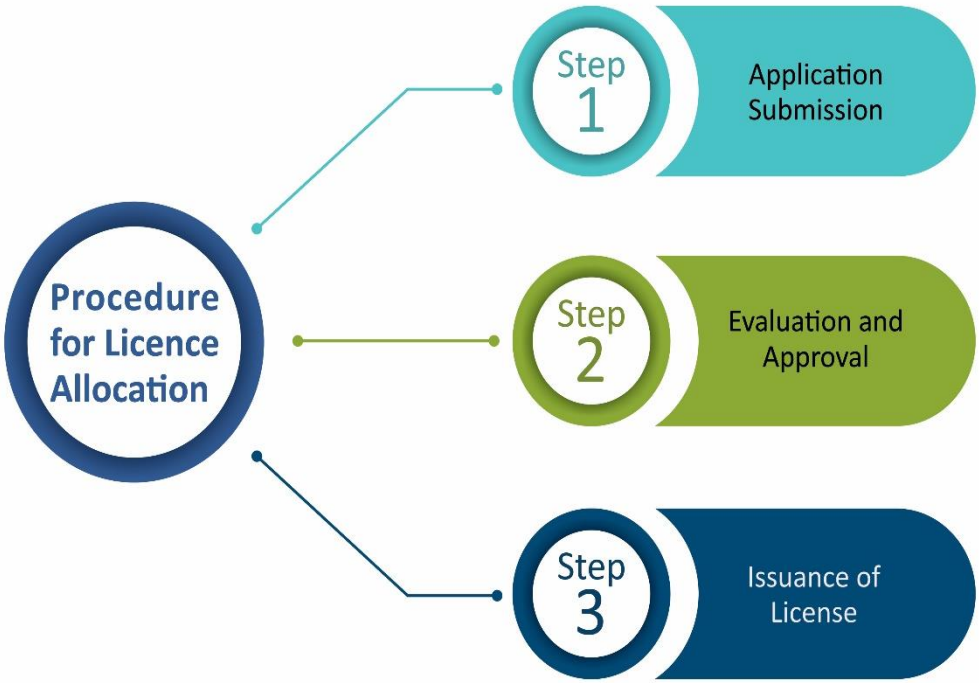
- **Increased Demand:** There has been a growing demand for minerals both domestically and internationally, driven by industrialization and infrastructure development.

- **Artisanal and Small-Scale Mining (ASM):** There has been a significant increase in the number of licenses issued to artisanal and small-scale miners, which has contributed to the overall rise in licenses.

### 2.5.1 *Procedure for Licence Allocation*

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

Figure 5: Procedure for Licence Allocation in Nigeria




**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.

[12] Ministry of Solid Minerals Development's Guideline on Mineral Titles Application

- 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

### 2.5.2 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:

- **Consolidation of Licenses**

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

[13] https://portal.minesandsteel.gov.ng/Home/Guidelines

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.

- **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.

- **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.

Table 21 below provides a summary of licenses/leases for the period under review.

Table 20: Consolidation, Transfer and Revocation of Licenses in 2023

| S/N | TITLE | Consolidation | Transfer | Relinquished | Revoke |
|---|---|---|---|---|---|
| 1 | Exploration License (EL) | 0 | 66 | 13 | 528 |
| 2 | Mining Lease (ML) | 0 | 5 | 0 | 31 |
| 3 | Quarry Lease (QL) | 0 | 10 | 0 | 274 |
| 4 | Small Scale Mining Lease (SSML) | 0 | 21 | 0 | 786 |
| | **Total** | **0** | **102** | **13** | **1619** |

*Source: 2023 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.

### 2.5.3 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 2023
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 223 registered private mineral buying centres can be found in Appendix 10. Also, Table 21 and Table 22 below shows the locations of mineral buying centre and distribution of PBMC across states and geo-political zones.

Table 21: Private Mineral Buying Centre (PMBC)

| S/N | CATEGORY OF MINERAL TYPE | NUMBER OF PMBC | LOCATION |
|---|---|---|---|
| 1 | Gem Stone | 20 | Abuja, Kebbi, Kwara, Lagos, Nasarawa, Plateau, Taraba |
| 2 | Gold | 1 | Kaduna |
| 3 | Metallic | 139 | Abia, Abuja, Bauchi, Kaduna, Kano, Kebbi, Kogi, Kwara, Lagos, Nasarawa, Niger, Ogun, Osun, Oyo, Plateau, River State, Sokoto |
| 4 | Non-Metallic | 23 | Abuja, Bauchi, Kano, Kebbi, Kogi, Lagos, Nasarawa, Plateau, Rivers, Sokoto |
| 5 | Precious Metal | 41 | Abuja, Bauchi, Kaduna, Kano, Kebbi, Kogi, Lagos, Nasarawa, Niger, Ogun, Plateau, River, Zamfara |
| | **Total** | **224** | |

Source: 2023 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 |
| Benue | 0 | Jigawa | 0 | Adamawa | 0 | Ekiti | 0 | Abia | 0 | Akwa Ibom | 0 |
| FCT | 47 | Kaduna | 4 | Bauchi | 18 | Lagos | 41 | Anambra | 0 | Bayelsa | 0 |
| Kogi | 5 | Kano | 5 | Borno | 0 | Ogun | 3 | Ebonyi | 0 | Cross River | 0 |
| Kwara | 14 | Katsina | 0 | Gombe | 0 | Ondo | 0 | Enugu | 0 | Delta | 0 |
| Nasarawa | 16 | Kebbi | 6 | Taraba | 1 | Osun | 8 | Imo | 0 | Rivers | 3 |
| Niger | 4 | Sokoto | 2 | Yobe | 0 | Oyo | 4 | | | | |
| Plateau | 42 | Zamfara | 1 | | | | | | | | |
| **Sub-Total** | **128** | | **18** | | **19** | | **56** | | **0** | | **3** |
| **TOTAL PMBC REGISTERED IN 2023 = 224** | | | | | | | | | | | |

Source: 2023 MID

Table 23 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, Katsina, Jigawa, Ebonyi, Abia, Anambra, Enugu, Imo, Cross River, Delta, Bayelsa, Akwa Ibom, Ekiti and Ondo do not have any.

### 2.6.1 Comparison of buying centres between 2022 and 2023

Table 23: Comparison of Buying centres between 2022 and 2023

| S/N | CATEGORY OF MINERAL TYPE | NO. OF PMBC | |
|---|---|---|---|
| | | 2022 | 2023 |
| 1 | Coal | 1 | - |
| 2 | Gemstone | 28 | 20 |
| 3 | Metallic Minerals | 115 | 139 |
| 4 | Non-Metallic Minerals | 24 | 23 |
| 5 | Non-Precious Metal | - | - |
| 6 | Precious Metal | 46 | 42 |
| | **Total** | **214** | **224** |

**Source: ASM - MSMD Report, 2022 SMA Report**

Table 24 above indicates that there is a marginal increase in the number of centres between the years (2022 and 2023).

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

i. Government Policies and Initiatives: The Nigerian government has been actively promoting the establishment of PMBCs to create a more regulated and transparent market for minerals. This helps reduce the influence of middlemen and ensures that artisanal and small-scale miners receive fair prices for their products.
ii. Support for Artisanal and Small-Scale Miners (ASM): PMBCs offer a platform for ASM operators to sell their minerals at fair market prices, which encourages more miners to participate in the formal economy.
iii. Economic Diversification: As part of Nigeria's broader economic diversification strategy, the government is focusing on developing the solid mineral sector. Establishing PMBCs is a step towards achieving this goal by creating a structured market for mineral trading.

## 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 a Beneficial Ownership Portal for the extractive sector 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.

Figure 5: Progress of Benefical Ownership

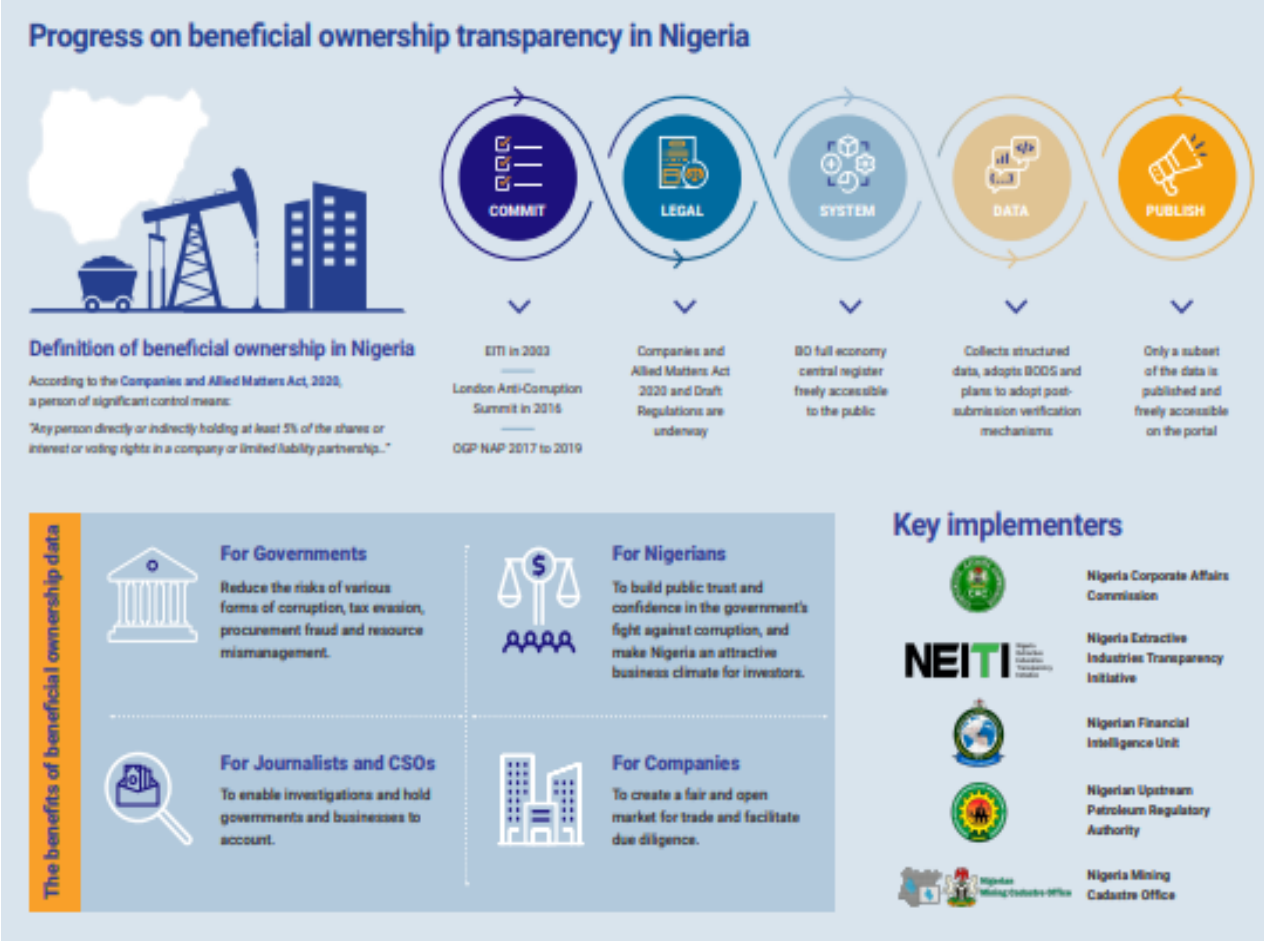



Figure 6: Progress of beneficial ownership: Source: EITI.org

Out of the 69 companies that participated in the current audit, an assessment was conducted to verify the accuracy of their beneficial 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 corruption and promote transparency and accountability. Some of these institutions are Revenue Mobilization Allocation and Fiscal Commission (RMFAC), the Independent Corrupt Practices and Other Related Offences Commission (ICPC), the Economic and Financial Crimes Commission (EFCC), Nigeria Financial Intelligence Unit (NFIU), the Bureau for Public Procurement (BPP), the Nigeria 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[14] 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 was launched in collaboration 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
- **Collaboration with ICPC:** ACTU works closely with the Independent Corrupt Practices Commission (ICPC) to identify and address corruption risks. This collaboration 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 25 below provides details of One-Hundred and Ten (110) companies' anti-corruption policy status.

[14] National anti-corruption strategy appendix 13

Table 24: Status Report on Anti-Corruption Policy

| Parameters | | Response | |
|---|---|---|---|
| | | No. | % |
| Responsive | Available | 3 | 2.7% |
| | Not Available | 51 | 46.4% |
| | Work-In-Progress | 15 | 13.6% |
| Non-Responsive | None | 41 | 37.3% |
| Total | | 110 | 100.0% |

Source: 2023 NEITI SMA Templates

## 2.9 STATE PARTICIPATION

There was no state participation in the Nigeria solid minerals sector in 2023 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 26 below presents the various reform carried 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<br>• National Barite Value Chain Policy:<br>• PAGMI (Presidential Artisanal Gold Mining Initiative):<br>• Development of the Metallurgical Industry Bill which has been approved by the Federal Executive Council (FEC) for onward transmission to the National Assembly. | Ministry of Solid Minerals Development |

| | | | |
|---|---|---|---|
| | | • Granting of Coal Mining licenses to operators in line with coal to power policy | |
| 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 under listed activities.<br>• Execution of safer mining projects by the ASM Department in Niger and Kwara States where operators were trained on safer mining techniques.<br>• Distribution of wet milling machines and PPEs to operators in project areas. .<br>• Resolve outstanding court cases and liabilities against Ajaokuta Steel Company Limited and National Iron Ore Mining Limited for the resuscitation of the plants<br>• Harmonization of CDA | Ministry of Solid Minerals Development |
| 3 | Enlightenment Programme | • Engagement of communities through the coordination of Corporate Social Responsibility (CSR) programs, incentivized participation, and education.<br>• Initiated Community Development Agreement (CDA) to ensure transfer of economic and social benefits to mining communities. | Ministry of Solid Minerals Development |
| 4 | Developed activities aimed at improved 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:<br>• Capacity building programme for the ASM | |

| | | | |
|---|---|---|---|
| | | Department.<br>• Formalization of ASM activities.<br>• Mapping of ASM mines and trading centers.<br>• Setting up an IT unit with GIS, database, and Remote Sensing applications to promote the ASM Department's data acquisition, analysis, and interpretation.<br>• Development of a strategy for the formalization process of ASM.<br>• 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 and children.<br>• The Ministry has mainstreamed gender into its plans and programs by making sure that objectives set for its activities are achieved.<br>• Implemented several gender focused sensitization campaigns<br>• Mainstreaming across the country.<br>• Embarked on support for women cooperatives through capacity building and provision of light work tools.<br>• Training women cooperative groups to achieve economic sustainability and grow from artisanal miners to small-scale miners.<br>• Support for Children through the provision of school bags and learning | Ministry of Solid Minerals Development |

| | | | |
|---|---|---|---|
| | | materials.<br>• Renovation of schools in mining host communities to encourage children back to school. | |
| 6 | 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.<br>• 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 | **EXPONENTIAL INCREASE IN THE NUMBER OF EL'S**<br><br>An Exponential increase of the number of ELs 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.<br><br>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. | It is recommended 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.<br><br>This approach will ensure optimal utilization of licensed areas, prevent stagnation, and create opportunities for other potential investors.<br><br>To address the decline in the issuance of licenses in Nigeria's solid mineral sector, several strategic actions can be taken:<br><br>**Revise Licensing Policies**<br>• MCO should simplify Licensing Procedures by streamlining the application process to make it more efficient and transparent, reducing bureaucratic delays.<br><br>• 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.<br><br>**Enhance Regulatory Framework**<br>• 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[15].<br><br>• Implement Digital Solutions: Utilize technology to automate and manage the licensing process, making it more accessible and |

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

| | | |
|---|---|---|
| | | reducing opportunities for corruption<br><br>**Promote Investment**<br>• Attract Foreign and Domestic Investors: Conduct roadshows and provide incentives to attract both local and international investors to the sector.<br>• Public-Private Partnerships (PPPs): Encourage collaborations between the government and private sector to develop infrastructure and mining projects.<br><br>**Improve Infrastructure**<br>• Develop Transport and Power Infrastructure: Invest in roads, railways, and reliable power supply to support mining operations and reduce operational costs. |
| 2 | **Inconsistent and Incomplete Beneficial Ownership Information**<br><br>The availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector faces several challenges such as:<br>• Complex Ownership Structures: Many companies use intricate ownership structures to hide the true owners, making it difficult to trace beneficial ownership.<br>• Regulatory Inconsistencies: There are often gaps and inconsistencies in regulations across different jurisdictions, which can hinder the effective | Addressing the challenges associated with the availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector requires a multi-faceted approach by continuously collaborating across agencies (i.e MCO, MSMD, CAC, NEITI and other regulatory agencies) These agencies will act through the following:<br>• 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.<br>• Strengthening Enforcement Mechanisms: Ensuring that there are |

| | | |
|---|---|---|
| | collection and sharing of BO information.<br>• Data Quality Issues: Even when BO information is available, it may be incomplete or inaccurate due to inadequate verification processes.<br>• 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.<br>• Weak Enforcement: Poor enforcement of existing regulations can lead to non-compliance by companies, further complicating efforts to obtain accurate BO information<br>• Unharmonized data: data from agencies such as MCO, CAC and NEITI are not at par.<br>These challenges can impede efforts to combat corruption, money laundering, and other illicit activities in the solid minerals sector. | strong penalties for non-compliance and that these penalties are consistently enforced can deter companies from hiding beneficial ownership information.<br>• 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.<br>• 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.<br>• 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.<br>• Centralization of Data: BO data harvested over the period should be centralized and accessed by relevant agencies.<br>• International Cooperation: Collaborating 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.<br>• 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. |
| 3 | **MARGINAL INCREASE IN THE PRIVATE MINERAL BUYING CENTRES (PMBC)**<br><br>There was a marginal increase of PMBC by 4.6% during the year as there were 214 centres in 2022 and 224 in 2023.<br><br>The increase of Private Mineral Buying Centres in Nigeria can be attributed to rising global demand for minerals like lithium, cobalt, and other rare earth elements which has driven up production and exploration activities. | Though there is an increase in the creation of new Private Mineral Buying Centers in Nigeria, MSMD should intensify effort to enhance the overall environment for PMBC operation. The following actions are recommended:<br><br>• 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[16].<br><br>• 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.[17]<br><br>• 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<br><br>• 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 |

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

| | | |
|---|---|---|
| | | their minerals to these centers.<br>• 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.<br>• 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.<br>• 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. |
| 4 | **ANTI CORRUPTION POLICIES**<br><br>92 out of 110 companies do not have anti-corruption policies. As a result, the extractive sector is exposed to:<br><br>**Economic Losses:**<br>• Revenue Leakages: Corruption leads to significant revenue losses for the government due to underreporting of mineral production and illegal mining activities.<br>• Reduced Investment: Investors are deterred by the high risk of corruption, leading to reduced FDI in | In addressing this, the following can be adopted<br><br>**Strengthen Regulatory Framework:**<br>• 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.<br>• Implement Digital Solutions: Use technology to automate monitoring and reporting processes, making it easier to detect and address corruption. |

the sector.

**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.

**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.

**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-

**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.

**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.

**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.

**Collaborate with External Stakeholders:**

- Partnerships with NGOs and Civil Society: Work with non-governmental organizations and civil society groups to promote

| | | |
|---|---|---|
| | corruption policies can lead to legal actions, fines, and sanctions. | transparency and accountability in the sector.<br>• International Cooperation: Engage with international bodies to adopt best practices and benefit from global expertise in combating corruption. |
| 5 | **REVOCATION OF LICENSES DURING THE YEAR**<br><br>During the year under review 1,619 licenses were revoked. The revocation of these licenses have several significant effects on the sector and the economy at large: These effects are as follows:<br>• 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[18].<br>• 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.<br>• 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. | To combat the issues highlighted in the findings, the Federal Government through the MSMD and MCO should provide:<br><br>**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.<br><br>**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.<br><br>**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 |

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

| | | |
|---|---|---|
| | • 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.<br><br>• 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.<br><br>• 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.<br><br>• 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 | |

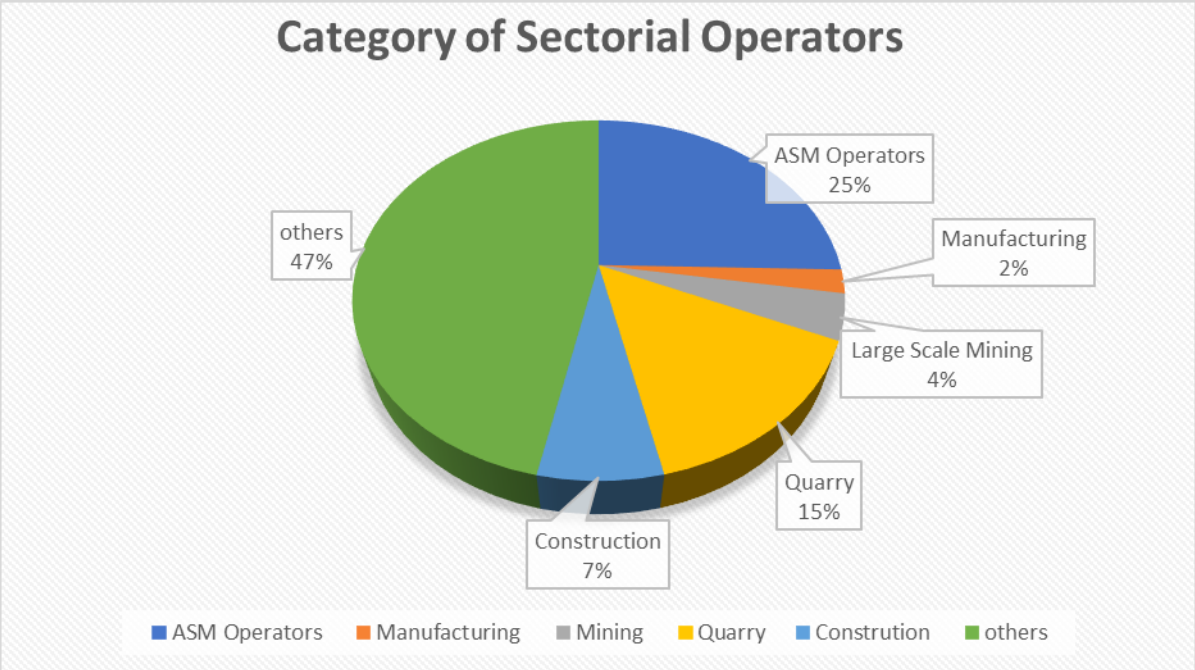
# CHAPTER 3: MINING OPERATIONS IN NIGERIA

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 quarries, 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.

Figure 8: Category of Sectorial Operators




Source: MID

## 3.0 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. A FDP typically includes:

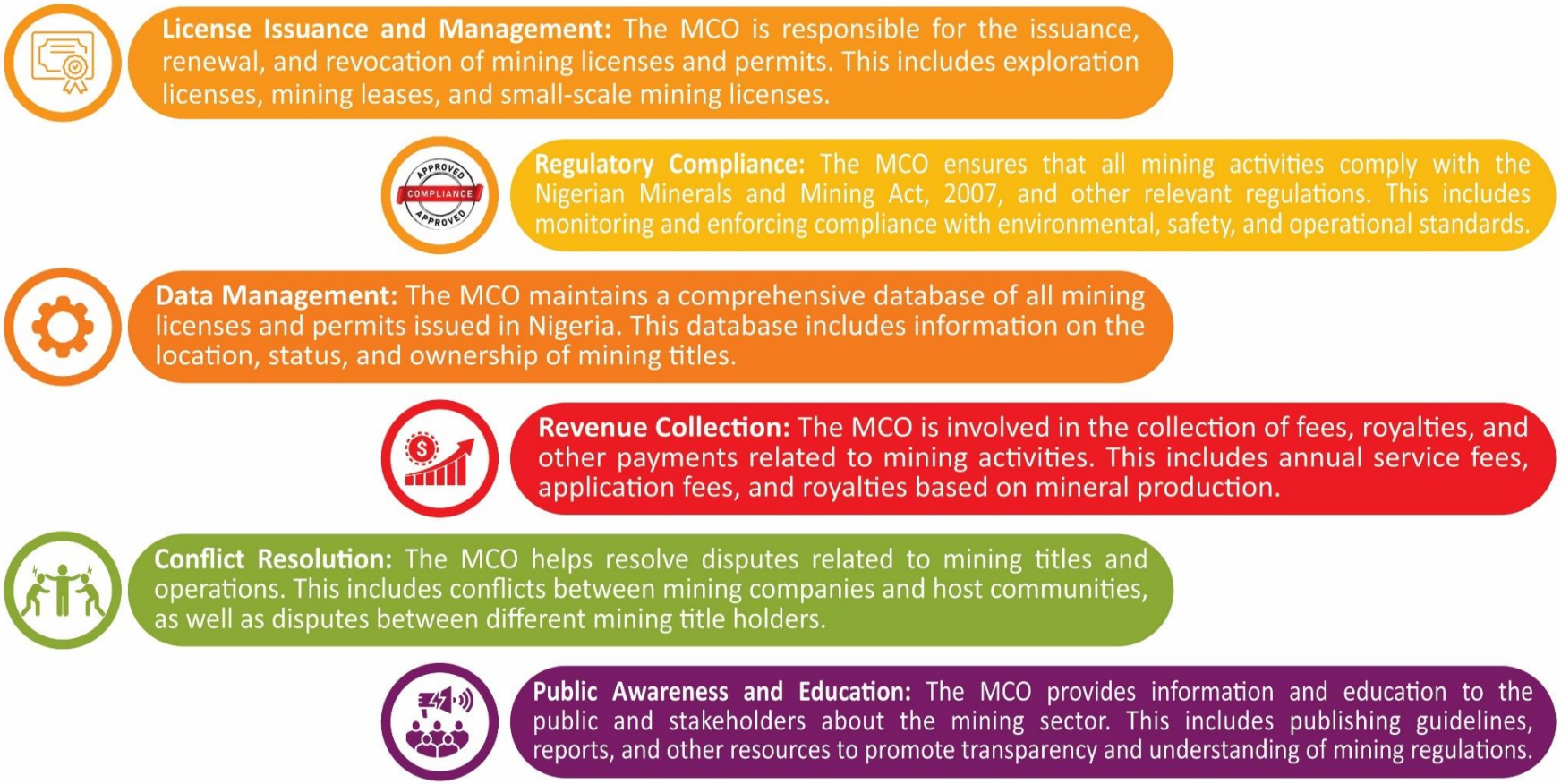
1. Resource Assessment: Detailed analysis of the mineral resources available.
2. Mining Methods: Selection of appropriate mining techniques and technologies.
3. Infrastructure Development: Planning for the necessary infrastructure, such as roads, power supply, and water management.

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.

## 3.1 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:



In the year under review, One-Thousand Four Hundred (1,400) Exploratory Licenses (EL) was issued. These Licenses covered 38 different minerals as shown in *Table 27* below.

Table 26: Exploration Licenses (EL) issued in 2023

| S/N | MINERAL | NUMBER OF LICENSES ISSUED |
|---|---|---|
| 1 | Amethyst | 12 |
| 2 | Aquamarine | 24 |
| 3 | Baryte | 21 |
| 4 | Bauxite | 2 |
| 5 | Beryl | 156 |
| 6 | Bismuth | 1 |
| 7 | Cassiterite | 83 |
| 8 | Chromium | 1 |
| 9 | Clay | 16 |
| 10 | Coal | 20 |
| 11 | Cobalt | 8 |
| 12 | Columbite | 46 |
| 13 | Copper | 54 |
| 14 | Dolomite | 3 |
| 15 | Feldspar | 32 |
| 16 | Gold | 225 |
| 17 | Granite | 3 |
| 18 | Graphite | 12 |
| 19 | Gypsum | 2 |
| 20 | Ilmenite | 5 |
| 21 | Iron Ore | 21 |
| 22 | Kaolin | 22 |
| 23 | Laterite | 1 |
| 24 | Lead | 55 |
| 25 | Limestone | 33 |
| 26 | Lithium | 423 |
| 27 | Manganese | 14 |
| 28 | Marble | 2 |
| 29 | Mica | 22 |
| 30 | Monazite | 2 |
| 31 | Nickel | 11 |
| 32 | Quartz | 21 |
| 33 | Salt | 1 |
| 34 | Sand | 2 |
| 35 | Tantalum | 13 |
| 36 | Tin | 1 |
| 37 | Tourmaline | 26 |
| 38 | Zinc | 4 |
| | **Total** | **1400** |

Source: 2023 MCO Records

## 3.2 REPORT ON STRATEGIC MINERAL

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.

Table 28 below provides information on the active valid titles for these strategic minerals as of 2023.
In total, 2,059 licenses for these strategic minerals were active during the year under review.

Despite the potential seen in Bitumen, it has only 40 licenses which are exploratory.

Table 27: Valid Minerals Titles as of 2023

| S/N | MINERAL | LICENSE TYPE | | | | TOTAL |
|---|---|---|---|---|---|---|
| | | EL | QL | ML | SSML | |
| 1 | Baryte | 53 | 1 | 6 | 31 | **91** |
| 2 | Bitumen | 40 | - | - | - | **40** |
| 3 | Coal | 62 | - | 33 | 9 | **104** |
| 4 | Gold | 764 | 3 | 39 | 385 | **1,191** |
| 5 | Iron Ore | 113 | 2 | 17 | 20 | **152** |
| 6 | Lead/Zinc | 155 | 2 | 11 | 119 | **287** |
| 7 | Limestone | 95 | 32 | 33 | 34 | **194** |
| | **TOTAL** | **1,282** | **40** | **139** | **598** | **2,059** |

Source: 2023 MCO Records

## 3.3 PROVEN RESERVES OF STRATEGIC MINERAL

The Federal Government's identified seven minerals in the country as strategic for development, are shown in Table 29 below, with their proven reserves and basis of measurement.

Table 28: Proven Reserves of Strategic Minerals

| S/N | STRATEGIC MINERALS | PROVEN RESERVES IN MILLION TONNES | TOTAL RESERVES IN MILLION TONNES | MEASUREMENT BASIS OF RESERVES | PRODUCTION (TONNES) | ROYALTY |
|---|---|---|---|---|---|---|
| | | | | | | ₦ |
| 1 | Gold | 3,482,395 | 200 | Ounces | 2.7 | 1,536,162,399 |
| 2 | Limestone | 876,080,052 | 2,300,000 | Tonnes | 49,057,064.08 | 2,559,998,921 |
| 3 | Lead/Zinc | 108.1 | 10 | Tonnes | 145,803.00 | 490,589,807 |
| 4 | Iron Ore | | 10,000 | Tonnes | 8,896 | 2,785,100 |
| 5 | Barite | | 15 | Tonnes | 30 | 31,500 |
| 6 | Coal | | 2,750 | Tonnes | 481,692 | 185,752,690 |
| 7 | Bitumen | | 27,000 | Barrels | - | - |
| **Total** | | | | | **49,693,488** | **4,775,320,417** |

Source: 2023 NEITI SMA Templates

## 3.4 PRODUCTION COMPARISON OF SEVEN (7) STRATEGIC MINERALS BETWEEN 2022 AND 2023

Table 29: Production Comparison of Seven (7) Strategic Minerals between 2022 and 2023

| | | 2022 | | 2023 | | | |
|---|---|---|---|---|---|---|---|
| S/N | MINERAL TYPE | QUANTITY PRODUCED (TONNES) | ROYALTY (₦) | QUANTITY PRODUCED (TONNES) | ROYALTY (₦) | % Change Quantity | % Change ROYALTY |
| 1 | Coal | 1,505,197 | 277,079,644 | 481,692 | 185,752,690 | -68% | -33% |
| 2 | Limestone | 37,260,778 | 1,880,698,840 | 49,057,064 | 3,027,262,006 | 32% | 61% |
| 3 | Lead/Zinc | 89,130 | 355,639,950 | 145,803 | 490,589,807 | 64% | 38% |
| 4 | Gold | 2.90 | 1,262,263,585 | 2.70 | 1,536,162,399 | -7% | 22% |
| 5 | Barite | 1,170 | 181,500 | 30 | 31,500 | -97% | -83% |
| 6 | Bitumen | - | - | - | - | - | - |
| 7 | Iron Ore | 283 | 128,400 | 8,896 | 2,785,100 | 3043% | 2069% |

Source: NEIT SMA Report

As shown in Table 30 above, it can be seen that the production of gold marginally decreased by 7% quantity wise.

Segilola recorded the highest royalty payment from a core mining company which demonstrates the potential of the solid mineral sector in terms of revenue generation capacity.

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

Table 30: Strategic Minerals Deposit in Nigeria by State

| S/N | 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

## 3.5 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 upwardly reviewed royalty rate in 2022 was maintained in 2023 for two reasons:

- 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[19].
- Effective Resource Management: Effective management of Nigeria's mineral resources was another key driver. By revisiting royalty rates, the government sought to optimize

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

revenue collection while promoting sustainable mining practices. This approach benefits both the country and the industry stakeholders[20].

This maintenance aims to strike a balance between revenue generation, environmental sustainability, and industry growth. Refer to Appendix 12 for the revised royalty rates.

### 3.5.1 Production by Mineral Type

Table 32 below shows the distribution of minerals produced in 2023 based on mineral types. A total of 53 mineral types were either mined or quarried during the period under review. Limestone Granite and sand constituted 80.95% of total mineral produced in Tonnes for the year.

Table 31: Minerals Produced by Type

| S/N | MINERAL TYPE | QUANTITY (TONNES) | CONTRIBUTION (%) | ROYALTY (NGN) | CONTRIBUTION (%) |
|---|---|---|---|---|---|
| 1 | Limestone | 49,057,064.08 | 51.601% | 2,559,998,920.75 | 33.59% |
| 2 | Granite Aggregate | 15,564,655.08 | 16.372% | 2,243,784,459.29 | 24.90% |
| 3 | Sand | 12,343,136.17 | 12.983% | 385,083,488.09 | 4.27% |
| 4 | Laterite | 5,103,450.71 | 5.368% | 189,012,369.68 | 2.10% |
| 5 | Seismic | 3,760,000.00 | 3.955% | 7,115,000.00 | 0.08% |
| 6 | Granite Dust | 3,536,932.33 | 3.720% | 110,542,346.38 | 1.23% |
| 7 | Clay | 2,140,429.73 | 2.251% | 54,252,108.87 | 0.60% |
| 8 | Shale | 2,067,249.12 | 2.174% | 62,015,583.20 | 0.69% |
| 9 | Coal | 481,691.90 | 0.507% | 185,752,689.80 | 2.06% |
| 10 | Granite | 284,759.49 | 0.300% | 42,713,929.39 | 0.47% |
| 11 | Lead/Zinc Ore | 145,803.00 | 0.153% | 490,589,807.28 | 5.44% |
| 12 | Dolomite | 80,261.84 | 0.084% | 34,671,665.20 | 0.38% |
| 13 | Lithium | 78,317.29 | 0.082% | 467,263,085 | 0.75% |
| 14 | Feldspar | 76,575.16 | 0.081% | 15,231,700.00 | 0.17% |
| 15 | Talc | 64,400.00 | 0.068% | 641,200.00 | 0.01% |
| 16 | Granite Marbles | 51,484.78 | 0.054% | 17,502,615.00 | 0.19% |
| 17 | Gypsum | 45,235.18 | 0.048% | 13,650,669.97 | 0.15% |
| 18 | Kaolin | 29,842.64 | 0.031% | 10,813,333.33 | 0.12% |
| 19 | Tourmaline | 26,541.41 | 0.028% | 7,719,898.65 | 0.09% |
| 20 | Ilmenite | 25,637.08 | 0.027% | 9,153,040.00 | 0.10% |
| 21 | Granite Block | 20,456.80 | 0.022% | 42,048,100.00 | 0.47% |
| 22 | Basalt | 19,211.22 | 0.020% | 3,056,655.50 | 0.03% |
| 23 | Spodumere | 15,494.50 | 0.016% | 5,800,806.00 | 0.06% |
| 24 | Sapphire | 15,022.70 | 0.016% | 3,676,988.00 | 0.04% |
| 25 | Iron Ore | 8,896.00 | 0.009% | 2,785,100.00 | 0.03% |
| 26 | Quartz | 6,601.52 | 0.007% | 4,881,186.00 | 0.05% |
| 27 | Tin Ore | 4,642.75 | 0.005% | 276,053,854.00 | 3.06% |

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

| | | | | | |
|---|---|---|---|---|---|
| 28 | Manganese | 3,600.00 | 0.004% | 12,600,000.00 | 0.14% |
| 29 | Kadon | 3,000.00 | 0.003% | 450,000.00 | 0.00% |
| 30 | Monazite | 2,619.50 | 0.003% | 1,331,752.25 | 0.01% |
| 31 | Columbite | 1,860.46 | 0.002% | 116,134,400.00 | 1.29% |
| 32 | Fluoride | 1,195.85 | 0.001% | 1,381,250.00 | 0.02% |
| 33 | Flourite | 1,170.96 | 0.001% | 2,344,476.75 | 0.03% |
| 34 | Berryllium | 977.60 | 0.001% | 19,135,825.00 | 0.21% |
| 35 | Amethyst | 565.00 | 0.001% | 721,000.00 | 0.01% |
| 36 | Lapidolite | 430.00 | 0.000% | 380,000.00 | 0.00% |
| 37 | Kunzite | 300.38 | 0.000% | 1,427,000.00 | 0.02% |
| 38 | Aquamarine | 150.00 | 0.000% | 15,000.00 | 0.00% |
| 39 | Mica | 145.00 | 0.000% | 57,000.00 | 0.00% |
| 40 | Garnet | 70.00 | 0.000% | 420,000.00 | 0.00% |
| 41 | Wolframite | 50.35 | 0.000% | 2,517,650.00 | 0.03% |
| 42 | Barite | 30.00 | 0.000% | 31,500.00 | 0.00% |
| 43 | Bentonite | 30.00 | 0.000% | 9,000.00 | 0.00% |
| 44 | Coltan | 6.00 | 0.000% | 1,080,000.00 | 0.01% |
| 45 | Tantalite | 5.39 | 0.000% | 1,087,200.00 | 0.01% |
| 46 | Topaz | 4.52 | 0.000% | 2,260,000.00 | 0.03% |
| 47 | Gold | 2.70 | 0.000% | 1,536,162,398.95 | 17.04% |
| 48 | Beryl | - | 0.000% | - | 0.00% |
| 49 | Bitumen | - | 0.000% | - | 0.00% |
| 50 | Cooper | - | 0.000% | - | 0.00% |
| 51 | Monazite | - | 0.000% | - | 0.00% |
| | **TOTAL** | **95,070,036.00** | **100%** | **9,012,650,637** | **100%** |

Source: 2023 NEITI SMA Templates

### 3.5.2 Production by Company

As presented in Table 33 below, the Dangote Industries made the largest contribution with 31.9 million Tonnes, accounting for 33.57% of the total mineral production for the year.

In contrast, Kursi Investment Limited, a gold producer, recorded the lowest production volume at 0.1 Tonnes of gold.

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

- Dangote is the main producer of cement in Nigeria. As a result, limestone used in producing the cement is highly demanded and produced in large volumes.
- Gold on the other 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 was 95,070,036 Tonnes.

Table 32: Summary of Minerals Produced by Companies

| S/N | NAME OF COMPANY | QUANTITY (TONNES) | % CONTRIBUTION | ROYALTY ₦ | % CONTRIBUTION |
|---|---|---|---|---|---|
| 1 | Dangote Industries Ltd | 31,910,240 | 33.57% | 1,607,302,610 | 17.83% |
| 2 | Segilola Resources Operating Limited | 2.47 | 0.00% | 1,413,397,820 | 15.68% |
| 3 | Bua Cement Plc | 9,790,948 | 10.30% | 711,098,575 | 7.89% |
| 4 | Lafarge PLC | 7,163,472 | 7.54% | 496,651,739 | 5.51% |
| 5 | First Patriot Limited | 126,100 | 0.13% | 476,430,032 | 5.29% |
| 6 | Zeberced Ltd | 2,750,390 | 2.89% | 412,558,500 | 4.58% |
| 7 | Reynolds Construction Company Limited | 1,285,347 | 1.35% | 190,030,241 | 2.11% |
| 8 | Julius Berger (Nig.) Plc | 2,320,809 | 2.44% | 173,429,499 | 1.92% |
| 9 | Setraco Nig. Ltd | 836,231 | 0.88% | 125,434,588 | 1.39% |
| 10 | Ashaka Cement Company Plc. | 1,093,879 | 1.15% | 99,477,861 | 1.10% |
| 11 | Kursi Investment Limited | 0.1 | 0.00% | 95,338,809 | 1.06% |
| 12 | CCECC Nig Ltd | 1,610,288 | 1.69% | 92,542,040 | 1.03% |
| 13 | Triacta Nig. Ltd | 574,583 | 0.60% | 73,544,917 | 0.82% |
| 14 | Kopek Construction Ltd | 396,377 | 0.42% | 59,456,500 | 0.66% |
| 15 | Neveah Ltd | 875 | 0.00% | 58,500,000 | 0.65% |
| 16 | Z & Y Investment Co. Ltd | 344,820 | 0.36% | 51,723,071 | 0.57% |
| 17 | Woda Mountain Invest. Nig. Ltd | 342,744 | 0.36% | 51,411,625 | 0.57% |
| 18 | Africa Pit & Quarries | 32,500 | 0.03% | 48,750,000 | 0.54% |
| 19 | Georgio Rocks Ltd. | 1,989,219 | 2.09% | 47,837,738 | 0.53% |
| 20 | C.G.C Nigeria Ltd | 324,481 | 0.34% | 47,526,523 | 0.53% |
| 21 | Mota Engil Nig Ltd | 1,062,411 | 1.12% | 42,496,440 | 0.47% |
| 22 | S.C.C. Nig. Ltd. | 236,196 | 0.25% | 37,000,672 | 0.41% |
| 23 | Dai Jin Jia Investment Ltd | 240,717 | 0.25% | 36,107,575 | 0.40% |
| 24 | Zuma 828 Coal Limited | 170,953 | 0.18% | 36,078,470 | 0.40% |
| 25 | Inorganic Earth Resources Limited | 234,770 | 0.25% | 35,215,516 | 0.39% |
| 26 | Mothercat Nig. Limited | 394,739 | 0.42% | 34,354,122 | 0.38% |
| 27 | Anli Mining Nigeria Ltd | 201,366 | 0.21% | 30,204,917 | 0.34% |
| 28 | Lanzhang Continental Services Ltd | 198,000 | 0.21% | 29,700,000 | 0.33% |
| 29 | The Freedom Group | 23,615 | 0.03% | 28,418,872 | 0.32% |
| 30 | Multiverse Mining & Exploration | 188,528 | 0.20% | 28,279,188 | 0.31% |
| 31 | Rock Bottom Mines and Power Ltd | 10,000 | 0.01% | 27,000,075 | 0.30% |
| 32 | China Solid Rock Nigeria Ltd | 175,333 | 0.18% | 26,300,000 | 0.29% |
| 33 | Kai Di Investment Limited | 168,016 | 0.18% | 25,202,431 | 0.28% |

| | | | | | |
|---|---|---|---|---|---|
| 34 | Morsa Energy Ltd | 54,014 | 0.06% | 22,295,184 | 0.25% |
| 35 | Koyla Energy Nig Ltd | 72,391 | 0.08% | 19,608,645 | 0.22% |
| 36 | Century Minig Company Ltd | 350 | 0.00% | 19,080,000 | 0.21% |
| 37 | Jin Ziang Quarry Co. Ltd | 124,940 | 0.13% | 18,741,000 | 0.21% |
| 38 | Coltan Mineral Ltd | 852 | 0.00% | 17,880,000 | 0.20% |
| 39 | Perfect Stone Quarries Ltd | 115,485 | 0.12% | 17,322,757 | 0.19% |
| 40 | Rock King Construction Ltd | 106,767 | 0.11% | 16,015,032 | 0.18% |
| 41 | Dolvic Global Resources & Continental Service Ltd. | 103,123 | 0.11% | 15,469,500 | 0.17% |
| 42 | Mark-Sino Nig. Ltd | 102,467 | 0.11% | 15,370,000 | 0.17% |
| 43 | Jakura Marble Ind. | 39,751 | 0.04% | 15,075,650 | 0.17% |
| 44 | Venus Mining Company Ltd | 99,573 | 0.11% | 14,936,000 | 0.17% |
| 45 | Kenyang Mining Co. Ltd | 1,140 | 0.00% | 14,734,000 | 0.16% |
| 46 | A.M.K.W International Nig. Ltd. | 2,717 | 0.00% | 13,780,500 | 0.15% |
| 47 | Saturn Mining Company Ltd | 89,814 | 0.09% | 13,472,050 | 0.15% |
| 48 | Sheng Long Nig. Ltd | 88,333 | 0.09% | 13,250,000 | 0.15% |
| 49 | Raycon & Co Nig. Ltd | 124,689 | 0.13% | 12,697,575 | 0.14% |
| 50 | Milhouse Energy Services Limited | 9,225 | 0.01% | 11,643,950 | 0.13% |
| 51 | Akamkpa Quarry Ltd | 67,693 | 0.07% | 10,242,929 | 0.11% |
| 52 | Golden Quarry Nig Ltd | 67,400 | 0.07% | 10,110,028 | 0.11% |
| 53 | Longma Industry Ltd | 58,747 | 0.06% | 8,812,000 | 0.10% |
| 54 | Manhardi Nigeria Limited | 55,745 | 0.06% | 8,131,800 | 0.09% |
| 55 | Fuhua Quarry Nigeria Ltd | 52,206 | 0.06% | 7,839,900 | 0.09% |
| 56 | NBHH Nig Ltd | 50,950 | 0.05% | 7,642,436 | 0.09% |
| 57 | Arab Contractor O.A.O Nigeria Limited | 52,810 | 0.06% | 7,621,443 | 0.09% |
| 58 | Asphalt Unity Construction Limited | 49,635 | 0.05% | 7,444,261 | 0.08% |
| 59 | Hitech Construction Company Ltd | 48,866 | 0.05% | 7,329,972 | 0.08% |
| 60 | Grands Cope Construction Ltd | 48,542 | 0.05% | 7,281,257 | 0.08% |
| 61 | Xinxin Mining Resources | 47,691 | 0.05% | 7,153,615 | 0.08% |
| 62 | Master Rock Ltd | 47,470 | 0.05% | 7,120,550 | 0.08% |
| 63 | Ekiti State Alliance Gem Miners | 1,085 | 0.00% | 6,789,000 | 0.08% |
| 64 | Hongtai Quarry Co Ltd | 44,000 | 0.05% | 6,600,000 | 0.07% |
| 65 | Zhong Zing Mining Ltd. | 44,392 | 0.05% | 6,255,809 | 0.07% |
| 66 | Jigom Nig. Ltd | 36,240 | 0.04% | 5,134,513 | 0.06% |
| 67 | AAY International Mining Company Ltd | 350 | 0.00% | 5,065,000 | 0.06% |
| 68 | West African Ceramics Ltd | 2,933 | 0.00% | 730,000 | 0.01% |
| 69 | Ace Gois Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |

| | | | | | |
|---|---|---|---|---|---|
| 70 | Akamkpa Quarry Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 71 | Amea Agro and Mining Export Alliance Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 72 | Anli Mining Nigeria Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 73 | Asphalt Unity Construction Limited | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 74 | Badger Mines Nigeria Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 75 | Basin Mining Limited | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 76 | Caliandre Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 77 | Curkart Mining Company Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 78 | Diamond Cement Nig Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 79 | Elipse International Ex. Solution Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 80 | Elteematallics Nigeria Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 81 | Eso Terra Investment Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 82 | Georgio Rocks Ltd. | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 83 | Giant Cement Works Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 84 | Gladwyn Investment Company Limited | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 85 | Golden Quarry Nig Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 86 | Grands Cope Construction Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 87 | H And H Mines Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 88 | Ilu Eye Trading Resources | NO | 0% | NO | 0% |

| | | | | | |
|---|---|---|---|---|---|
| | Company Limited | PRODUCTIO N | | PRODUCTIO N | |
| 89 | Jakura Marble Ind. | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 90 | Kian Smith Trade and Company Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 91 | Kook Technologies Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 92 | Koyla Energy Nig Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 93 | Lingwell Technology Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 94 | Mangal Industries Limited | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 95 | Micro Leasing Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 96 | Mota Engil Nig Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 97 | Nguo Mining Company Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 98 | North South Extractive Co. Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 99 | Oranto Petroleum Limited | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 100 | Raycon & Co Nig. Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 101 | Redkeep Investment Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 102 | Rock Bootom Mines And Power Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 103 | Saturn Mining Company Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 104 | Sheng Long Nig. Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 105 | Shorefield Minerals Ltd | NO PRODUCTIO N | 0% | NO PRODUCTIO N | 0% |
| 106 | Sunrise Minerals Limited | NO PRODUCTIO | 0% | NO PRODUCTIO | 0% |

| | | | | | |
|---|---|---|---|---|---|
| | | N | | N | |
| 107 | Triax Company Nig. Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 108 | United Geology And Mineral Resources Dev Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| 109 | Zebra Energy Nig Ltd | NO PRODUCTION | 0% | NO PRODUCTION | 0% |
| | Unilaterally Disclosed Companies | 26,959,694 | 28.36% | 1,865,173,317 | 20.70% |
| | **TOTAL** | **95,070,029** | **100%** | **9,012,650,637** | **100%** |

Source: 2023 NEITI SMA Templates

- The companies tagged with *NO PRODUCTION* were the companies that failed to either make submission within the stipulated period or chosen based on their payment of ASF as they were yet to commence or ceased production as at the time of audit.
- Also, companies like Segilola and Kursi have low production tonnage and a high royalty payment as a result of the mineral they produce (gold).

### 3.5.3 Production by States and Regions

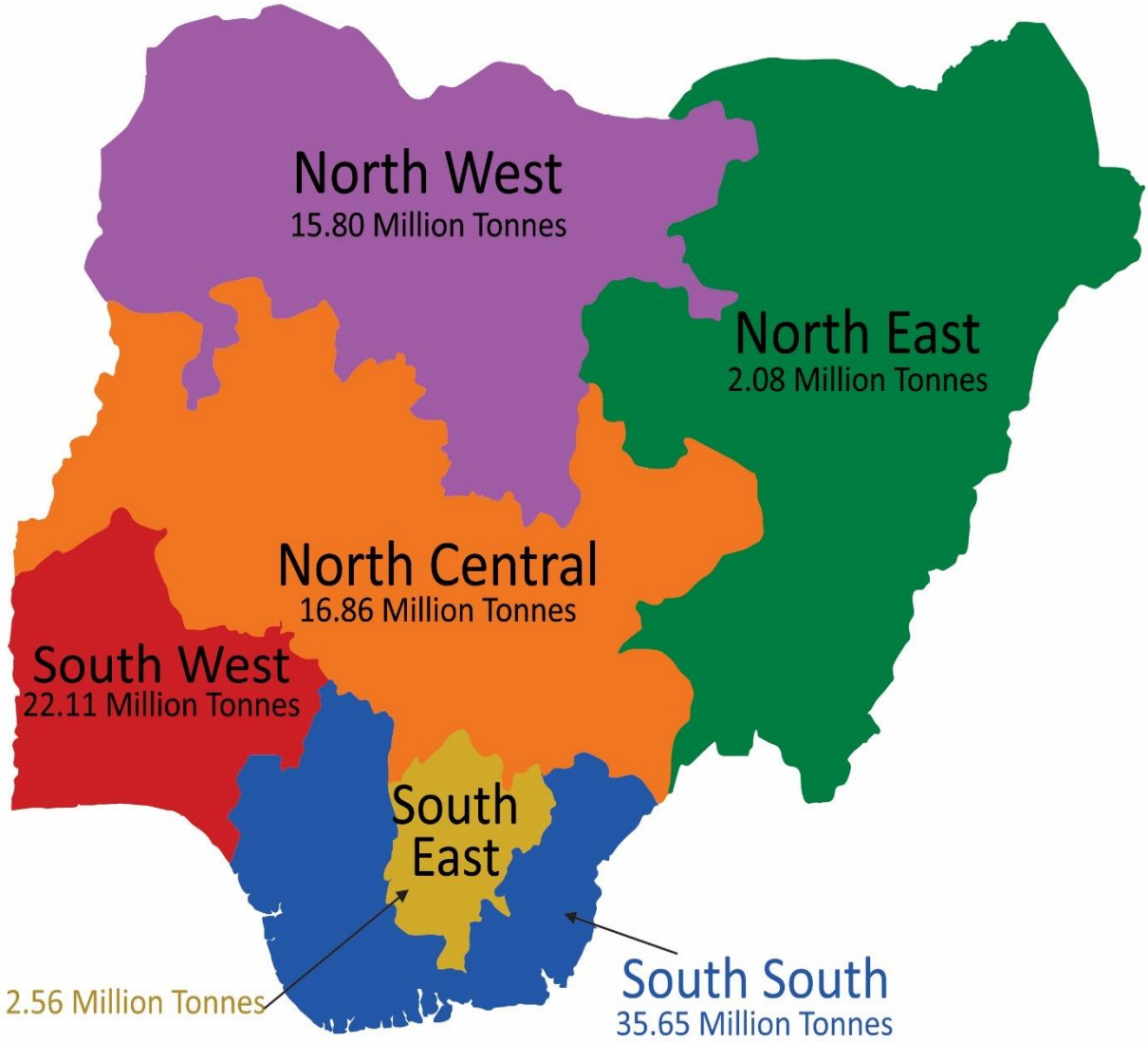
- In 2023, total production amounted to 95,070,029 Tonnes, with a corresponding royalty payment of ₦9.013 billion.
- This marks a 34% increase from the 2022's quantity produced i.e 70,727,531 Tonnes.
- The production of various minerals, along with their values by state is presented in Table 34. Edo, Kogi, and Ogun states contributed 30.77% of the total quantity of minerals produced.
- The South West Zone as a region, had the highest production contribution at 37.62%, followed by the North Central with 23.69%.

Table 33: Analysis of Production of Minerals by State

| State | Quantity (MT) | % Contribution | Royalty (NGN) | % Contribution | Region |
|---|---|---|---|---|---|
| Benue | 874,044 | 0.92% | 70,874,673.95 | 0.79% | North Central |
| FCT | 3,226,475 | 3.39% | 483,971,237.88 | 5.37% | |
| Kogi | 10,901,358 | 11.47% | 836,524,079.80 | 9.28% | |
| Kwara | 473,862 | 0.50% | 201,976,578.91 | 2.24% | |
| Nasarawa | 184,772 | 0.19% | 41,819,234.68 | 0.46% | |
| Niger | 1,161,370 | 1.22% | 97,461,047.27 | 1.08% | |
| Plateau | 34,767 | 0.04% | 402,451,397.47 | 4.47% | |
| **Sub Total** | **16,856,648** | **17.73%** | **2,135,078,250** | **23.69%** | |
| Adamawa | 185,535 | 0.20% | 24,703,774.02 | 0.27% | |

| | | | | | |
|---|---|---|---|---|---|
| Bauchi | 256,228 | 0.27% | 53,861,473.00 | 0.60% | North East |
| Borno | 9,352 | 0.01% | | 0.00% | |
| Gombe | 1,267,737 | 1.33% | 120,961,630.32 | 1.34% | |
| Taraba | 255,882 | 0.27% | 42,964,778.88 | 0.48% | |
| Yobe | 113,467 | 0.12% | 5,449,241.25 | 0.06% | |
| **Sub Total** | **2,088,201** | **2.20%** | **247,940,897.47** | **2.75%** | |
| Jigawa | 488,420 | 0.51% | 28,186,374 | 0.31% | North West |
| Kaduna | 2,008,827 | 2.11% | 198,345,408 | 2.20% | |
| Kano | 7,646,304 | 8.04% | 137,420,754 | 1.52% | |
| Katsina | 725,646 | 0.76% | 46,093,654 | 0.51% | |
| Kebbi | 105,450 | 0.11% | 21,420,806 | 0.24% | |
| Sokoto | 4,638,480 | 4.88% | 345,565,750 | 3.83% | |
| Zamfara | 189,316 | 0.20% | 28,174,566 | 0.31% | |
| **Sub Total** | **15,802,444** | **16.62%** | **805,207,312** | **8.93%** | |
| Abia | 352,687 | 0.37% | 45,122,869 | 0.50% | South East |
| Anambra | 198,745 | 0.21% | 9,174,876 | 0.10% | |
| Ebonyi | 1,817,185 | 1.91% | 734,282,241 | 8.15% | |
| Enugu | 148,034 | 0.16% | 64,176,290 | 0.71% | |
| Imo | 40,468 | 0.04% | 2,118,190 | 0.02% | |
| **Sub Total** | **2,557,119** | **2.69%** | **854,874,466** | **9.49%** | |
| Akwa Ibom | 278,600 | 0.29% | 16,394,060 | 0.18% | South South |
| Bayelsa | 389,272 | 0.41% | 20,373,435 | 0.23% | |
| Cross River | 7,670,460 | 8.07% | 580,658,357 | 6.44% | |
| Delta | 4,066,324 | 4.28% | 18,340,120 | 0.20% | |
| Edo | 19,413,061 | 20.42% | 750,457,786 | 8.33% | |
| Rivers | 3,834,732 | 4.03% | 193,146,595 | 2.14% | |
| **Sub Total** | **35,652,448** | **37.50%** | **1,579,370,352** | **17.52%** | |
| Ekiti | 156,656 | 0.16% | 27,629,773 | 0.31% | South West |
| Lagos | 2,254,493 | 2.37% | 112,741,799 | 1.25% | |
| Ogun | 15,340,100 | 16.14% | 1,185,989,333 | 13.16% | |
| Ondo | 900,594 | 0.95% | 123,724,100 | 1.37% | |
| Osun | 1,191,934 | 1.25% | 1,589,087,781 | 17.63% | |
| Oyo | 2,269,398 | 2.39% | 351,006,573 | 3.89% | |
| **Sub Total** | **22,113,175** | **23.26%** | **3,390,179,359** | **37.62%** | |
| **Total** | **95,070,036** | **100.00%** | **9,012,650,637** | **100.00%** | |

*Source: 2023 NEITI SMA Templates*




### 3.5.4 Five-Year Production Trend

Table 34: Five Year Production Trend from 2019 to 2023

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
|---|---|---|---|---|---|---|
| | Ton | Ton | Ton | Ton | Ton | Ton |
| Quantity | 59,820,953 | 71,151,030 | 76,277,187 | 70,727,531 | 95,070,029 | 373,046,737 |
| Difference | 13,140,295 | 11,330,077 | 5,126,157 | -5,549,656 | 24,342,505 | |
| % Change | 28% | 19% | 7% | -7% | 34% | |

Source: NEITI Solid Minerals Audit (SMA) Reports

- Over a five-year period, total solid mineral production reached 373,046,737 Tonnes thus 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).

As shown above in Table 35

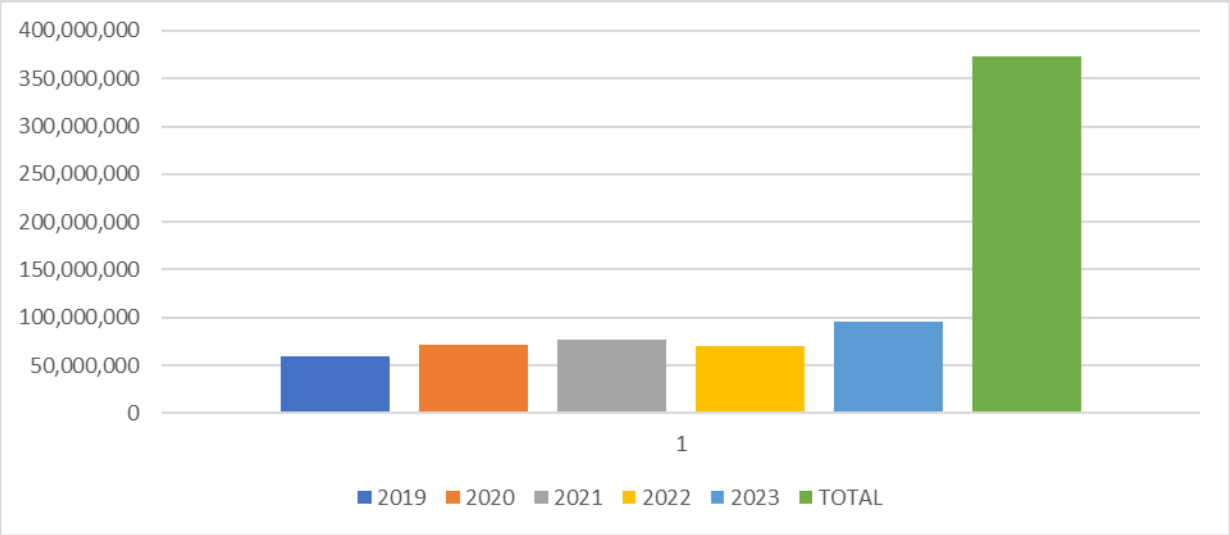


Figure 8: Five Year Production and Royalty Trend

## 3.6 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 2023 was 26,464.50 Tonnes per 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[21] 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 [22] for more information on the codes, tariffs etc.

### 3.6.1 Export Process in Nigeria

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

**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.

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

- Additionally, exporter needs to establish an **export proceed domiciliary account** with a Nigerian commercial bank. This account facilitates financial transactions related to goods exports.

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

- **Bill of Lading**: A document issued by the shipping company that acknowledges receipt of goods for shipment.
- **Commercial Invoice**: Details the value of the goods being exported.
- **Exit Note**: Required for customs clearance.
- **Form 'M' Entry Declaration**: A form declaring the import/export transaction.
- **Packing List**: Describes the contents of each package.
- **Single Goods Declaration**: Provides information about individual items.
- **Product Certificate**: May be needed for specific goods (e.g., quality certification)[23].

**Customs Clearance**:

The **Nigerian Customs Service (NCS)** plays a crucial role in the export process. Below is a simplified process flow:

- **Customs Declaration**: the exporter will make a customs declaration, providing details about the export goods.
- **NCS Export Seat**: Submit the necessary documents to the NCS export seat.
- **Supervision and Compliance**: The NCS ensures compliance with export regulations, including proper valuation, classification, and adherence to export restrictions.
- **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.).
- **Customs Release**: Once cleared, exporter will a obtain customs release.
- **Export Gate Presentation**: Exporter presents the release documents at the export gate for final approval[24].

**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[25].

[23] https://msmd.gov.ng/the-ministry/
[24] https://nigerianports.gov.ng/import-export-guidelines-3/
[25] https://msmd.gov.ng/the-ministry/

- **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.
- **Coordination**: It collaborates with other agencies, including the NCS, to ensure seamless processes and ensure Royalties are paid in full[26].

### 3.6.2 Export by Mineral Type

Records from Mining Inspectorate Department (MID) showed that, total export in the year under review was 348,255 tonnes from the accumulation of 32 minerals with ₦2,093,743,319 paid as Royalty.

Refer to Table 36 below for more information.

Table 35: Disaggregation of Export by Minerals

| S/N | MINERAL TYPE | QUANTITY EXPORTED | ROYALTY PAID(NAIRA) |
|---|---|---|---|
| 1 | Aquamarine | 426 | 42,600 |
| 2 | Beryllium | 189 | 1,640,000 |
| 3 | Coal | 154,260 | 106,102,224 |
| 4 | Coltan | 15 | 2,700,000 |
| 5 | Columbite | 1,128 | 106,970,000 |
| 6 | Copper | 25 | 45,000 |
| 7 | Flourite | 2,318 | 4,006,290 |
| 8 | Gold | 1.68 | 842,497,891 |
| 9 | Granite Block | 1,502 | 1,930,172 |
| 10 | Gypsum | 1,000 | 300,000 |
| 11 | Ilmenite | 10,858 | 5,444,200 |
| 12 | Iron ore | 3,500 | 1,050,000 |
| 13 | Kunzite | 108 | 513,000 |
| 14 | Lead/Zinc | 58,920 | 485,979,000 |
| 15 | Lepidolite | 2,470 | 14,730,000 |
| 16 | Limestone | 20,000 | 9,500 |
| 17 | Lithium | 35,887 | 208,869,618 |
| 18 | Manganese | 36,000 | 8,404,200 |
| 19 | Mica | 5,218 | 40,555,200 |
| 20 | Monazite | 2,440 | 2,165,000 |
| 21 | Quartz | 756 | 155,600 |

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

| | | | |
|---|---|---|---|
| 22 | Ruby, Sapphire and Zircon | 0 | 39,847 |
| 23 | Spodumene | 961 | 10,341,300 |
| 24 | Talc | 306 | 61,200 |
| 25 | Tantalite | 65 | 11,661,120 |
| 26 | Tin Ore | 3,921 | 233,996,850 |
| 27 | Titanium | 100 | 50,000 |
| 28 | Topaz, Tormaline, Aquamarine & Amethyst | 43 | 12,572 |
| 29 | Tourmaline | 0 | 70,890 |
| 30 | Wolframite | 50 | 678,280 |
| 31 | Zinc | 1,000 | 1,221,766 |
| 32 | Zircon Sand & Columbite | 4,787 | 1,500,000 |
| | **TOTAL** | **348,255** | **2,093,743,319** |

Source: MSMD Export Records

### 3.6.3 Export by Company

The Lilypond Terminal in Ijora, Lagos, has been designated by the Nigerian Ports Authority (NPA) as a specialized processing and handling facility for the exportation of Nigeria's locally made finished, agricultural and solid mineral goods. This move aims to ease bureaucratic and logistical bottlenecks faced by exporters, promoting better access to international markets[27].

Additionally, the Federal Government's creation of the Lily Pond Export Command has significantly boosted non-oil exports. Since its inception, the Command has facilitated and processed exports valued at over $600 million. This initiative is part of broader efforts to diversify Nigeria's economy away from oil dependency by enhancing the export of manufactured goods, agricultural produce, solid minerals etc.

However, due to incompleteness from the custom's record, IA is limited to fully utilize the NCS record for reporting purposes. As a result, MID's export record will be used for reporting.

Table 37 below shows the solid minerals export record from Lilly Pond for the period under review.

Table 36: Export by Company

| S/N | EXPORTER | MINERAL | QUANTITY EXPORTED (TONNAGE) | FOB ($) |
|---|---|---|---|---|
| 1 | De-Alice Integrated Services Ltd | Lithium Ore, Spodumene Ore | 2,984.05 | 3,221,413.00 |

[27] https://nigerianports.gov.ng/2022/03/07/npa-designates-lilypond-terminal-as-non-oil-export-processing-facility/

| | | | | |
|---|---|---|---|---|
| 2 | Emirate Mining And Geominerals Ltd | Spodumene Ore, Zirconium Ores And Concentrates | 407.45 | 204,465.50 |
| 3 | Jd Mining Nig. Company Ltd. | Flouride Ore Low Grade | 60.00 | 2,250.00 |
| 4 | Oriental International Transport Nigeria Limited | Iron Ore, Lithium Ore | 1775.00 | 202,500.00 |
| 5 | Sino Minmetals Co. Ltd. | Manganese Ore | 18,818.00 | 1,358,500.00 |
| 6 | Synee Alumony Mining Ltd. | Zinc Ore Concentrate (40%) | 2,420.00 | 924,000.00 |
| | | | **26,464.50** | **5,913,128.50** |

Source: NCS Export Records

### 3.6.4 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 176,352 Tonnes that is 51% of total export from Nigeria.

Table 37: Export by Destination

| S/N | EXPORT DESTINATION | MINERAL TYPE | QUANTITY EXPORTED | ROYALTY PAID(NAIRA) |
|---|---|---|---|---|
| 1 | Belgium | Lead/Zinc | 7,800 | 90,600,000 |
| 2 | Benin Republic | Coal | 4,760 | 750,000 |
| 3 | China | Beryllium, Coal, Coltan, Columbite, Copper, Flourite, Gold, Granite Block, Ilmenite, Kunzite, Lead Ore, Lepidolite, Lithium, Manganese, Mica, Monazite, Quartz, Spodumene, Talc, Tantalite, Tin, Titanium, Wolframite, Zircon Sand | 176,352 | 1,113,994,404 |
| 4 | UAE | Gold | 0 | 24,530,594 |
| 5 | Germany | Tourmaline (Pink & Green), Quartz(Industrial), Aquamarine | 706 | 24,954,194 |

| | | | | |
|---|---|---|---|---|
| 6 | Malaysia | Beryllium, Coltan, Columbite, Lithium, Quartz, Tin ore, | 4,238 | 163,932,000 |
| 7 | Mali | Quartz (Industrial), coal | 1,034 | 156,800 |
| 8 | Netherland | Coal | 32,500 | 48,750,000 |
| 9 | Niger Republic | Limestone, Gypsum, Tantalite, Coal, Lithium | 85,008 | 32,805,149 |
| 10 | South Korea | Lead Ingot | 240 | 360,000 |
| 11 | Spain | Lead Ingot, talc, lithium | 1,550 | 3,275,000 |
| 12 | Switzerland | Gold, Lead/Zinc | 2,001 | 551,657,055 |
| 13 | Thailand | Ruby, Sapphire and Zircon | 0 | 39,847 |
| 14 | Togo | Coal | 32,000 | 36,106,575 |
| 15 | Turkey | Spodumene | 13 | 262,500 |
| 16 | USA | Topaz, Tormaline, Aquamarine & Amethyst, Tantalite, | 52 | 1,819,202 |
| | | | **348,255** | **2,093,993,319** |

*Source: MSMD Export Records*

### 3.6.5 Export by Mineral Types from NCS Record

In the year under review, a total of 26,465 Tonnes from eight (8) different minerals were exported from NCS records. The highest export quantity of 18,818.00 Tonnes is Manganese Ores which are minerals generically categorized, followed closely by Lithium ore, which totalled 2,595.05 Tonnes as shown in Table 39.

Table 38: Export of Minerals by Products from NCS record

| S/N | ITEM DESCRIPTION | TONNAGE | FOB ($) | NESS (₦) |
|---|---|---|---|---|
| 1 | Manganese Ore | 18,818.00 | 1,358,500.00 | 4,058,068.41 |
| 2 | Lithium Ore | 2,595.05 | 2,184,946.00 | 4,669,998.46 |
| 3 | Zinc Ore | 2310 | 902000 | 2674955.1 |
| 4 | Iron Ore | 1500 | 120000 | 500779.76 |
| 5 | Spodumene Ore | 744.45 | 1,187,712.50 | 3,243,805.35 |
| 6 | Zirconium Ores and Concentrates | 327 | 135,720.00 | 396,358.25 |
| 7 | Lead Ore | 110 | 22,000.00 | 83,034.82 |
| 8 | Fluoride Ore Low Grade | 60 | 2,250.00 | 19,763.10 |
| | | **26,464.50** | **5,913,128.50** | **15,646,763.25** |

Source: MSMD Export Records

### 3.6.6 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 collaborative 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 2023 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 | Aquamarine | - | 426.0 | (426.0) |
| 2 | Beryllium | - | 189.0 | (189.0) |
| 3 | Coal | - | 154,260.0 | (154,260.0) |
| 4 | Coltan | - | 15.0 | (15.0) |
| 5 | Columbite | - | 1,128.0 | (1,128.0) |
| 6 | Copper | - | 25.0 | (25.0) |
| 7 | Flouride Ore Low Grade | 60.0 | - | 60.0 |
| 8 | Flourite | - | 2,318.0 | (2,318.0) |
| 9 | Gold | - | 1.7 | (1.7) |
| 10 | Granite Block | - | 1,502.0 | (1,502.0) |
| 11 | Gypsum | - | 1,000.0 | (1,000.0) |
| 12 | Ilmenite | - | 10,858.0 | (10,858.0) |
| 13 | Iron Ore | 1,500.0 | - | 1,500.0 |
| 14 | Iron Ore | - | 3,500.0 | (3,500.0) |
| 15 | Kunzite | - | 108.0 | (108.0) |
| 16 | Lead | - | 58,920.0 | (58,920.0) |
| 17 | Lead Ore | 110.0 | - | 110.0 |
| 18 | Lepidolite | - | 2,470.0 | (2,470.0) |
| 19 | Limestone | - | 20,000.0 | (20,000.0) |
| 20 | Lithium | - | 35,887.1 | (35,887.1) |
| 21 | Lithium Ore | 2,595.1 | - | 2,595.1 |
| 22 | Manganese | - | 36,000.0 | (36,000.0) |

| | | | | |
|---|---|---|---|---|
| 23 | Manganese Ore | 18,818.0 | - | 18,818.0 |
| 24 | Mica | - | 5,218.0 | (5,218.0) |
| 25 | Monazite | - | 2,440.0 | (2,440.0) |
| 26 | Quartz | - | 756.4 | (756.4) |
| 27 | Ruby, Sapphire And Zircon | - | 0.0 | (0.0) |
| 28 | Spodumene | - | 960.5 | (960.5) |
| 29 | Spodumene Ore | 744.5 | - | 744.5 |
| 30 | Talc | - | 306.0 | (306.0) |
| 31 | Tantalite | - | 64.8 | (64.8) |
| 32 | Tin Ore | - | 3,921.0 | (3,921.0) |
| 33 | Titanium | - | 100.0 | (100.0) |
| 34 | Topaz & Amethyst | - | 0.0 | (0.0) |
| 35 | Topaz, Tourmaline, Aquamarine & Amethyst | - | 42.7 | (42.7) |
| 36 | Tourmaline | - | 0.0 | (0.0) |
| 37 | Wolframite | - | 50.4 | (50.4) |
| 38 | Zinc | - | 1,000.0 | (1,000.0) |
| 39 | Zinc Ore | 2,310.0 | - | 2,310.0 |
| 40 | Zircon Sand & Columbite | - | 4,787.0 | (4,787.0) |
| 41 | Zirconium Ores and Concentrates | 327.0 | - | 327.0 |
| | **TOTAL** | **26,464.5** | **348,254.5** | **(321,790.0)** |

Source: MSMD and NCS Export Records

The comparative analysis of export data from these agencies reveals a variance of 321,790.0 Tonnes. This discrepancy stems from:

- Lack of collaboration 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.
- The incomplete record from Lilypond is also a factor that cannot ignored.

### 3.6.7 Five Year Tend of Mineral Export

- A five-year export trend as shown in Table 41 below reveals a total of 26,464 Tonnes of mineral exports.
- The fluctuating nature of export volumes during this period indicates an unstable sector, though one with significant potential for growth.
- Notably, in 2023, the sector experienced a 90% decrease in mineral exports compared to 2022, highlighting the potential for expansion despite its volatility.

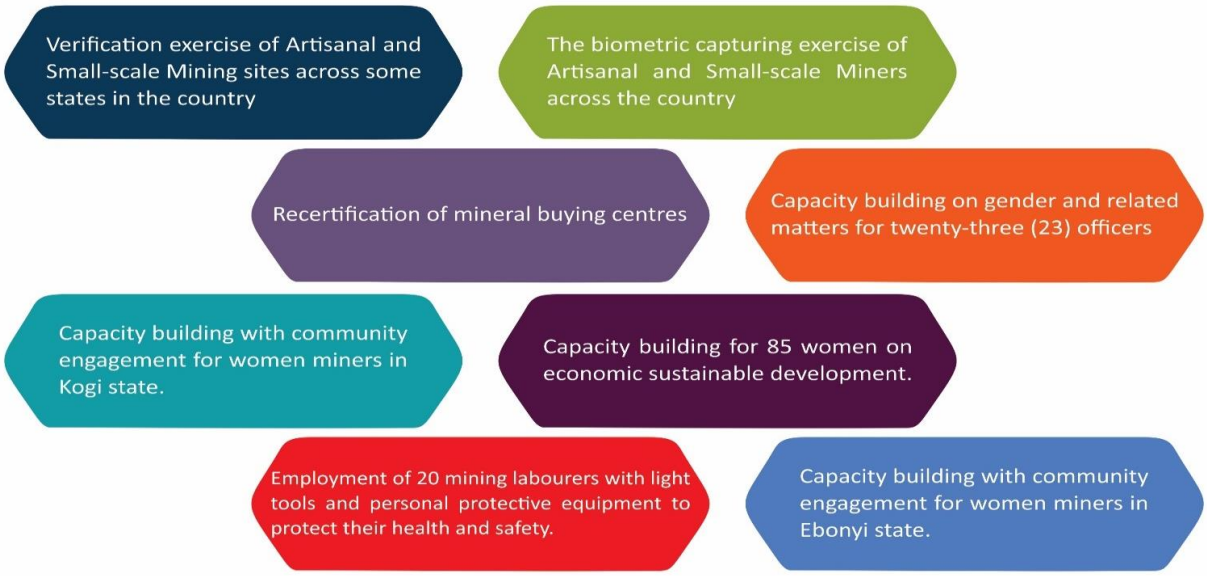
Table 40: Five (5) Year Trend of Mineral Export

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | TOTAL |
|---|---|---|---|---|---|---|
| Quantity (Tonnes) | 7,019 | 32990 | 142,537.48 | 262,774.75 | 26,464.50 | 471,786 |
| Difference | -117,729 | 25,971 | 109,547 | 120,237 | -236,310 | |
| % Change Quantity | -94% | 370% | 332% | 84% | -90% | |

Source: NCS Export Records

## 3.7 ARTISANAL AND SMALL-SCALE MINING

In 2023, 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. These activities involves:




A total of 393 Artisanal and Small-Scale Mining (ASM) Cooperatives were enumerated, comprising 4,663 miners. *Table 41* below provides detailed information on the identified Artisanal and Small-Scale Mining Cooperatives in Nigeria during the review period.

Table 41: Registered ASM

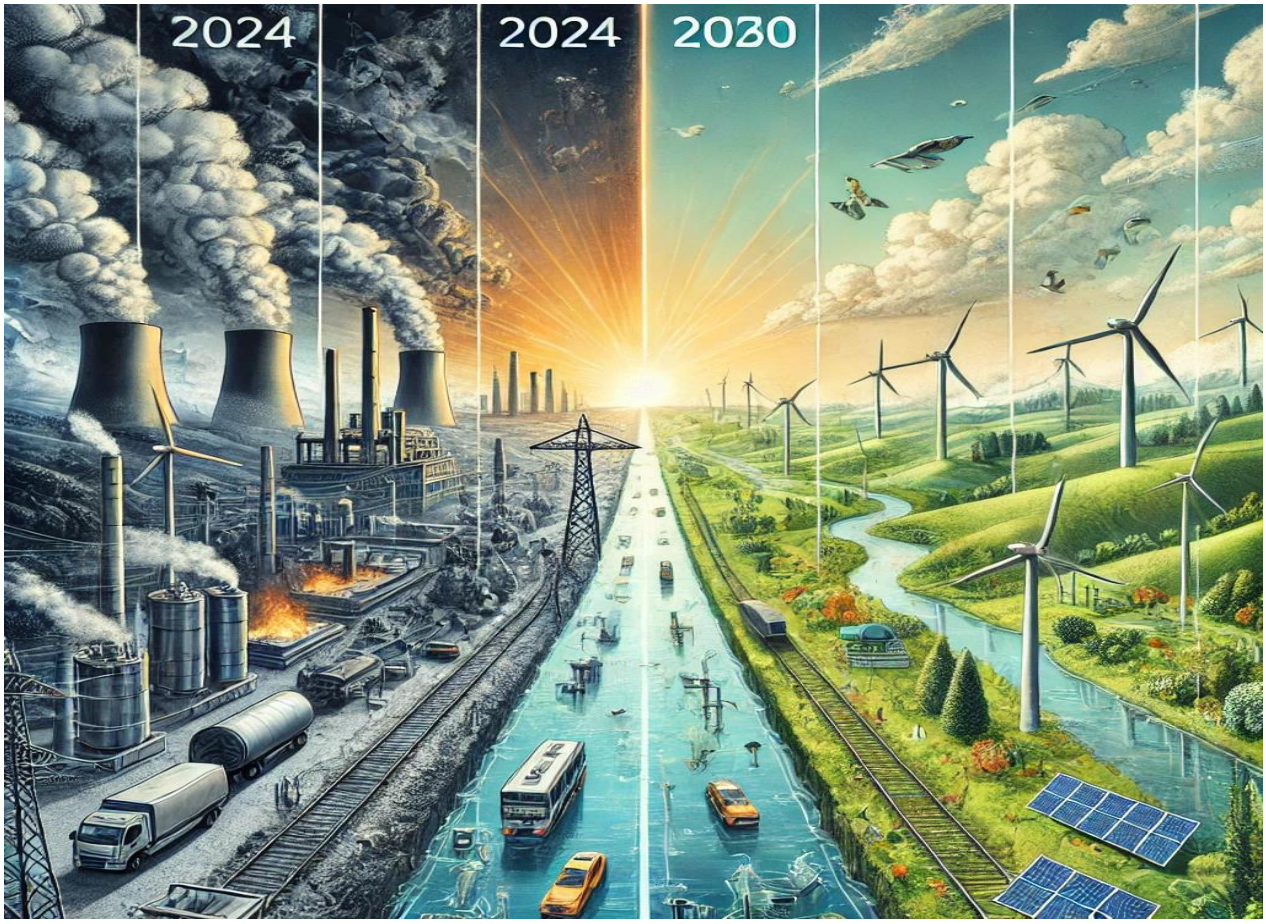
| S/N | STATE | NO. OF CAPTURED ASM COOPERATIVES | NO. OF INDIVIDUALS CAPTURED |
|---|---|---|---|
| 1 | NIGER | 133 | 1114 |
| 2 | KOGI | 16 | 302 |
| 3 | KWARA | 15 | 211 |
| 5 | NASARAWA | 2 | 27 |
| 7 | BENUE | 3 | 22 |
| 8 | LAGOS | 10 | 92 |
| 9 | OGUN | 5 | 55 |
| 10 | OYO | 3 | 53 |
| 11 | OSUN | 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

## 3.8 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.



### 3.8.1 Nigeria Energy Transition Plan

The global energy transition plan 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 address emissions reduction across different sectors of the economy which includes power, cooking, oil and gas, transport, and solid minerals 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:

- 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.
- Concerted efforts must be made towards monitoring the effect of transition minerals mining on the environment.
- Develop a framework for International Cooperation on energy transitions with multinational development organisations.

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

### 3.8.2 Key Objectives of Energy Transition Plan

- Poverty Alleviation: Lifting 100 million Nigerians out of poverty is a central goal. Economic growth and job creation are intertwined with the transition.
- Universal Energy Access: Bringing modern energy services to every corner of Nigeria is essential for development.

- 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.
- 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]

### 3.8.3 Energy Transition Minerals

According to the 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"[28]. The global EITI also identifies these minerals listed in Table 43 below as essential for the energy transition.

Table 42: Energy Transition Minerals, Production and Locations

| S/N | MINERALS | USES OF THE MINERALS | QUANTITY OF MINERALS PRODUCED (TONNES) | LOCATIONS |
|---|---|---|---|---|
| 1 | Lithium | Used in batteries for electric vehicles (EVs) and energy storage systems | 744,502.84 | Nasarawa, Kwara, Kogi, Ekiti and Cross Rivers. |
| 2 | Nickel | Used in batteries, particularly in high-energy-density batteries for EVs | 0 | Kaduna, Kebbi, Nasarawa and Taraba |
| 3 | Cobalt | Component of batteries, especially for stability and energy density. | 0 | Nasarawa, Bauchi & Plateau |
| 4 | Copper | Essential for electrical wiring and components in renewable energy systems like wind turbines and solar panels | 0 | Zamfara, Sokoto, Nasarawa & Plateau |
| 5 | TOTAL | | 744,502.84 | |

Source: MCO Records

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

- In the year under review, the total lithium produced was 744,502.84 tons, representing more than 1000% from 2022, this is an indicator of the increase in the demand for this critical mineral.

- The development of these minerals will accelerate the development of new technologies that promotes sustainable and cleaner energy, such as solar panels, electric vehicles and wind turbines.

Key responses of 110 participating companies on their energy transition plans indicate that 88 companies have no energy transition plan, while 14 companies said they are working on it as presented in the Table 44 below:

Table 43: Company's Energy Transition Plan

| Parameters | | Response | |
|---|---|---|---|
| | | Number of Responses | % |
| Responsive | Available | 8 | 7% |
| | Not Available | 47 | 43% |
| | Work-In-Progress | 14 | 13% |
| Non-Responsive | None | 41 | 37% |
| **Total** | | **110** | **100%** |

Source: 2023 NEITI SMA Templates

### 3.8.4 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.[29]

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

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[30]. However, the sector still contributes to the country's overall emissions. As a result of the cumulative emissions from various sectors, Nigeria has made a significant commitment to achieving net-zero greenhouse gas emissions by 2060[31].

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 2060. 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[32]

3. Energy Transition Plan: Nigeria's Energy Transition Plan, released in August 2023, 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 emissions data, templates were administered to 85 selected companies, only 6 responded with details of their GHG for the period under review.

Refer to Table 45 for further information

Table 44: Company's GHG Emissions Data

| Parameters | | Response | |
|---|---|---|---|
| | | No. | % |
| Responsive | Available | 6 | 5.5% |
| | Not Available | 54 | 49.1% |
| | Work-In-Progress | 9 | 8.2% |
| Non-Responsive | None | 41 | 37.3% |

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

| | | |
|---|---|---|
| Total | 110 | 100.0% |

Source: 2023 NEITI SMA Templates

## 3.9 FINDINGS 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**<br><br>• Records from the Nigerian Customs Service (NCS) and the MSMD reveals that the collaboration between both agencies is weak as their reported figures differ significantly. The wide margin between these records underscores the lack of collaboration and coordination between the two agencies, leading to discrepancies in export data.<br><br>• The lack of coordination between the NCS and MSMD could result in companies exporting minerals without paying the appropriate royalties and fees, leading to significant revenue losses for the government.<br><br>• This 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.<br><br>• The export data from the Nigerian Customs Service (NCS) includes minerals that were not reflected in the production data supplied by the Ministry.<br><br>• MSMD is saddled with responsibility of giving | • Collaboration 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.<br><br>• MSMD should ensure that all minerals exported gets the appropriate license and also communicate effectively with NCS on the export licenses issued in order to eliminate any associated loophole in the export process.<br><br>• Government policies on minerals export should always be updated and communicated effectively with NCS for policy implementation.<br><br>• There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences. |

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| | permit for export of minerals in the country. From the analysis of the two agencies,' records indicates that a lot of minerals are exported without those permit | |
| 2 | **INSUFFICIENT DATA ON PROVEN MINERAL RESERVES CRITICAL TO ENERGY TRANSITION**<br><br>Despite Nigeria's mineral endowment, there is insufficient data on proven reserves for most of the critical minerals. There is a reliance on historical geological maps and data which creates a gap in making better investment decisions.<br><br>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.<br><br>This situation may deter investors due to perceived gap in the available information, while also heightening the risk of over- or underspending on exploration activities, leading to misallocated resources and ineffective investment decisions.<br><br>**Data Deficiency and Transparency:**<br><br>• Comprehensive and certified data are lacking in the solid mineral sector, which hinders investors' ability to make informed financing decisions based on accurate information. | NGSA should update and ensure accurate geological maps of all critical mineral locations.<br><br>NGSA should upgrade and have their laboratories certified in accordance with international best industry standard<br><br>NGSA should collaborate 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.<br><br>**Implementing Robust Data Collection Systems through**:<br><br>• Digitalization: Adopt digital tools and platforms for real-time data collection and reporting across relevant sector players especially government entities. This can include the use of Geographic Information Systems (GIS) and remote sensing technologies to monitor mining activities.<br>• Standardized Reporting: Establish standardized reporting formats and protocols to ensure consistency and accuracy in data collection across the sector.<br><br>**Strengthening Regulatory Frameworks:**<br><br>• **Enforcement of Regulations:** Enhance the enforcement of existing regulations and introduce new policies that mandate comprehensive data reporting by mining companies. |

- 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.

- 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.
The report was unable to determine mineral output, value and its operational impact specifically contributed by artisanal mining thereby creating gap in data disclosures and management

- 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.

- 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 collaboration and progress in the sector.

- **Capacity Building:** Train regulatory bodies and stakeholders on best practices for data management and transparency.
- Government should develop or accelerate ongoing reforms geared towards effective management of artisanal mining operations and data generated from it.

**Promoting Open Data Initiatives:**

- Public Access to Data: Relevant government entities and all mining companies should 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.

**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.

**Enhancing Collaboration and Partnerships:**

- Multi-Stakeholder Collaboration: Foster collaboration 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

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| | | transparency and accountability.<br><br>**Regular Audits and Reviews:**<br>• Independent Audits: Conduct regular independent audits of mining operations and data reporting to ensure compliance and identify areas for improvement.<br>• 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)**<br><br>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:<br><br>• **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.<br><br>• **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.<br><br>**Implications to the findings above:**<br><br>• **Reduced Economic Benefits**: The lack of value addition means that countries miss out on | 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:<br><br>**Capacity Building and Skill Development:**<br><br>• Training Programs: Implement training programs to develop the skills of local workers in advanced mining and processing techniques.<br><br>• Technical Education: Promote technical education and vocational training in mining-related fields to build a skilled workforce<br><br>**Enhancing Infrastructure:**<br><br>Improve Transportation Networks: Develop and maintain efficient transportation networks, including roads, railways, and ports, to facilitate the movement of minerals and finished products.<br><br>Reliable Power Supply: Ensure a stable and reliable power supply to support mining and processing activities. Investing |

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| | 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.<br><br>• **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. | in renewable energy sources can also provide sustainable power solutions<br><br>**Developing Processing and Refining Facilities:**<br><br>• 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<br><br>• Public-Private Partnerships: Encourage public-private partnerships to fund and manage these facilities, leveraging both government support and private sector expertise<br><br>**Strengthening Regulatory Frameworks:**<br><br>• 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<br><br>• Enforce Compliance: Strengthen the enforcement of regulations that mandate value addition before export<br><br>**Promoting Research and Development (R&D):**<br><br>• Innovation Hubs: Establish innovation hubs and research centers focused on developing new technologies and processes for mineral beneficiation and value addition |

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| | | • Collaborative Research: Encourage collaboration between universities, research institutions, and the mining industry to drive innovation and improve value addition techniques<br><br>**Market Development and Access:**<br><br>• **Export Promotion:** Develop strategies to promote Nigerian value-added mineral products in international markets<br><br>• **Trade Agreements:** Negotiate favorable trade agreements that provide access to new markets for value-added products<br><br>**Environmental and Social Governance (ESG):**<br><br>• **Sustainable Practices:** Implement sustainable mining practices that minimize environmental impact and ensure the well-being of local communities.<br><br>• **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**<br><br>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.<br><br>The worsened insecurity in the country has hindered | 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. |

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| | 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. | |
| 5 | **POOR GHG EMISSION DISCLOSURE**<br><br>It was noted that only a few companies operating in the sector disclosed their GHG emissions.<br>Effects of Non-Disclosure of GHG Emissions in Solid Mineral Production in Nigeria include:<br><br>**Regulatory and Compliance Issues:**<br>• Weak Enforcement: Lack of disclosure undermines regulatory efforts to monitor and control emissions, weakening overall environmental governance and climate action commitments.<br>**Economic Consequences:**<br>• 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.<br><br>• Operational Costs: Companies may incur higher operational costs in the long run due to inefficiencies and potential fines associated with non-compliance.<br><br>**Social and Health Impacts:**<br><br>• Public Health Risks: Increased GHG emissions can lead to air pollution, which poses significant health risks to local communities, including respiratory and cardiovascular | **Strengthen Regulatory Framework:**<br>•Mandatory Reporting: MoE Implement mandatory GHG emission reporting requirements for all companies in the solid mineral sector.<br><br>•Enhanced Monitoring: Increase the capacity of regulatory bodies to monitor and verify emissions data.<br><br>**Adopt Best Practices:**<br>• 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<br><br>• Financial Disclosures (TCFD).Technology Integration: Utilize advanced technologies for accurate measurement and reporting of emissions.<br><br>**Promote Transparency and Accountability:**<br>• Public Disclosure: Require companies to publicly disclose their GHG emissions data and sustainability practices.<br><br>• Stakeholder Engagement: Engage with stakeholders, including local communities, investors, and NGOs, to build trust and ensure accountability. |

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| | diseases. | **Incentivize Compliance:**<br>• Financial Incentives: Provide tax breaks or subsidies for companies that demonstrate strong environmental performance and transparency.<br>• Recognition Programs: Establish awards and recognition programs for companies that excel in GHG emission disclosure and sustainability practices.<br>• Carbon credits: Development and implementation of a sector-wide emission reduction and offsetting scheme which will create emission credits as an incentives to cut down on emissions. |

# CHAPTER 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[33]. 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 46 below shows the revenue stream as well as the agencies responsible for collecting each revenue stream.

Table 45: Reported Revenue Streams

| S/N | REVENUE HEAD | |
|---|---|---|
| A | Reconciled Financial Flow | |
| | Responsible Agency and Revenue Head | |
| 1 | FIRS | Value Added Tax (VAT) |
| 2 | FIRS | Company 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) application processing fee |
| 9 | MCO | Mining titles(s) annual service fees |
| 10 | MCO | Mining title(s) fee for processing of renewal application |
| 11 | MCO | Other Payments |
| 12 | MID | Royalty |
| 13 | MID | Permit to mix ANFO |
| 14 | MID | License to manufacture explosives |
| 15 | MID | Permit to erect a magazine |
| 16 | MID | Blasting Certificates |
| 17 | MID | License to buy explosives |

[33] NSWG Materiality Document

| | | |
|---|---|---|
| 18 | MID | License to sell explosives |
| 19 | MID | Explosives magazine License |
| 20 | MID | Permit to blast on the road |
| 21 | MID | Explosives Handlers Permit |
| 22 | MID | License To Export |
| 23 | MID | Other Payments |
| **B** | **Unilateral Disclosed Financial Flow; Not Reconciled** | |
| 1 | NGSA | Consultancy Fees |
| 2 | MOE | Registration fees for Environmental Impact Analysis |
| 3 | MOE | Other Payments |
| 4 | SIRS | Annual surface rents (Grounds Rents) |
| 5 | SIRS | Withholding Tax (WHT) |
| 6 | SIRS | Pay As You Earn (PAYE) |
| 7 | SIRS | Business Premises |
| 8 | SIRS | Penalties |
| 9 | SIRS | Development Levy |
| 10 | SIRS | Other Payments |

Source: NSWG Materiality Report

## 4.2 UNILATERAL DISCLOSURE

Unilateral disclosures refer to unreconciled financial flows reported unilaterally from either the government or companies. In 2023, some financial flows were disclosed unilaterally by government and its agencies as presented in Tables 47 and 48 below.

A total of ₦16.65 billion was unilaterally disclosed by companies out of which State Board of Internal Revenue (SBIR) and LGA collection accounted for ₦9.58 billion (57.58%) and Nigerian Customs Service ₦7.02 billion (42.19%) giving a combined total of 99.77%. Other unilateral flows accounted for ₦39.80 million (0.24%).

Table 46: Unilateral Disclosures by Companies

| S/N | Responsible MDA | REVENUE HEAD | AMOUNT | Contribution |
|---|---|---|---|---|
| | | | N | % |
| 1 | SIRS | Annual surface rents (Grounds Rents) | 143,652,810 | 0.86% |
| 2 | SIRS | Withholding Tax (WHT) | 3,186,308,786 | 19.14% |
| 3 | SIRS | Pay as You Earn (PAYE) | 6,026,976,854 | 36.21% |
| 4 | SIRS | Business Premises | 9,220,700 | 0.06% |
| 5 | SIRS | Penalties | - | 0.00% |
| 6 | SIRS | Development Levy | 180,075,900 | 1.08% |
| 7 | SIRS | Other Payments | 38,014,357 | 0.23% |
| 8 | NGSA | Consultancy Fees | 32,688,790 | 0.20% |
| 9 | NCS | NESS Fee | 7,022,682,024 | 42.19% |
| 10 | MOE | Registration fees for Environmental Impact Analysis | 7,129,500 | 0.04% |
| 11 | MOE | Other Payments | 16,000 | 0.00% |

| | | | | |
|---|---|---|---|---|
| | | Unilateral Disclosure Total | 16,646,765,720 | 100.00% |

Source: 2023 Solid Minerals Audit Template

Table 47: Unilateral Disclosure by Federal Government Agencies

| DECLARING MDA | DECLARED REVENUE | GOVERNMENT RECEIPT | % CONTRIBUTION TO GOVERNMENT RECEIPT |
|---|---|---|---|
| MID | Royalty* | 1,672,715,382 | 51.13% |
| MCO | Annual Service Fee* | 1,598,693,925 | 48.87% |
| | **TOTAL** | **3,271,409,307** | **100.00%** |

Source: MCO and MID 2023 Records

*Royalty and ASF are for companies below materiality threshold

## 4.3 DISAGGREGATED FINANCIAL FLOW

The total financial receipts of ₦401.86 billion received in 2023 is further disaggregated in Table 49 below.

Table 48: Disaggregated Financial Flow

| S/N | RESPONSIBLE MDA | REVENUE HEAD | AMOUNT | CONTRIBUTION |
|---|---|---|---|---|
| | | | ₦ | % |
| 1 | FIRS | Value Added Tax (VAT) | 187,952,243,905 | 46.77% |
| 2 | FIRS | Company Income Tax (CIT) | 78,554,636,677 | 19.55% |
| 3 | FIRS | Education Tax (EDT) | 49,997,991,238 | 12.44% |
| 4 | FIRS | Withholding Tax (WHT) | 22,119,065,985 | 5.50% |
| 5 | FIRS | Capital Gain Tax (CGT) | 16,672,264,602 | 4.15% |
| 6 | FIRS | Stamp Duties | 3,973,329,515 | 0.99% |
| 7 | FIRS | Other Payments | 10,819,355,437 | 2.69% |
| | | **Sub-Total FIRS (A)** | **370,088,887,359** | **92.09%** |
| 8 | MCO | Mining titles(s) Application Processing Fee | 20,472,000 | 0.01% |
| 9 | MCO | Mining titles(s) Annual Service Fees | 3,088,483,802 | 0.77% |
| 10 | MCO | Transfer of Assignment | 318,412,250 | 0.08% |
| 11 | MCO | Registration Fees | 854,079,300 | 0.21% |
| 12 | MCO | Signature Bonus | 1,540,200,000 | 0.38% |
| 13 | MCO | Mining title(s) fee for processing of renewal application | 101,802,000 | 0.03% |
| 14 | MCO | Other Payments | 147,814,110 | 0.04% |
| | | **Sub-Total MCO (B)** | **6,071,263,462** | **1.51%** |
| 15 | MID | Royalty | 9,012,650,637 | 2.24% |
| 16 | MID | Permit to Mix ANFO | 27,475,000 | 0.01% |
| 17 | MID | Licence to Manufacture Explosives | - | 0.00% |
| 18 | MID | Permit to Erect A Magazine | 2,600,000 | 0.00% |
| 19 | MID | Blasting Certificates | 2,530,000 | 0.00% |
| 20 | MID | Licence to Buy Explosives | 1,785,161 | 0.00% |
| 21 | MID | Licence to Sell Explosives | 600,000 | 0.00% |
| 22 | MID | Explosives Magazine Licence | 7,260,000 | 0.00% |
| 23 | MID | Permit to Blast on the Road | - | 0.00% |
| 24 | MID | Explosives Handlers Permit | 100,000 | 0.00% |
| 25 | MID | Licence to Export | 750,000 | 0.00% |

| | | | | |
|---|---|---|---|---|
| 26 | MID | Other Payments | 5,960,000 | 0.00% |
| | | **Sub-Total MID (C)** | **9,061,710,799** | **2.25%** |
| 27 | NGSA | Consultancy Fees | 32,688,790 | 0.01% |
| | | **Sub-Total NGSA (D)** | **32,688,790** | **0.01%** |
| 28 | NCS | NESS Fee | 7,022,682,024 | 1.75% |
| | | ***Sub-Total NESS (E)*** | ***7,022,682,024*** | ***1.76%*** |
| 29 | MOE | Registration fees for Environmental Impact Analysis | 7,129,500 | 0.00% |
| 30 | MOE | Other Payments | 16,000 | 0.00% |
| | | ***Sub-Total MoE (F)*** | ***7,145,500*** | ***0.00%*** |
| 31 | SIRS | Annual surface rents (Grounds Rents) | 143,652,810 | 0.04% |
| 32 | SIRS | Withholding Tax (WHT) | 3,186,308,786 | 0.79% |
| 33 | SIRS | Pay as You Earn (PAYE) | 6,026,976,854 | 1.50% |
| 34 | SIRS | Business Premises | 9,220,700 | 0.00% |
| 35 | SIRS | Penalties | - | 0.00% |
| 36 | SIRS | Development Levy | 180,075,900 | 0.04% |
| 37 | SIRS | Other Payments | 38,014,357 | 0.01% |
| | | ***Sub-Total SIRS (G)*** | ***9,584,249,407*** | ***2.38%*** |
| | | **GRAND TOTAL (A+B+C+D+E+F+G)** | **401,868,627,340** | **100%** |

Source: NEITI SMA 2023 Templates

## 4.4 TOTAL REVENUE TO THE SECTOR

The total revenue receipt for the year 2023 was ₦401,868,627,340 representing an increase of 16.35% from ₦345,409,855,324 received in 2022 as shown in Table 50 comparing 2022 and 2023 below.

Table 49: Comparison in Total Revenue between 2022 and 2023

| Description | 2023 | 2022 | Change | |
|---|---|---|---|---|
| | ₦ | ₦ | ₦ | % |
| FIRS | 370,088,887,359 | 319,813,501,609 | 50,275,385,750 | 14.56% |
| MCO | 6,071,263,462 | 3,793,679,643 | 2,277,583,819 | 0.66% |
| MID | 9,061,710,799 | 6,311,745,729 | 2,749,965,070 | 0.80% |
| Other Agencies | 7,062,516,313 | 4,142,239,194 | 2,920,277,119 | 0.85% |
| Sub-National Transfer | 9,584,249,407 | 11,348,689,149 | -1,764,439,742 | -0.51% |
| Total | **401,868,627,340** | **345,409,855,324** | **56,458,772,016** | **16.35%** |

Source: 2023 NEITI SMA Template, MCO, FIRS, MID Records

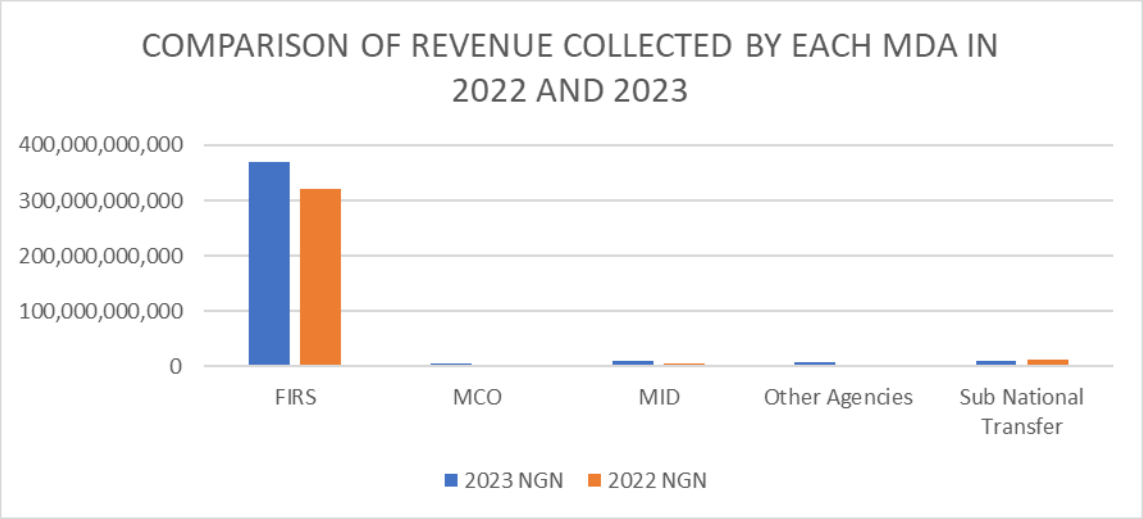



Figure 10: Total Revenue to the Sector

## 4.5 DISTRIBUTION OF REVENUE FROM THE SECTOR

- A further analysis of the revenue distribution from the ₦401.86 billion received in 2023 reveals that ₦392.28 billion (97.61%) was transferred into the Federation Account.
- This amount comprises revenue from the FIRS at ₦370.09 billion, the MCO at ₦6.07 billion, and the MID at ₦9.06 billion.
- Additionally, a total of ₦9.58 billion was subnational payments to states and Local Government as illustrated in figure 12 below.

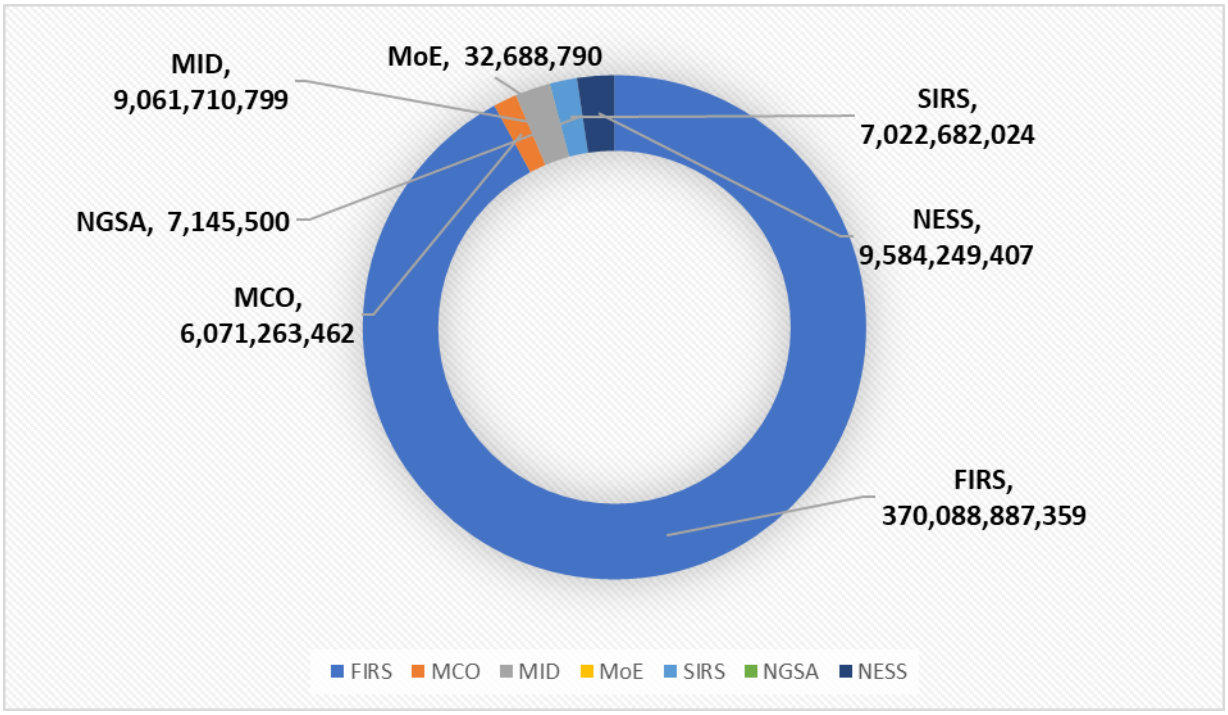



Figure 11: Revenue Distribution

## 4.6 TEN-YEAR TREND OF TOTAL FINANCIAL FLOWS

- The total revenue flow from the solid mineral sector over a ten-year period (2014 to 2023) amounted to ₦1,422.24 billion, with the highest revenue recorded in 2023, reflecting an increase by ₦255.89 billion.
- Revenue has steadily increased since 2014, a trend attributed to growing investments, and government support to the sector, as detailed in Table 51 below.

Table 50: Ten Year Revenue Trend

| Year | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B | ₦'B |
| **Total** | 49.17 | 64.46 | 43.22 | 52.76 | 69.47 | 79.96 | 128.17 | 193.59 | 345.409 | 401.87 | 1,422.24 |
| **Change (NGN' b)** | | 15.29 | -21.24 | 9.54 | 16.71 | 10.49 | 48.21 | 65.42 | 145.98 | 255.89 | |
| **% Change** | | 31% | -33% | 22% | 32% | 15% | 60% | 51% | 75% | 75% | |

Source: 2013 - 2022 NEITI SMA Reports

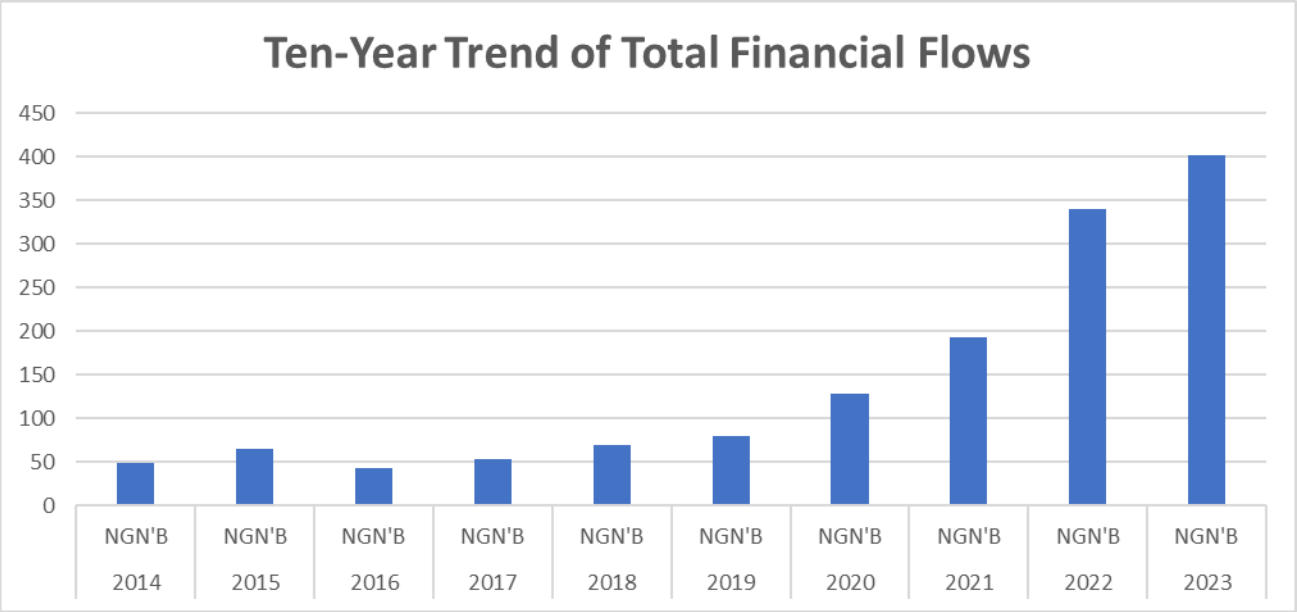



Figure 12: Ten-Year Trend of Total Financial Flows

## 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 eleven (11) were unilaterally disclosed per NSWG materiality decision.

Table 52 provides detailed information on the reconciliation process conducted by the IA to arrive at the reconciled revenue streams

Table 51: Reconciled Revenue Flow

| S/N | DESCRIPTION | INITIAL RECONCILIATION | | | ADJUSTMENT | | FINAL RECONCILIATION | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Company | Government | Difference | Company | Government | Company | Government | Difference |
| | | NGN'M | NGN'M | NGN'M | NGN'M | NGN'M | NGN'M | NGN'M | NGN'M |
| 1 | Value Added Tax (VAT) | 147,035 | 110,894 | 36,141 | (28,568) | 7,573 | 118,467 | 118,465 | 0.018 |
| 2 | Corporate Income Tax (CIT) | 45,893 | 42,759 | 3,134 | (3,134) | - | 42,759 | 42,759 | - |
| 3 | Education Tax | 149,880 | 150,685 | (805) | 5,398 | 4,593 | 155,278 | 155,278 | - |
| 4 | Withholding Tax Credit | 37,750 | 22,119 | 15,631 | (15,631) | - | 22,119 | 22,119 | - |
| 5 | Capital Gain Tax | 21,083 | 16,672 | 4,411 | (4,411) | - | 16,672 | 16,672 | - |
| 6 | Stamp Duties | 3,973 | 3,973 | - | - | - | 3,973 | 3,973 | - |
| 7 | Other Payments | 11,083 | 10,819 | 264 | (264) | - | 10,819 | 10,819 | - |
| 8 | Mining titles(s) application processing fee | 9 | 20 | (11) | 11 | - | 20 | 20 | - |
| 9 | Mining titles(s) annual service fees | 4,890 | 3,088 | 1,802 | (1,802) | - | 3,088 | 3,088 | - |
| 10 | Mining title(s) fee for processing of renewal application | 109 | 102 | 7 | (7) | - | 102 | 102 | - |
| 11 | Other Payments | 139 | 148 | (9) | 9 | - | 148 | 148 | - |
| 12 | Royalty | 9,050 | 9,011 | 39 | (37) | 2 | 9,013 | 9,013 | - |
| 13 | Permit to mix ANFO | 26 | 27 | (1) | 1 | - | 27 | 27 | - |
| 14 | Licence to manufacture explosives | - | - | - | - | - | - | - | - |
| 15 | Permit to erect a magazine | 4 | 3 | 1 | (1) | - | 3 | 3 | - |
| 16 | Blasting Certificates | 6 | 3 | 3 | (3) | - | 3 | 3 | - |
| 17 | Licence to buy explosives | 2 | 2 | - | - | - | 2 | 2 | - |
| 18 | Licence to sell explosives | 1 | 1 | - | - | - | 1 | 1 | - |
| 19 | Explosives magazine licence | 8 | 7 | 1 | (1) | - | 7 | 7 | - |
| 20 | Permit to blast on the road | - | - | - | - | - | - | - | - |
| 21 | Explosives Handlers Permit | - | - | - | - | - | - | - | - |
| 22 | Licence To Export | 1 | 1 | - | - | - | 1 | 1 | - |
| 23 | Other Payments | 8 | 6 | 2 | (2) | - | 6 | 6 | - |
| | TOTAL | 430,950 | 370,341 | 60,609 | (48,441) | 12,168 | 382,509 | 382,509 | 0.018 |

Source: NEITI SMA 2023 Templates

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

Royalty payments by companies in the solid mineral sector are made by extractives companies to the government for the right to extract minerals. This underscores the significance of royalty payments within the extractive sector and why it is the highest source of revenue stream from the **Mines Inspectorate Department (MID).**

- The total revenue collected in 2023 amounted to ₦9.01billion, of which ₦7.15billion representing 78.94% was successfully reconciled.
- Royalties made the highest contribution of ₦9.061billion representing 2.35% of the total reconciled revenue flows. There was an increase of ₦2.78billion over the 2022 fiscal year collection of ₦6.27billion.
- Continuity in government's reforms has progressively enhanced revenue generation and contributed to increased activities in the mining sector. Detailed information is provided in Table 53 below.

Table 52: Royalty and Other Fees by MID

| S/N | Responsible MDA | REVENUE HEAD | AMOUNT | Contribution |
|---|---|---|---|---|
| | | | ₦ | % |
| | Reconciled Financial Flow | | | |
| 1 | MID | Reconciled Royalty | 7,153,341,832 | 78.94% |
| 2 | MID | Permit to mix ANFO | 27,475,000 | 0.30% |
| 3 | MID | License to manufacture explosives | - | 0.00% |
| 4 | MID | Permit to erect a magazine | 2,600,000 | 0.03% |
| 5 | MID | Blasting Certificates | 2,530,000 | 0.03% |
| 6 | MID | License to buy explosives | 1,785,161 | 0.02% |
| 7 | MID | License to sell explosives | 600,000 | 0.01% |
| 8 | MID | Explosives magazine license | 7,260,000 | 0.08% |
| 9 | MID | Permit to blast on the road | - | 0.00% |
| 10 | MID | Explosives Handlers Permit | 100,000 | 0.00% |
| 11 | MID | License To Export | 750,000 | 0.01% |
| 12 | MID | Other Payments | 5,960,000 | 0.07% |
| | | Unilaterally Disclosed Royalty from other companies | 1,859,308,805 | 20.52% |
| Sub-Total MID (C) | | | 9,061,710,799 | 100.00% |

Source: MSMD Data

### 4.8.1 ROYALTY PAYMENTS DISAGGREGATED BY MINERAL TYPE

Table 54 below provides a detail breakdown of royalty payments categorized into mineral types, quantity produced, royalty paid, and the percentage of royalty contribution. Total royalties attributed to the sector in 2023 was ₦90.61billion with a corresponding production volume of 95.070 million Tons. Limestone, granite, Gold cumulatively contributed 75.53% (₦6.81billion) of total royalty collection in the year, while 46 other minerals contributed ₦2.2billion representing 24.45% of total royalty payment.

Table 53: Royalty Disaggregation by Minerals

| S/N | MINERAL TYPE | QUANTITY PRODUCED (TONNES) | PROPORTION OF CONTRIBUTION (%) | ROYALTY ₦ | PROPORTION OF CONTRIBUTION (%) |
|---|---|---|---|---|---|
| 1 | Limestone | 49,057,064.08 | 51.60% | 3,027,262,006 | 33.59% |
| 2 | Granite Aggregate | 15,564,655.08 | 16.37% | 2,243,784,459 | 24.90% |
| 3 | Gold | 2.7 | 0.00% | 1,536,162,399 | 17.04% |
| 4 | Lead/Zinc Ore | 145,803.00 | 0.15% | 490,589,807 | 5.44% |
| 5 | Sand | 12,343,136.17 | 12.98% | 385,083,488 | 4.27% |
| 6 | Tin Ore | 4,642.75 | 0.00% | 276,053,854 | 3.06% |
| 7 | Laterite | 4,437,265.10 | 4.67% | 189,012,370 | 2.10% |
| 8 | Coal | 481,691.90 | 0.51% | 185,752,690 | 2.06% |
| 9 | Columbite | 1,860.46 | 0.00% | 116,134,400 | 1.29% |
| 10 | Granite Dust | 3,536,932.33 | 3.72% | 110,542,346 | 1.23% |
| 11 | Lithium | 744,502.84 | 0.78% | 67,263,085 | 0.75% |
| 12 | Shale | 2,067,249.12 | 2.17% | 62,015,583 | 0.69% |
| 13 | Clay | 2,140,429.73 | 2.25% | 54,252,109 | 0.60% |
| 14 | Gramite | 284,759.49 | 0.30% | 42,713,929 | 0.47% |
| 15 | Granite Block | 20,456.80 | 0.02% | 42,048,100 | 0.47% |
| 16 | Dolomite | 80,261.84 | 0.08% | 34,671,665 | 0.38% |
| 17 | Berryllium | 977.6 | 0.00% | 19,135,825 | 0.21% |
| 18 | Granite Marbles | 51,484.78 | 0.05% | 17,502,615 | 0.19% |
| 19 | Feldspar | 76,575.16 | 0.08% | 15,231,700 | 0.17% |
| 20 | Gypsun | 45,235.18 | 0.05% | 13,650,670 | 0.15% |
| 21 | Manganese | 3,600.00 | 0.00% | 12,600,000 | 0.14% |
| 22 | Kaolin | 29,842.64 | 0.03% | 10,813,333 | 0.12% |
| 23 | Ilmenite | 25,637.08 | 0.03% | 9,153,040 | 0.10% |
| 24 | Tourmaline | 26,541.41 | 0.03% | 7,719,899 | 0.09% |
| 25 | Seismic | 3,760,000.00 | 3.95% | 7,115,000 | 0.08% |
| 26 | Spodumere | 15,494.50 | 0.02% | 5,800,806 | 0.06% |
| 27 | Quartz | 6,601.52 | 0.01% | 4,881,186 | 0.05% |
| 28 | Basalt | 19,211.22 | 0.02% | 3,056,656 | 0.03% |
| 29 | Sapphire | 14,840.00 | 0.02% | 2,973,518 | 0.03% |
| 30 | Iron Ore | 8,896.00 | 0.01% | 2,785,100 | 0.03% |
| 31 | Wolframite | 50.35 | 0.00% | 2,517,650 | 0.03% |
| 32 | Flourite | 1,170.96 | 0.00% | 2,344,477 | 0.03% |
| 33 | Topaz | 4.52 | 0.00% | 2,260,000 | 0.03% |
| 34 | Kunzite | 300.38 | 0.00% | 1,427,000 | 0.02% |
| 35 | Fluoride | 1,195.85 | 0.00% | 1,381,250 | 0.02% |
| 36 | Monazite | 2,619.50 | 0.00% | 1,331,752 | 0.01% |

| | | | | | |
|---|---|---|---|---|---|
| **37** | Tantalite | 5.39 | 0.00% | 1,087,200 | 0.01% |
| **38** | Coltan | 6 | 0.00% | 1,080,000 | 0.01% |
| **39** | Amethyst | 565 | 0.00% | 721,000 | 0.01% |
| **40** | Gemstone | 182.7 | 0.00% | 703,470 | 0.01% |
| **41** | Talc | 64,400.00 | 0.07% | 641,200 | 0.01% |
| **42** | Kadon | 3,000.00 | 0.00% | 450,000 | 0.00% |
| **43** | Garnet | 70 | 0.00% | 420,000 | 0.00% |
| **44** | Lapidolite | 430 | 0.00% | 380,000 | 0.00% |
| **45** | Mica | 145 | 0.00% | 57,000 | 0.00% |
| **46** | Barites | 30 | 0.00% | 31,500 | 0.00% |
| **47** | Baryte | 30 | 0.00% | 31,500 | 0.00% |
| **48** | Aquamarine | 150 | 0.00% | 15,000 | 0.00% |
| **49** | Bentonite | 30 | 0.00% | 9,000 | 0.00% |
| **50** | Beryl | - | 0.00% | - | 0.00% |
| **51** | Bitumen | - | 0.00% | - | 0.00% |
| **52** | Cooper | - | 0.00% | - | 0.00% |
| **53** | Monozite | - | 0.00% | - | 0.00% |
| | | **95,070,036** | **100%** | **9,012,650,637** | **100%** |

*Source:2022 NEITI Solid Minerals Audit Template and MSMD Data*

### 4.8.2 Royalty Payments Disaggregated by Companies

Table 55 below provides detail breakdown of royalty payments categorized into company, quantity produced, royalty paid, and the percentage of royalty contribution.

Total royalty in 2023 was ₦9.01billion with a corresponding production volume of 95.07 million Tons.
Segilola Resources contributed the highest royalty payment of ₦1.4billion for the production 2.47 tons of gold,
Followed by Dangote, Lafarge Plc and Bua Industries as presented in table 54 below.

Table 54: Royalty Payment by Company

| S/N | NAME OF COMPANY | QUANTITY (TONNES) | % CONTRIBUTION | ROYALTY ₦ | % CONTRIBUTION |
|---|---|---|---|---|---|
| 1 | Segilola Resources Operating Limited | 2.47 | 0.00% | 1,413,397,820 | 15.68% |
| 2 | Dangote Cement Plc | 22,560,757 | 23.73% | 945,559,695 | 10.49% |
| 3 | Bua Cement Plc | 9,790,948 | 10.30% | 711,098,575 | 7.89% |
| 4 | Dangote Industries | 9,349,484 | 9.83% | 661,742,915 | 7.34% |
| 5 | Lafarge PLC | 7,163,472 | 7.53% | 496,651,739 | 5.51% |
| 6 | First Patriot Limited | 126,100 | 0.13% | 476,430,032 | 5.29% |
| 7 | Zeberced Ltd | 2,750,390 | 2.89% | 412,558,500 | 4.58% |
| 8 | Reynolds Construction Company Limited | 1,288,280 | 1.36% | 190,760,241 | 2.12% |
| 9 | Julius Berger (Nig.) Plc | 2,320,809 | 2.44% | 173,429,499 | 1.92% |
| 10 | Setraco Nig. Ltd | 836,231 | 0.88% | 125,434,588 | 1.39% |
| 11 | Ashaka Cement | 1,093,879 | 1.15% | 99,477,861 | 1.10% |

| | Company Plc. | | | | |
|---|---|---|---|---|---|
| 12 | Kursi Investment Limited | 7 | 0.00% | 95,338,809 | 1.06% |
| 13 | CCECC Nig Ltd | 1,610,288 | 1.69% | 92,542,040 | 1.03% |
| 14 | Triacta Nig. Ltd | 574,583 | 0.60% | 73,544,917 | 0.82% |
| 15 | Kopek Construction Ltd | 396,377 | 0.42% | 59,456,500 | 0.66% |
| 16 | Neveah Ltd | 875 | 0.00% | 58,500,000 | 0.65% |
| 17 | Georgio Rocks Ltd. | 2,025,459 | 2.13% | 52,972,250 | 0.59% |
| 18 | Z & Y Investment Co. Ltd & Y Investment Co. Ltd | 344,820 | 0.36% | 51,723,071 | 0.57% |
| 19 | Woda Mountain Invest. Nig. Ltd | 342,744 | 0.36% | 51,411,625 | 0.57% |
| 20 | Africa Pit & Quarries | 32,500 | 0.03% | 48,750,000 | 0.54% |
| 21 | C.G.C Nigeria Ltd | 324,481 | 0.34% | 47,526,523 | 0.53% |
| 22 | Mota Engil Nig Ltd | 1,062,411 | 1.12% | 42,496,440 | 0.47% |
| 23 | S.C.C. Nig. Ltd. | 236,196 | 0.25% | 37,000,672 | 0.41% |
| 24 | Dai Jin Jia Investment Ltd | 240,717 | 0.25% | 36,107,575 | 0.40% |
| 25 | Zuma 828 Coal Limited | 170,953 | 0.18% | 36,078,470 | 0.40% |
| 26 | Inorganic Earth Resources Limited | 234,770 | 0.25% | 35,215,516 | 0.39% |
| 27 | Mothercat Nig. Limited | 394,739 | 0.42% | 34,354,122 | 0.38% |
| 28 | Anli Mining Nigeria Ltd | 201,366 | 0.21% | 30,204,917 | 0.34% |
| 29 | Lanzhang Continental Services Ltd | 198,000 | 0.21% | 29,700,000 | 0.33% |
| 30 | The Freedom Group | 23,615 | 0.02% | 28,418,872 | 0.32% |
| 31 | Multiverse Mining & Exploration | 188,528 | 0.20% | 28,279,188 | 0.31% |
| 32 | Rock Bottom Mines and Power Ltd | 10,000 | 0.01% | 27,000,075 | 0.30% |
| 33 | China Solid Rock Nigeria Ltd | 175,333 | 0.18% | 26,300,000 | 0.29% |
| 34 | Kai Di Investment Limited | 168,016 | 0.18% | 25,202,431 | 0.28% |
| 35 | Morsa Energy Ltd | 54,014 | 0.06% | 22,295,184 | 0.25% |
| 36 | Koyla Energy Nig Ltd | 72,391 | 0.08% | 19,608,645 | 0.22% |
| 37 | Century Mining Company Ltd | 350 | 0.00% | 19,080,000 | 0.21% |
| 38 | Jin ziang Quarry Co. Ltd | 124,940 | 0.13% | 18,741,000 | 0.21% |
| 39 | Coltan Mineral Ltd | 852 | 0.00% | 17,880,000 | 0.20% |
| 40 | Perfect Stone Quarries Ltd | 115,485 | 0.12% | 17,322,757 | 0.19% |
| 41 | Rock King Construction Ltd | 106,767 | 0.11% | 16,015,032 | 0.18% |
| 42 | Dolvic Global | 103,123 | 0.11% | 15,469,500 | 0.17% |

| | | | | | |
|---|---|---|---|---|---|
| | Resources & Continental Service Ltd. | | | | |
| 43 | Mark-Sino Nig. Ltd | 102,467 | 0.11% | 15,370,000 | 0.17% |
| 44 | Jakura Marble Ind. | 39,751 | 0.04% | 15,075,650 | 0.17% |
| 45 | Venus Mining Company Ltd | 99,573 | 0.10% | 14,936,000 | 0.17% |
| 46 | Kenyang Mining Co. Ltd | 1,140 | 0.00% | 14,734,000 | 0.16% |
| 47 | A.M.K.W International Nig. Ltd. | 2,717 | 0.00% | 13,780,500 | 0.15% |
| 48 | Saturn Mining Company Ltd | 89,814 | 0.09% | 13,472,050 | 0.15% |
| 49 | Sheng Long Nig. Ltd | 88,333 | 0.09% | 13,250,000 | 0.15% |
| 50 | Raycon & Co Nig. Ltd | 124,689 | 0.13% | 12,697,575 | 0.14% |
| 51 | Milhouse Energy Services Limited | 9,225 | 0.01% | 11,643,950 | 0.13% |
| 52 | Akamkpa Quarry Ltd | 67,693 | 0.07% | 10,242,929 | 0.11% |
| 53 | Golden Quarry Nig Ltd | 67,400 | 0.07% | 10,110,028 | 0.11% |
| 54 | Longma Industry Ltd | 58,747 | 0.06% | 8,812,000 | 0.10% |
| 55 | Manhardi Nigeria Limited | 55,745 | 0.06% | 8,131,800 | 0.09% |
| 56 | Fuhua Quarry Nigeria Ltd | 52,206 | 0.05% | 7,839,900 | 0.09% |
| 57 | NBHH Nig Ltd | 50,950 | 0.05% | 7,642,436 | 0.08% |
| 58 | Arab Contractor O.A.O Nigeria Limited | 52,810 | 0.06% | 7,621,443 | 0.08% |
| 59 | Asphalt Unity Construction Limited | 49,635 | 0.05% | 7,444,261 | 0.08% |
| 60 | Hitech Construction Company Ltd | 48,866 | 0.05% | 7,329,972 | 0.08% |
| 61 | Grands Cope Construction Ltd | 48,542 | 0.05% | 7,281,257 | 0.08% |
| 62 | Xin-Xin Mining Resources | 47,691 | 0.05% | 7,153,615 | 0.08% |
| 63 | Master Rock Ltd | 47,470 | 0.05% | 7,120,550 | 0.08% |
| 64 | Ekiti State Alliance Gem Miners | 1,085 | 0.00% | 6,789,000 | 0.08% |
| 65 | Hongtai Quarry Co Ltd | 44,000 | 0.05% | 6,600,000 | 0.07% |
| 66 | Zhong Zing Mining Ltd. | 44,392 | 0.05% | 6,255,809 | 0.07% |
| 67 | Aay International Mining Company Ltd | 350 | 0.00% | 5,065,000 | 0.06% |
| | Others | 26,959,694 | 28.36% | 1,865,173,317 | 20.70% |
| | **Total** | **95,070,036** | **100.00%** | **9,012,650,637** | **100.00%** |

Source: NEITI SMA 2023 Templates

### 4.8.3 Royalty Payments Disaggregated by State.

The breakdown of royalty payments categorized by state, quantity produced, royalty paid, and the percentage contribution of royalty from each state is provided in Table 55 below.

Table 55: Royalty Payments Disaggregated by State.

| STATE | QUANTITY (MT) | % CONTRIBUTION | ROYALTY ₦ | % CONTRIBUTION | REGION |
|---|---|---|---|---|---|
| Benue | 874,044 | 0.92% | 70,874,673.95 | 0.79% | North Central |
| FCT | 3,226,475 | 3.39% | 483,971,237.88 | 5.37% | |
| Kogi | 10,901,358 | 11.47% | 836,524,079.80 | 9.28% | |
| Kwara | 473,862 | 0.50% | 201,976,578.91 | 2.24% | |
| Nasarawa | 184,772 | 0.19% | 41,819,234.68 | 0.46% | |
| Niger | 1,161,370 | 1.22% | 97,461,047.27 | 1.08% | |
| Plateau | 34,767 | 0.04% | 402,451,397.47 | 4.47% | |
| **Sub Total** | **16,856,648** | **17.73%** | **2,135,078,250** | **23.69%** | |
| Adamawa | 185,535 | 0.20% | 24,703,774.02 | 0.27% | North East |
| Bauchi | 256,228 | 0.27% | 53,861,473.00 | 0.60% | |
| Borno | 9,352 | 0.01% | 2,784,653.00 | 0.00% | |
| Gombe | 1,267,737 | 1.33% | 118,176,977.32 | 1.34% | |
| Taraba | 255,882 | 0.27% | 42,964,778.88 | 0.48% | |
| Yobe | 113,467 | 0.12% | 5,449,241.25 | 0.06% | |
| **Sub Total** | **2,088,201** | **2.20%** | **247,940,897.47** | **2.75%** | |
| Jigawa | 488,420 | 0.51% | 28,186,374 | 0.31% | North West |
| Kaduna | 2,008,827 | 2.11% | 198,345,408 | 2.20% | |
| Kano | 7,646,304 | 8.04% | 137,420,754 | 1.52% | |
| Katsina | 725,646 | 0.76% | 46,093,654 | 0.51% | |
| Kebbi | 105,450 | 0.11% | 21,420,806 | 0.24% | |
| Sokoto | 4,638,480 | 4.88% | 345,565,750 | 3.83% | |
| Zamfara | 189,316 | 0.20% | 28,174,566 | 0.31% | |
| **Sub Total** | **15,802,444** | **16.62%** | **805,207,312** | **8.93%** | |
| Abia | 352,687 | 0.37% | 45,122,869 | 0.50% | South East |
| Anambra | 198,745 | 0.21% | 9,174,876 | 0.10% | |
| Ebonyi | 1,817,185 | 1.91% | 734,282,241 | 8.15% | |
| Enugu | 148,034 | 0.16% | 64,176,290 | 0.71% | |
| Imo | 40,468 | 0.04% | 2,118,190 | 0.02% | |
| **Sub Total** | **2,557,119** | **2.69%** | **854,874,466** | **9.49%** | |

| | | | | | |
|---|---|---|---|---|---|
| Akwa Ibom | 278,600 | 0.29% | 16,394,060 | 0.18% | South South |
| Bayelsa | 389,272 | 0.41% | 20,373,435 | 0.23% | |
| Cross River | 7,670,460 | 8.07% | 580,658,357 | 6.44% | |
| Delta | 4,066,324 | 4.28% | 18,340,120 | 0.20% | |
| Edo | 19,413,061 | 20.42% | 750,457,786 | 8.33% | |
| Rivers | 3,834,732 | 4.03% | 193,146,595 | 2.14% | |
| **Sub Total** | **35,652,448** | **37.50%** | **1,579,370,352** | **17.52%** | |
| Ekiti | 156,656 | 0.16% | 27,629,773 | 0.31% | South West |
| Lagos | 2,254,493 | 2.37% | 112,741,799 | 1.25% | |
| Ogun | 15,340,100 | 16.14% | 1,185,989,333 | 13.16% | |
| Ondo | 900,594 | 0.95% | 123,724,100 | 1.37% | |
| Osun | 1,191,934 | 1.25% | 1,589,087,781 | 17.63% | |
| Oyo | 2,269,398 | 2.39% | 351,006,573 | 3.89% | |
| **Sub Total** | **22,113,175** | **23.26%** | **3,390,179,359** | **37.62%** | |
| **Total** | **95,070,036** | **100%** | **9,012,650,637** | **100%** | |

Source: NEITI SMA 2023 Templates

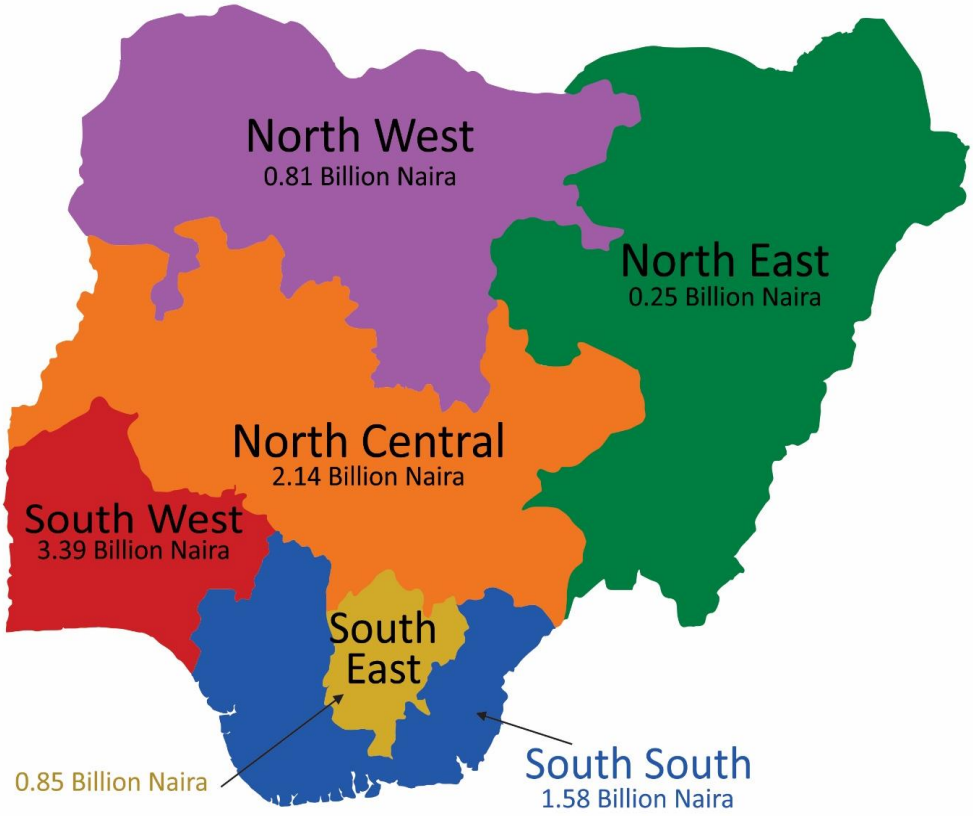



Figure 13: Royalty Collected from Each Geopolitical Zone

## 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 ₦6.07 billion. The breakdown of the cumulative amount is shown in Table 57 below.
- ₦1.68 billion, representing 27.61%, were reconciled revenue receipts.
- Notably, a significant portion of the licenses granted by MCO are for exploration activities.

Table 56: Revenue Stream From MCO

| S/N | Responsible MDA | REVENUE HEAD | AMOUNT | Contribution |
|---|---|---|---|---|
| | | | ₦ | % |
| 1 | MCO | Mining titles(s) application processing fee | 20,472,000 | 0.34% |
| 2 | MCO | Reconciled - Mining titles(s) Annual Service Fees | 1,676,383,300 | 27.61% |
| 3 | MCO | Transfer assignment | 318,412,250 | 5.24% |
| 4 | MCO | Registration Fees | 854,079,300 | 14.07% |
| 5 | MCO | Signature Bonus | 1,540,200,000 | 25.37% |
| 6 | MCO | Mining title(s) fee for processing of renewal application | 101,802,000 | 1.68% |
| 7 | MCO | Other Payments | 147,814,110 | 2.43% |
| | | Unilaterally Disclosed ASF from other companies | 1,412,100,502 | 23.26% |
| **TOTAL** | | | **6,071,263,462** | **100%** |

*Source: 2023 NEITI Solid Minerals Audit Template*

### 4.9.1 MCO Liabilities

In the year under review, the total outstanding liabilities from 1.619 companies that had not paid their Annual Service Fee was ₦680,634,060. Table 58 below provides a summarized debt profile categorized by mineral license type.

Table 57: MCO's ASF Liability Receivables

| S/N | LICENSE TYPE | AMOUNT OWED ₦ | NUMBER OF COMPANIES |
|---|---|---|---|
| 1 | Exploration Lease (EL) | 191,204,500 | 528 |
| 2 | Mining Lease (ML) | 399,600,000 | 31 |
| 3 | Quarry Lease (QL) | 89,700,000 | 274 |
| 4 | Small Scale Mining Lease (SSML) | 129,560 | 786 |
| | **Total** | **680,634,060** | **1,619** |

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 ₦370.08 billion, as contained in Table 59 Below

Company Income Tax (CIT), Value-Added Tax (VAT), Withholding Tax (WHT), and Education Tax (EDT) are the major sources of revenue for FIRS.

i. CIT contributed ₦78.55 billion (21.23%)
ii. VAT contributed ₦187.95 billion 50.79%)
iii. WHT contributed ₦22.12 billion (5.98%)
iv. EDT contributed ₦49.9 billion (13.55%)

these four revenue heads contributed a total of ₦338.623 billion (91.56%). See *Table 59* below for the breakdown and contribution of each stream.

Table 58: Tax Revenue from FIRS

| S/N | RESPONSIBLE MDA | REVENUE HEAD | AMOUNT | CONTRIBUTION |
|---|---|---|---|---|
| | | | ₦ | % |
| 1 | FIRS | Value Added Tax (VAT) | 187,952,243,905 | 50.79% |
| 2 | FIRS | Company Income Tax (CIT) | 78,554,636,677 | 21.23% |
| 3 | FIRS | Education Tax | 49,997,991,238 | 13.51% |
| 4 | FIRS | Withholding Tax Credit | 22,119,065,985 | 5.98% |
| 5 | FIRS | Capital Gain Tax | 16,672,264,602 | 4.50% |
| 6 | FIRS | Stamp Duties | 3,973,329,515 | 1.07% |
| 7 | FIRS | Other Payments | 10,819,355,437 | 2.92% |
| TOTAL | | | **370,088,887,359** | **100%** |

Source: NEITI SMA 2023 Templates

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

Table 60 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 ₦369,962 billion.
- This represents an impressive growth of ₦40,720 billion (12.36%), moving from ₦74,851billion in 2019 to ₦487,877billion in 2023.
- Revenue from FIRS also demonstrated steady growth, rising from ₦69,918 billion in 2019 to ₦353,417billion 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 Tax Pro-Max platform, and the dedication of staff across all regions and offices.

On the other hand, revenue from MID exhibited a consistent growth trend, increasing by ₦2,750billion (43%) in 2022. The primary contributor to MID revenue remains royalties,

which accounted for ₦13,006 billion between 2019 and 2023. Successful implementation of reforms and compliance monitoring activities facilitated this growth.

Table 59: Five Year Trend of Revenue paid into the Federation Account

| Number of companies covered | | 68 | 102 | 121 | 85 | 110 | |
|---|---|---|---|---|---|---|---|
| **A** | **FIRS** | 2019 ₦'million | 2020 ₦'million | 2021 ₦'million | 2022 ₦'million | 2023 ₦'million | Total ₦'million |
| | VAT | 41,913 | 67,520 | 96,783 | 128,323 | 118,467 | 279,819 |
| | CIT | 4,557 | 17,043 | 32,020 | 146,360 | 42,759 | 66,015 |
| | EDT | 5,214 | 7,930 | 2,185 | 20,736 | 155,278 | 21,642 |
| | WHT | 17,195 | 16,224 | 36,480 | 23,670 | 22,119 | 92,435 |
| | Stamp Duties | 450 | 549 | 1,760 | 0.230 | 3,973 | 2,758 |
| | Other (FIRS) | 590 | 2,209 | 288 | 48 | 10,819 | 3,091 |
| **Sub Total of Payments to FIRS (A)** | | **69,918** | **111,474** | **169,516** | **319,137** | **353,417** | **465,760** |
| Changes (%) | | | 59.43 | 52.07 | 46.88 | 10.74 | |
| **B** | **MCO** | | | | | | |
| | Annual Service Fee | 1,757 | 1,787 | 3,042 | 2,403 | 3,088 | 8,048 |
| | Fees & other MCO | 623 | 517 | 1,259 | 1,390 | 4,395 | 4,517 |
| **Sub Total of Payments to MCO (B)** | | **2,380** | **2,304** | **4,301** | **3,794** | **7,483** | **12,565** |
| Changes (%) | | | -3.19 | 86.68 | -11.80 | 97.26 | |
| **C** | **MID** | | | | | | |
| | Royalty | 2,502 | 3,017 | 3,571 | 6,273 | 9,013 | 12,798 |
| | Permits, Fees & Other payments | 51 | 21 | 48 | 39 | 49 | 207 |
| **Sub Total of Payments to MID (C)** | | **2,553** | **3,037** | **3,619** | **6,312** | **9,062** | **13,006** |
| Changes (%) | | | 18.96 | 19.16 | 74.41 | 43.57 | |
| **Grand Total (D = A+B+C)** | | **74,851** | **116,815** | **177,436** | **329,242** | **369,962** | **487,877** |
| Changes (%) | | | 56.06 | 51.89 | 85.56 | 12.368 | |

Source: 2019-2023 NEITI SMA Reports

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

In-Kind payments represent 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 defines 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 2023.

## 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 2023.

## 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 2023, all payments to subnational agencies were not reconciled but was validated and reported. A disaggregation of the Subnational payments shows that State Internal Revenue Services received ₦9.58 billion for both Sate and Local Government as shown Table 60.

Table 60: Sub-National Transfer

| S/N | | REVENUE HEAD | AMOUNT | Contribution |
|---|---|---|---|---|
| | | | ₦ | % |
| 1 | SIRS | Annual surface rents (Grounds Rents) | 143,652,810 | 1.50% |
| 2 | SIRS | Withholding Tax (WHT) | 3,186,308,786 | 33.25% |
| 3 | SIRS | Pay as You Earn (PAYE) | 6,026,976,854 | 62.88% |

| | | | | |
|---|---|---|---|---|
| 4 | SIRS | Business Premises | 9,220,700 | 0.10% |
| 5 | SIRS | Penalties | - | 0.00% |
| 6 | SIRS | Development Levy | 180,075,900 | 1.88% |
| 7 | LGA | Local Government | 38,014,357 | 0.40% |
| **TOTAL** | | | **9,584,249,407** | **100%** |

Source: NEITI SMA 2023 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 affecting costs in the mining sector:

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.

The report confirms that no specific law or regulation explicitly defines the mechanisms for determining capital or operational costs in the solid mineral sector. However, cost-related provisions are incorporated within contracts and licenses. The Nigeria Minerals and Mining Act 2007 and its accompanying regulations provide a framework that includes requirements such as economic feasibility studies, revenue audits, and consideration of environmental costs in mining leases and licenses. These may also include general guidelines for cost recovery and financial reporting.

While the Act does not detail specific auditing mechanisms for operational costs, it mandates compliance with general accounting principles and practices relevant to the mining industry. Additionally, the Ministry of Solid Minerals Development may issue directives influencing cost reporting practices. Consequently, determining the unit cost of producing a tonne of solid mineral in Nigeria remains challenging due to the absence of standardized cost determination mechanisms.

See *Appendix 5* for more information

## 4.18 Findings and Recommendations

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**<br><br>Due to 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.<br><br>• Most of the revenue (92.09%) 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.<br><br>• Consequently, only the revenues from the Mining Cadastre Office (MCO) and the Mining Inspectorate Department (MID) 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.<br><br>This inability to link revenue to specific activities in Nigeria's solid mineral sector has several major implications, including:<br><br>**Lack of Accountability:**<br><br>• Mismanagement of Funds: Without clear links between revenue and specific activities, it becomes challenging to hold entities accountable for the | 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:<br><br>**Implementing Comprehensive Data Management Systems:**<br><br>• 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<br><br>• Standardized Reporting: Establish standardized reporting formats and protocols for all mining companies to ensure consistency and accuracy in data collection<br><br>**Strengthening Regulatory Frameworks:**<br><br>• Clear Regulations: Update and enforce regulations that mandate detailed reporting of revenues linked to specific mining activities<br><br>• Regular Audits: Conduct regular independent audits of mining companies to verify reported data and ensure compliance with regulations |

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

| | | |
|---|---|---|
| | potential social unrest.<br><br>• Distrust: Local communities may lose trust in both the government and mining companies, leading to conflicts and resistance to mining activities.<br><br>**Policy and Planning Challenges:**<br><br>• 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.<br><br>• Ineffective Monitoring: It becomes difficult to monitor and evaluate the effectiveness of policies and programs without clear revenue tracking. | different government agencies to ensure a unified approach to revenue tracking and management.<br><br>• 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 AT ALL LEVELS OF GOVERNMENT<br><br>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".<br><br>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.<br><br>As a result of the above, the following:<br><br>**Increased Operational Costs:**<br><br>• 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.<br><br>• Reduced Investment: High taxation can deter both local and foreign investments, as potential investors may perceive the sector as financially unviable.<br><br>**Administrative Complexity:**<br><br>• Compliance Challenges: Navigating the complex tax landscape requires significant administrative effort and resources. Companies must comply with multiple tax regulations, leading to increased administrative costs and potential legal issues.<br><br>• Inconsistent Enforcement: Inconsistent enforcement of tax laws can create uncertainty, making it difficult for companies to plan and budget effectively.<br><br>**Reduced Competitiveness:**<br><br>• Higher Production Costs: The cumulative effect of | **Harmonization of Tax Policies:**<br><br>• 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<br><br>• Simplified Tax Codes: Simplify tax codes to reduce ambiguities and ensure that companies are not subject to multiple taxes on the same income<br><br>**Strengthening Regulatory Oversight:**<br><br>• Anti-Corruption Measures: Implement strict anti-corruption measures to prevent illegal levies and ensure transparency in tax collection<br><br>• Regular Audits: Conduct regular independent audits of tax authorities to ensure compliance with established tax laws and regulations<br><br>**Capacity Building and Training:**<br><br>• Training for Tax Officials: Provide training for tax officials at all levels to ensure they understand and correctly apply tax laws.<br><br>• 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.<br><br>**Stakeholder Engagement:**<br><br>• 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<br><br>• Public Awareness Campaigns: Conduct public awareness |

| | | |
|---|---|---|
| 3 | **MULTIPLE TAXATION AND OVERLAPPING TAX JURISDICTION AT ALL LEVELS OF GOVERNMENT**<br><br>In the course of the audit, IA observed that manually written receipts are still being issued to companies by MID. This means there is no electronic way the receipts given can be authenticated or verified<br><br>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.<br><br>**This can result to the following:**<br><br>**Lack of Transparency:**<br>• Fraud and Corruption: Manually written receipts are more susceptible to fraud and corruption, as they can be easily altered or forged<br>• Inconsistent Records: Manual receipts can result in inconsistent record-keeping, making it difficult to track and verify transactions<br><br>**Inefficiency:**<br>• Time-Consuming: The process of manually writing and managing receipts is time-consuming and labor-intensive.<br>• Human Error: There is a higher risk of human error in manually written receipts, which can lead to discrepancies and disputes.<br><br>**Limited Accessibility:**<br>• Storage Issues: Physical receipts require significant storage space and can be easily lost or damaged<br>• Difficulty in Retrieval: Retrieving information from manual records can be cumbersome and slow, especially when dealing with large volumes of data. | MID through the support of MSMD should consider the following:<br><br>**Digitalization of Receipts:**<br>• Electronic Receipts: Implement electronic receipt systems to replace manually written receipts. This can enhance transparency, reduce errors, and streamline record-keeping.<br>• Blockchain Technology: Utilize blockchain technology to create immutable and transparent records of transactions, ensuring that receipts cannot be altered or forged<br><br>**Training and Capacity Building:**<br>• Training Programs: Provide training for regulatory staff on the use of digital tools and systems for issuing and managing receipts<br>• Capacity Building: Invest in capacity building to ensure that regulatory authorities have the necessary skills and resources to implement and maintain digital systems<br><br>**Regulatory Reforms:**<br>• Policy Updates: Update policies and regulations to mandate the use of electronic receipts and discourage the use of manually written receipts.<br>• Compliance Monitoring: Establish mechanisms to monitor compliance with new regulations and ensure that companies and regulatory authorities adhere to best practices<br><br>**Public Awareness and Engagement:**<br>• Awareness Campaigns: Conduct public awareness campaigns to educate companies and stakeholders about the benefits of digital receipts and the importance of |

| | | |
|---|---|---|
| 4 | **ANNUAL SERVICE FEE LIABILITIES**<br><br>The amount of ₦680,634,060 being owed to MCO by companies as a result of non-payment of ASF for 2023<br><br>This can imply the following:<br><br>• Reduced Investment: Widespread non-compliance can create a negative perception of the sector, reducing overall investment and growth.<br><br>• Regulatory Strain: Increased non-compliance puts additional strain on regulatory bodies, diverting resources from other critical functions. | • Regular Audits: Conduct regular audits to ensure compliance and identify non-payment issues early.<br><br>• Enhanced Penalties: Implement stricter penalties for non-compliance to deter companies from defaulting on their liabilities. |

# CHAPTER 5 REVENUE ALLOCATION

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.

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.

## 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 (RMFAC) 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 RMFAC is presented in Table 62 below:

Table 61: Revenue Distribution Rate

| S/N | BENEFICIARY TIER | DISTRIBUTARY RATE | |
|---|---|---|---|
| | | MINERAL | NON-MINERAL |
| 1 | Federal Government | 45.83 | 52.68 |
| 2 | State Government | 23.25 | 26.72 |
| 3 | Local Government Area | 17.92 | 20.60 |
| 4 | 13% Derivation | 13% | |
| | **Total** | **100%** | **100%** |

Source: Federation Account Allocation Committee Report, 2022

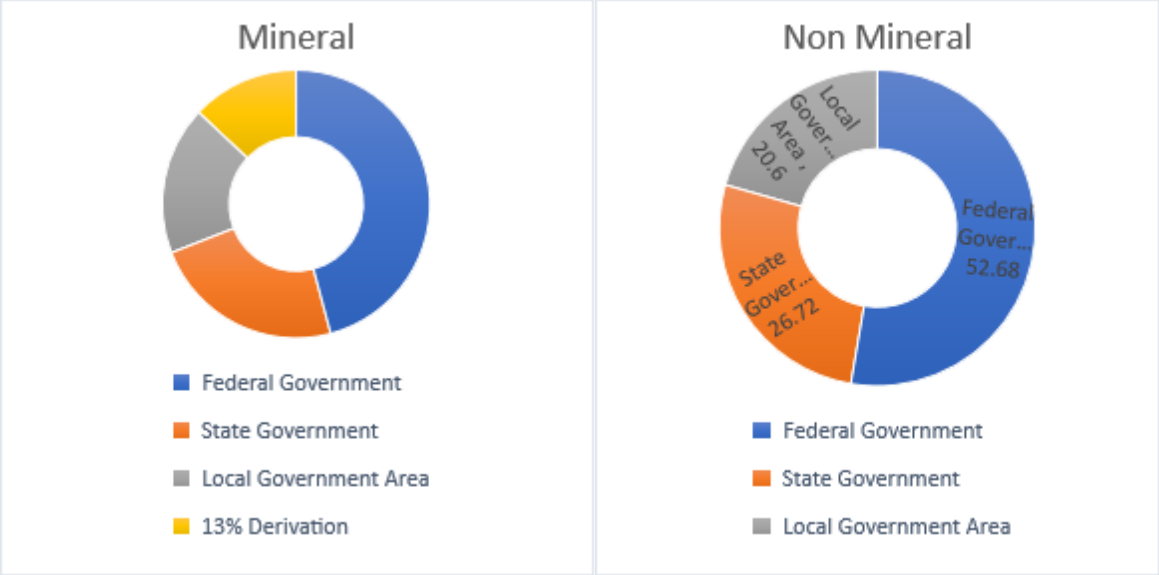



Figure 14: Revenue Distribution Formula

## 5.2 SUBNATIONAL TRANSFERS AND DISTRIBUTION.

The total revenue accrued to the solid minerals revenue account in 2023 was ₦14.88billion. In the month of May 2023, there was a subnational transfer and distribution of the fund in the solid minerals' revenue account in the year under review as presented in the table below.

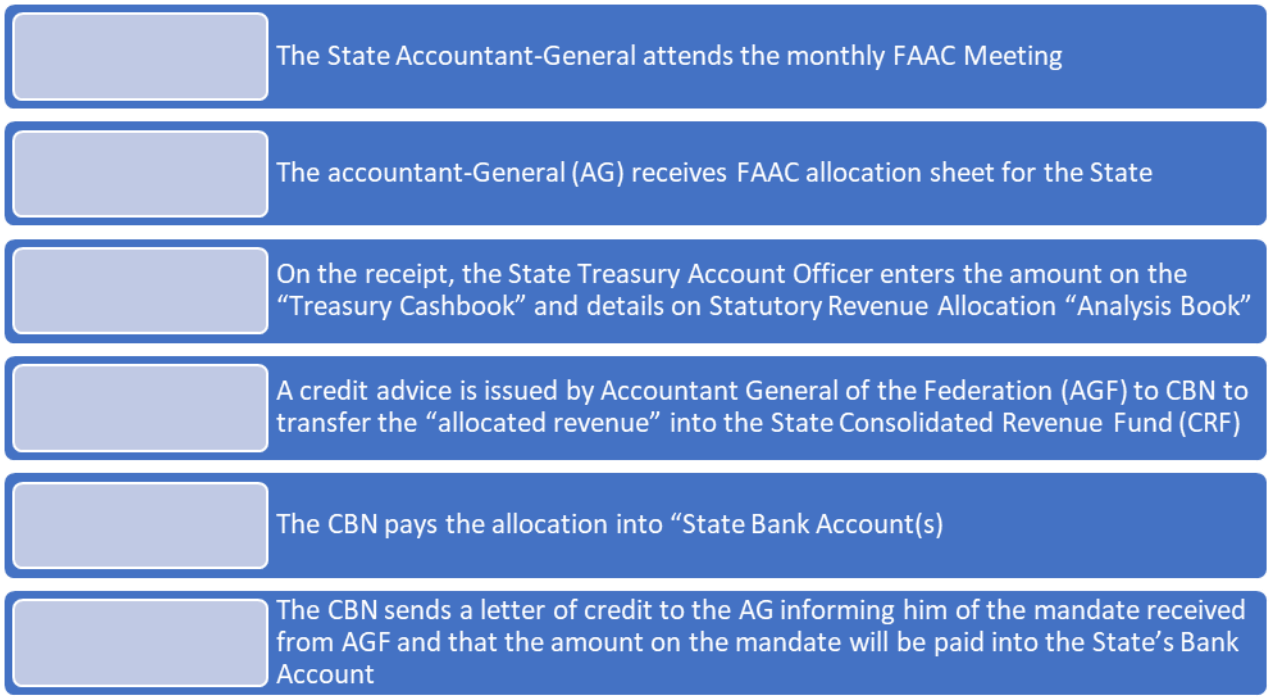
Table 62: 2023 Solid Minerals Revenue Account

| Description | Total Revenue | Closing Balance |
|---|---|---|
| **Opening Balance as at 1st January, 2023** | **16,680,990,990.93** | **16,680,990,990.93** |
| January | 806,098,677.37 | 17,487,089,668.30 |
| February | 762,584,446.79 | 18,249,674,115.09 |
| March | 724,704,208.72 | 18,974,378,323.81 |
| Distribution in the month of May | -16,680,990,990.93 | 2,293,387,332.88 |
| April | 707,072,699.39 | 3,000,460,032.27 |
| May | 1,566,963,527.53 | 4,567,423,559.80 |
| June | 1,009,717,825.97 | 5,577,141,385.77 |
| July | 3,589,868,383.54 | 9,167,009,769.31 |
| August | 704,930,354.83 | 9,871,940,124.14 |
| September | 693,540,869.97 | 10,565,480,994.11 |
| October | 998,850,129.77 | 11,564,331,123.88 |
| November | 1,319,981,148.04 | 12,884,312,271.92 |
| December | 2,005,102,063.51 | 14,889,414,335.43 |
| **Closing Balance as at December,2023** | **14,889,414,335.43** | **14,889,414,335.43** |

Source: Federation Account Allocation Committee Report, 2023

### 5.2.1 Process for Allocation and Distribution of Revenue

The process for allocation and distribution of revenue to subnational government is described below:




The summary of revenue distributed based on the mineral revenue sharing formula to the three tiers of government is presented in Table 64 below.

Table 63: Solid Minerals Revenue Distribution 2023

| S/N | Beneficiary | Solid Minerals ₦ | Applicable Rate % |
|---|---|---|---|
| 1 | Federal Government | 7,645,165,067.00 | 45.83 |
| 2 | State Government | 3,877,729,889.72 | 23.25 |
| 3 | Local Government | 2,989,567,205.39 | 17.92 |
| 4 | 13% Derivation share | 2,168,528,828.82 | 13.00 |
| Total | | **16,680,990,990.93** | **100.00** |

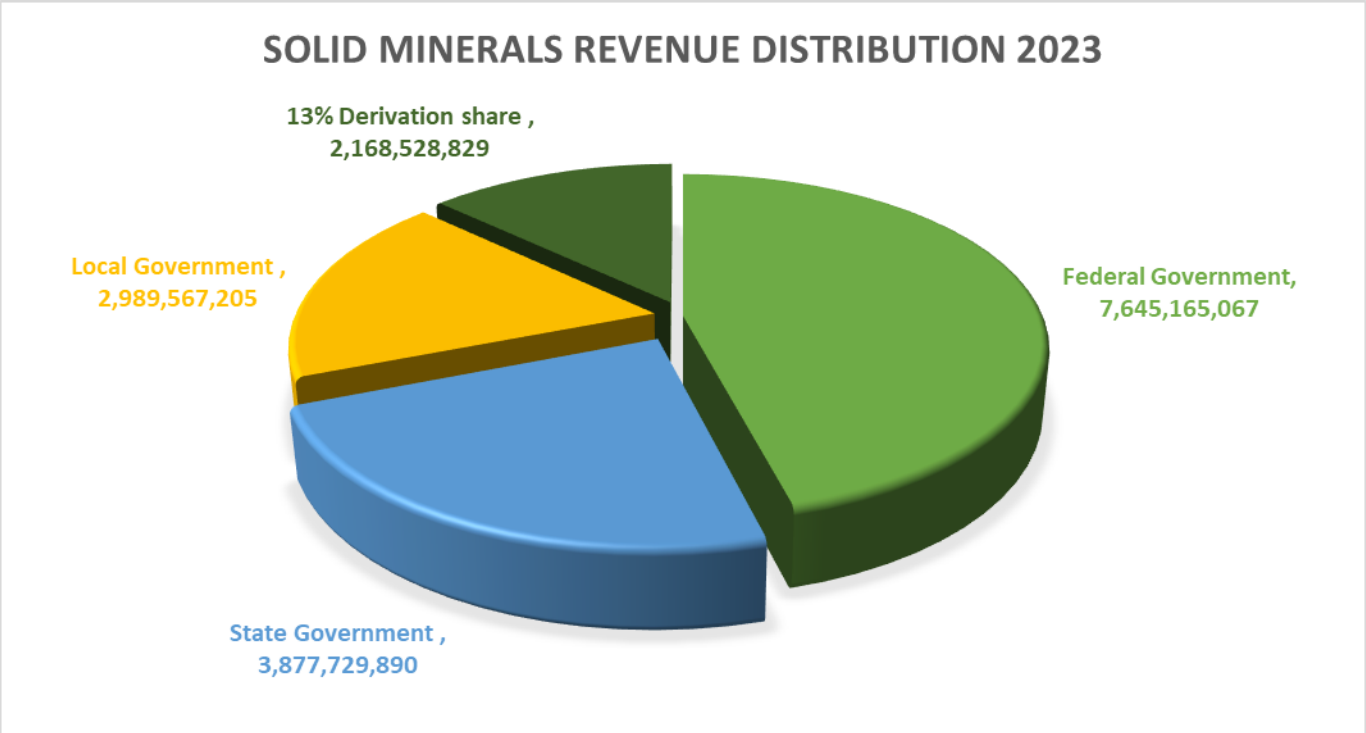



Figure 15: Solid Minerals Revenue Distribution 2023

Table 64: State Allocation/Distribution of Solid Minerals Revenue in 2023

| S/N | BENEFICIARIES | NO. OF LGA | FEDERAL SHARE | GROSS STATE SHARE | LGA SHARE | 13% DERIVATIVE | TOTAL NET (₦) |
|---|---|---|---|---|---|---|---|
| 1 | Abia | 17 | - | 95,754,084.20 | 65,662,328.80 | 14,182,302.03 | 175,598,715.03 |
| 2 | Adamawa | 21 | - | 101,865,879.11 | 81,112,288.52 | 12,404,629.88 | 195,382,797.51 |
| 3 | Akwa Ibom | 31 | - | 102,812,510.72 | 119,737,187.81 | 13,470,719.03 | 236,020,417.56 |
| 4 | Anambra | 21 | - | 101,675,045.37 | 81,112,288.52 | 4,864,433.99 | 187,651,767.88 |
| 5 | Bauchi | 20 | - | 122,318,486.10 | 77,249,798.59 | 33,066,570.03 | 232,634,854.72 |
| 6 | Bayelsa | 8 | - | 90,480,912.86 | 30,899,919.44 | 3,605,070.25 | 124,985,902.55 |
| 7 | Benue | 23 | - | 114,681,487.88 | 88,837,268.38 | 31,939,345.11 | 235,458,101.37 |
| 8 | Borno | 27 | - | 127,050,653.10 | 104,287,228.10 | 735,755.34 | 232,073,636.54 |
| 9 | Cross River | 18 | - | 102,830,044.50 | 69,524,818.73 | 90,213,490.70 | 262,568,353.93 |
| 10 | Delta | 25 | - | 103,829,652.22 | 96,562,248.24 | 4,782,602.97 | 205,174,503.43 |
| 11 | Ebonyi | 13 | - | 91,485,529.66 | 50,212,369.08 | 155,792,312.98 | 297,490,211.72 |
| 12 | Edo | 18 | - | 95,617,040.83 | 69,524,818.73 | 119,878,762.03 | 285,020,621.59 |
| 13 | Ekiti | 16 | - | 91,433,904.91 | 61,799,838.87 | 7,502,392.97 | 160,736,136.75 |
| 14 | Enugu | 17 | - | 102,838,919.43 | 65,662,328.80 | 8,343,174.53 | 176,844,422.76 |
| 15 | Gombe | 11 | - | 96,319,942.42 | 42,487,389.22 | 34,558,578.92 | 173,365,910.56 |
| 16 | Imo | 27 | - | 106,320,301.82 | 104,287,228.10 | 2,192,518.61 | 212,800,048.53 |
| 17 | Jigawa | 27 | - | 114,357,347.32 | 104,287,228.10 | 2,181,516.62 | 220,826,092.04 |
| 18 | Kaduna | 23 | - | 133,982,933.34 | 88,837,268.38 | 89,752,320.93 | 312,572,522.65 |
| 19 | Kano | 44 | - | 162,201,257.11 | 169,949,556.90 | 68,157,825.93 | 400,308,639.94 |
| 20 | Katsina | 34 | - | 125,701,358.02 | 131,324,657.60 | 10,933,004.93 | 267,959,020.55 |
| 21 | Kebbi | 21 | - | 107,978,093.67 | 81,112,288.52 | 15,333,000.05 | 204,423,382.24 |
| 22 | Kogi | 21 | - | 113,020,466.52 | 81,112,288.52 | 285,837,473.92 | 479,970,228.96 |
| 23 | Kwara | 16 | - | 91,026,257.23 | 61,799,838.87 | 28,787,574.75 | 181,613,670.85 |
| 24 | Lagos | 20 | - | 136,989,484.10 | 77,249,798.59 | 229,280,857.92 | 443,520,140.61 |
| 25 | Nasarawa | 13 | - | 94,303,398.08 | 50,212,369.08 | 52,455,588.03 | 196,971,355.19 |
| 26 | Niger | 25 | - | 121,128,516.07 | 96,562,248.24 | 46,455,454.76 | 264,146,219.07 |
| 27 | Ogun | 20 | - | 95,003,789.58 | 77,249,798.59 | 245,050,072.22 | 417,303,660.39 |
| 28 | Ondo | 18 | - | 95,192,002.73 | 69,524,818.73 | 103,281,379.19 | 267,998,200.65 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 29 | Osun | 30 | - | 93,262,181.28 | 115,874,697.88 | 73,984,323.08 | 283,121,202.24 |
| 30 | Oyo | 33 | - | 114,694,158.82 | 127,462,167.67 | 58,544,992.25 | 300,701,318.74 |
| 31 | Plateau | 17 | - | 106,784,041.48 | 65,662,328.80 | 49,325,788.59 | 221,772,158.87 |
| 32 | Rivers | 23 | - | 110,282,647.25 | 88,837,268.38 | 11,981,419.62 | 211,101,335.25 |
| 33 | Sokoto | 23 | - | 112,698,853.73 | 88,837,268.38 | 25,422,750.15 | 226,958,872.26 |
| 34 | Taraba | 16 | - | 98,503,506.82 | 61,799,838.87 | 10,556,298.40 | 170,859,644.09 |
| 35 | Yobe | 17 | - | 101,544,470.68 | 65,662,328.80 | 1,631,058.17 | 168,837,857.65 |
| 36 | Zamfara | 14 | - | 101,760,730.76 | 54,074,859.01 | 6,530,011.56 | 162,365,601.33 |
| 37 | FCT | 6 | - | 0 | 23,174,939.58 | 215,513,458.37 | 238,688,397.95 |
| | Sub-Total | 774 | - | 3,877,729,889.72 | 2,989,567,205.39 | 2,168,528,828.81 | 9,035,825,923.92 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| beneficiary | Rate% | | | | | Total |
|---|---|---|---|---|---|---|
| Federal Government | 48.50% | | 7,038,544,148.62 | | | 7,038,544,148.62 |
| 1.46% Derivation & Ecology FGN Share | 1.00% | | 145,124,621.62 | | | 145,124,621.62 |
| FCT-ABUJA | 1.00% | | 145,124,621.62 | | | 145,124,621.62 |
| 0.72 Stabilization Account | 0.50% | | 72,562,310.81 | | | 72,562,310.81 |
| 3.0% Development of Natural Resource | 1.68% | | 243,809,364.32 | | | 243,809,364.32 |
| Total | 52.60% | | 7,645,165,066.99 | | | 7,645,165,066.99 |

Source: Federation Account Allocation Committee Report, 2023

The IA reviewed the distribution of the above revenue together with the basis used and the indices for 13% derivation, and affirms that there was no deviation from what was set by the Federation Account Allocation Committee (FAAC).

## 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 collaborating with relevant industry stakeholders.

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

- **Government Allocations**: budgetary funding from the Nigerian government to supports the SMDF's overhead, capital and personnel expenditures.
- **Private Sector Investments**: Collaborations with private sector stakeholders to attract investments into the mining sector.
- **International Partnerships**: Contributions from international financial institutions and development agencies to bolster the fund.
- **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) 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/

The IA's review found that the Solid Minerals Development Fund (SMDF) has only received government allocations once 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 after consultations with key economic and revenue-generating agencies. The President presents to the national assembly 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

## 5.5 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

## 5.6 Findings and Recommendations

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

| S/N | FINDINGS | IMPLICATIONS |
|---|---|---|
| 1 | **LACK OF SECTOR SPECIFIC FISCAL REGIME**<br><br>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<br><br>As a result of this abysmal revenue generation, there was no allocations to any tier of government during the year.<br><br>As a result, there will be years revenue allocation will be missed out as it happened in the year 2022. This will result in lost opportunities to either invest or develop the country from solid mineral proceeds | A 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 |

| | | |
|---|---|---|
| 2 | **POOR FUNDING OF SMDF**<br><br>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:<br><br>• 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.<br><br>• 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.<br><br>• 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. | • 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.<br><br>• 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.<br><br>• 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. |

# CHAPTER 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) Skills acquisition (fashion designing, hairdressing, cobbling etc.)
  d) Agricultural support (provisions of seedlings, fertilisers, fishing gears, etc.)
  e) Company support for community, social and cultural activities.

- In 2023, the total sum of ₦1.51billion was spent as social expenditure,
- ₦430.67million was spent as mandatory social expenditure representing 28.44% of total expenditure.
- The total non-mandatory expenditure was ₦1.08billion representing 71.56% of companies' total expenditure as detailed in Table 65.
- First Patriot made the highest mandatory social expenditure payment of ₦ 19,160,000
- Bua International made the highest non mandatory social expenditure payment of ₦ 693,781,413

These payments were documented and validated by the IA and represented in *Table 66* below.

Table 65: Social Expenditures by Companies

| S/N | NAME OF COMPANY | MANDATORY ₦ | NON-MANDATORY ₦ | TOTAL ₦ |
|---|---|---|---|---|
| 1 | Century Mining | 18,407,500.00 | - | 18,407,500.00 |
| 2 | Mark Sino | 6,900,000.00 | - | 6,900,000.00 |
| 3 | Moro Economic | - | 75,000.00 | 75,000.00 |
| 4 | Nael & Bin Harmal Hydroexport Nigeria Limited (NBHH) | 500,000.00 | - | 500,000.00 |
| 5 | Zeberced Limited | 10,501,050.76 | - | 10,501,050.76 |
| 6 | Blaco Nigeria Limited | 400,000.00 | 185,000.00 | 585,000.00 |
| 7 | BUA International | - | 693,781,413.10 | 693,781,413.10 |
| 8 | Kopek Construction Limited | - | 625,000 | 625,000.00 |
| 9 | Manhardi Nigeria Limited | 27,000,000 | - | 27,000,000.00 |
| 10 | First Patriot | 19,160,000.00 | 2,024,700.00 | 21,184,700.00 |
| 11 | Hi Tech Construction | 3,535,000.00 | - | 3,535,000.00 |
| 12 | Master Rock Limited | 10,638,656.00 | 1,875,000.00 | 12,513,656.00 |
| 13 | Dangote Cement | 333,631,000 | 377,819,350 | 711,450,350.00 |
| 14 | Zuma 828 Coal Limited | - | 7,000,000.00 | 7,000,000.00 |
| | **TOTAL** | **430,673,206.76** | **1,083,385,463.10** | **1,514,058,669.86** |
| | **% CONTRIBUTION OF PAYMENT TYPE** | **28.44%** | **71.56%** | **100%** |

Source: 2023 NEITI SMA Templates

## 6.2 QUASI-FISCAL EXPENDITURE

Quasi-fiscal expenditure occurs when State Owned Enterprises (SOEs) undertake public social expenditures outside of the national budgetary process. These may include, among others payments for social services, public infrastructure, fuel subsidies, and national debt servicing.

The IA reviewed the NSWG position on quasi-fiscal expenditure and confirmed that there was no quasi-fiscal expenditure in the solid minerals sector in 2023.

## 6.3 CONTRIBUTION TO THE ECONOMY

In 2023, there was a 0.75% GDP growth from 0.83% 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 2023 was ₦234.43 trillion.
- The Solid minerals sector contributed ₦1.691 trillion representing 0.72%.

The contributions from various solid minerals sub-sectors are detailed in Table 67 below:

Table 66: Contributions from various Solid Minerals Sub-Sectors

| | 2023 | | 2022 | | |
|---|---|---|---|---|---|
| **Activities** | **NGN' billion** | **Contribution to Total GDP** | **N' Billion** | **Contribution to Total GDP** | **Year On %Change** |
| Country Total GDP | 234,426.00 | | 202,365.03 | | 15.84% |
| **Solid Mineral Sector** | | | | | |
| Coal Mining | 25.00 | 0.01% | 22.20 | 0.01% | 12.62% |
| Metal Ores | 44.20 | 0.02% | 23.67 | 0.01% | 86.77% |
| Quarrying and Other Minerals | 1,691.00 | 0.72% | 1,629.64 | 0.81% | 3.77% |
| **Total** | **1,760.20** | **0.75%** | **1,675.51** | **0.83%** | **5.05%** |

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 2019 to 2023 was ₦902,397.02 billion as presented in Table 68.
- There was a steady growth in the contribution of the solid minerals sector to the economy, from 0.26% in 2019 to 0.75% in 2023.

Table 67:Five-Year Trend of Solid Mineral Contribution to GDP

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|
| **National GDP (N' billion)** | 144,210.49 | 152,320 | 176,075.50 | 202,365.03 | 234,426.00 | 909,397.02 |
| **Sector contribution (N' billion)** | 368.998 | 686.64 | 1,101.56 | 1,675.51 | 1760.20 | 5,592.91 |
| **Percentage contribution** | 0.26% | 0.45% | 0.63% | 0.83% | 0.75% | |

Source: 2018-2023 NEITI SMA Reports

### 6.3.5 Contribution to Export

- Nigeria Bureau of Statistics (NBS) reports that Nigeria's total export in 2023 was ₦12.69 trillion
- The solid minerals export accounting for ₦35.87Billion, representing 0.28% of the total export value.
- Table 69 below shows a breakdown.

Table 68:Solid minerals contribution to export

| Description | 2023 | |
|---|---|---|
| Total Federal Government Revenue | NGN Billion | % of Contribution |
| Solid Minerals | 35,870.00 | 0.28% |
| Oil and Gas | 10,439,465.00 | 82.24% |
| Other Export | 2,218,285.00 | 17.48% |
| Total Export | 12,693,620.00 | 100.00% |

Source: National Bureau of Statistics

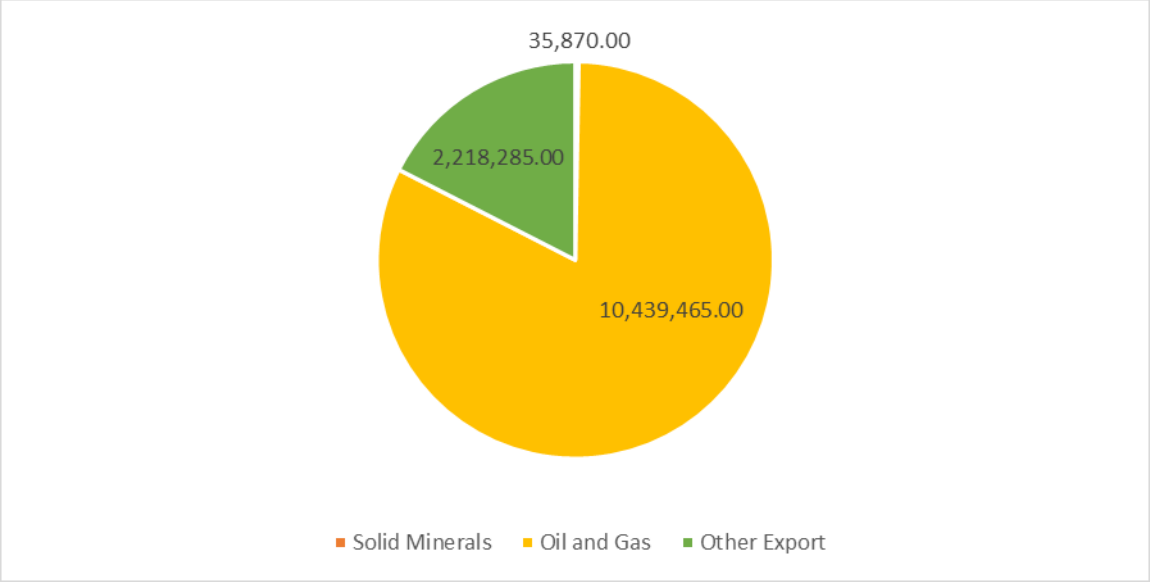



Figure 16 Solid Minerals Contribution to Export

### 6.3.6. Five-Year Trend Analysis of Contribution to Export

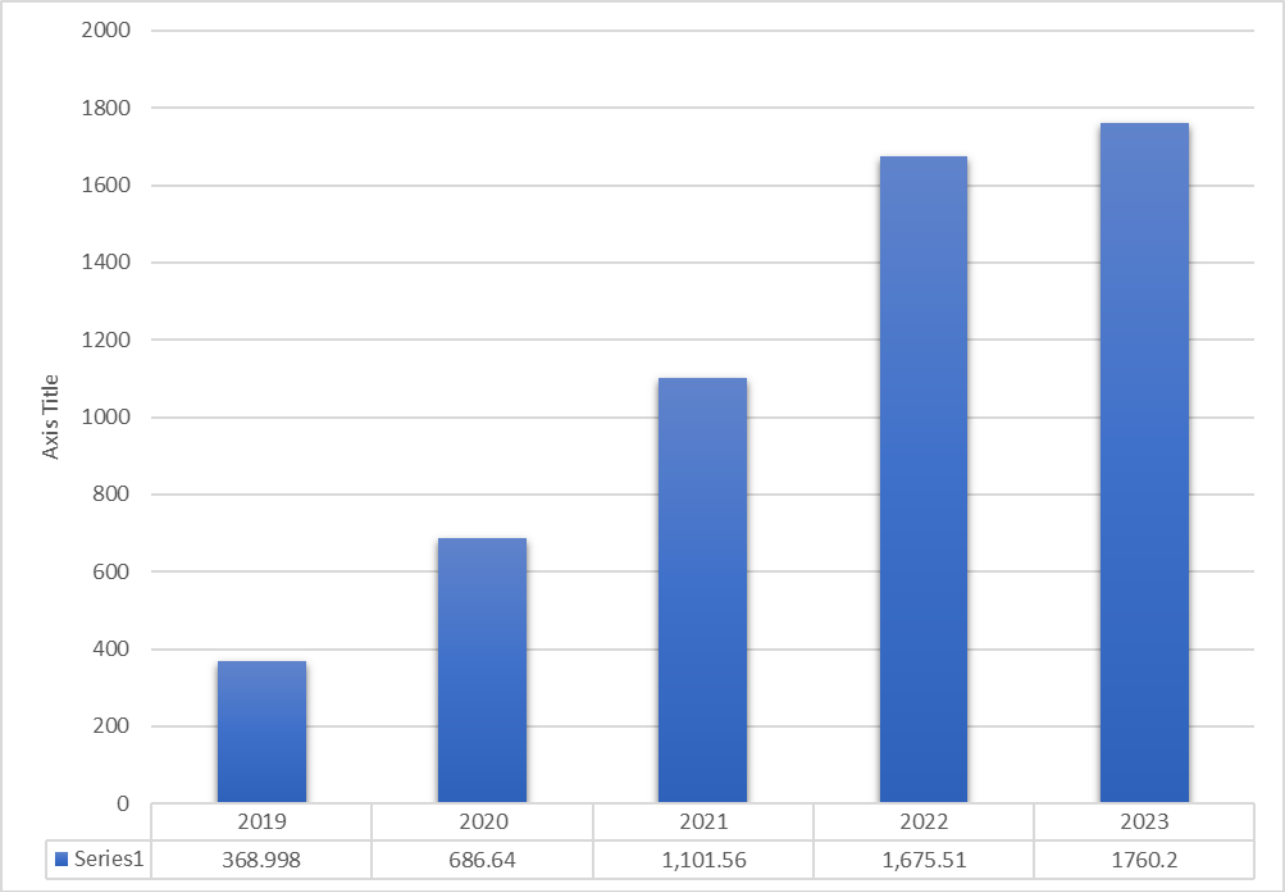
- The total value of export in the last five (5) years starting from 2019 to 2023 from all sectors was ₦ 90.94 trillion.
- the solid minerals sector contributing ₦559.29 billion, representing 0.75% as presented in Table 70 below.

Table 69: Five Year Trend of Export

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | Total |
|---|---|---|---|---|---|---|
| National GDP (N' billion) | 144,210.49 | 152,320 | 176,075.50 | 202,365.03 | 234,426.00 | 909,397.02 |
| Sector contribution (N' billion) | 368.998 | 686.64 | 1,101.56 | 1,675.51 | 1760.20 | 5,592.91 |
| *Percentage contribution* | *0.26%* | *0.45%* | *0.63%* | *0.83%* | *0.75%* | |

Source: 2019-2023 NEITI SMA Reports

Figure 17: Five-Year Trend of Solid Mineral Contribution to Export




## 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 69 companies submitted employment information out of the 110 covered entities.
- Out of the 69 companies, nine (9) companies (8.18%) reported having gender policies that guide employment within their organizations, as shown in Table 71.
- Analysis of the returned templates showed that the total workforce in the solid mineral sector is 60,057.
- Male employees constitute 95.58% (57,404), while female employees account for 4.42% (2,653), as shown in Table 72.
- Additionally, it indicates that Nigerian nationals make up 73.52% (44,155) of the total workforce.
- While expatriates represent 26.46% (15,891) in the solid mineral industry.

Table 70: Summary of Company's Submission of Gender Policy

| Parameters | | Response | % Proportion |
|---|---|---|---|
| Responsive | Available | 9 | 8.18% |
| | Not Available | 56 | 50.91% |
| | Work-In-Progress | 4 | 3.64% |
| Non-Responsive | None | 41 | 37.27% |
| Total | | 110 | 100.00% |

Source: 2023 NEITI SMA Templates

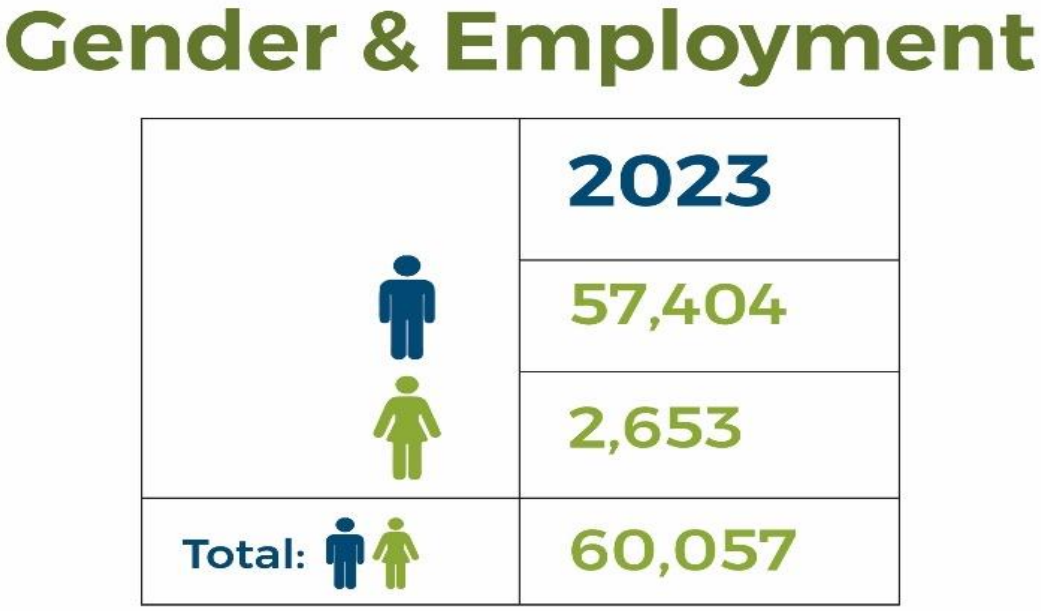



Figure 18: Summary of Gender Distribution Employed in the Solid Mineral Sector

Table 71:Employment and Gender

| | Nigerian nationals | | Expatriates | Physically Challenged | Total | % Contribution |
|---|---|---|---|---|---|---|
| | Local | National | | | | |
| Male | 10,469 | 31,751 | 15,175 | 9 | 57,404 | 95.58% |
| Female | 352 | 1,583 | 716 | 2 | 2,653 | 4.42% |
| Total | 10,821 | 33,334 | 15,891 | 11 | 60,057 | 100.00% |
| % of employees | 18.02% | 55.50% | 26.46% | 0.02% | 100.00% | |

Source: 2023 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:

**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[34].
- **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 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, inevitably leading to environmental degradation. These effects and devastating impacts are visible in mineral producing states like Niger, Osun, Zamfara and Plateau. The degradation is mainly due to the release of waste into the environment and contamination of underground water during mining activities. Some devastating effects of mining activities includes:

- 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.

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

- 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.

Government 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.
- 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 MINING ENVIRONMENT IN NIGERIA.

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 73 and 74 below: -

Table 72: Legal Framework

| S/NO | LAW/REGULATION | KEY FEATURES |
|---|---|---|
| 1 | **Minerals and Mining Act, 2007** | The Act provides guides to minerals prospecting, mining and quarry as well as operations in the solid mineral sector. See details here Nigeria Mineral Act,2007 |
| 2 | **Minerals and Mining Regulations of 2011** | The Regulations provide guidelines on how mining operations should be conducted and used vis-a-vis the Nigeria Mineral Act 2007. The Nigeria 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 for 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 the activity to propose appropriate |

| | | |
|---|---|---|
| | | remedial actions. See details here |
| 5 | National Environmental Standards Regulations and Enforcement Agency (NESREA) Act | The Act establishes NESREA as the body to enforce 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. See here for details. |

Table 73: 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. It handles the sale and consumption of solid minerals in the country, through the issuance of Permits, Licenses, Leases and Collection of rents, Fees and Royalties.<br>The Department of Mines Environmental Compliance (MEC) is one of the technical departments created during the 2005 restructuring, backed by section 16 sub-section 1 (b) of the Minerals and Mining Act, 2007. See details here |
| 2 | Mineral Resources and Environmental Management Committee (MIREMCO) | MIREMCO was established by Section 19 (1) of the Minerals and Mining Act, 2007 to create a synergy between the three tiers of government (Federal, State and Local Government) 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.<br>ii. The Fund is expected to operate in accordance with the provisions of the Trustees Investments Act, Cap. T22 Laws of the Federation of Nigeria, 2004 or amendments thereof, and requires holders of mineral title(s) to contribute to the 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. The Ministry is committed to raising issues of environmental consciousness amongst Nigerians, focusing on use of innovative strategies that |

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| | | emphasize environmental re – engineering as a veritable tool for job creation, poverty eradication, food security, sustainable economic development and general improvement in the livelihood of Nigerians. See details here |
| 5 | **National Environmental Standards Regulations 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. See details here |
| 6 | **Federal Ministry of Water Resources** | The Federal Ministry of Water Resources is responsible for the management of water supply, irrigation, freshwater, and aquaculture. The ministry was established in 1976 to oversee the eleven (11) River Basin Development Authorities in Nigeria. See details here |

## 6.7 ENVIRONMENTAL COMPLIANCE STATUS OF COVERED ENTITIES

In the year under review, Department of Mines Environmental Compliance (MEC) approved five (5) Environmental Impact Assessment (EIA) as enumerated in *Table 75* below.

Table 74: Environmental Impact Assessment (EIA) of Companies

| S/N | NAME OF COMPANY | LOCATION | DATE |
|---|---|---|---|
| 1 | QueenSec Global Resources Limited | Umuosigide village, Obollo-Orie, Udenu LGA, Enugu State | 23rd March, 2023 |
| 2 | Rayting Industry Global Limited | Ogba farm settlement Iwollo, AwhaNdiagu and AwhaImezi, Communities, Ezeagu LGA, Enugu State | 22nd March, 2023 |
| 3 | Trimo Build Best Limited | BakinKogi, kaninkon Chiefdom, Jema'a LGA | 27th June, 2023 |
| 4 | ENL Consortium Limited | Obokun LGA, Osun State | 18th July, 2023 |
| 5 | Solid Minerals Development Fund (SMDF)-PAGMI Limited | MarabaYauri, Ngaski LGA | 21st October, 2023 |

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:

**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.

**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.

**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 five (5) locations as presented in Table 76 below.

Table 75: Reclaimed Sites in Nigeria

| S/N | SITE LOCATION | STATE |
|---|---|---|
| 1 | Camp 2, Mfamosing, Akamkpa L.G.A | Cross River State |
| 2 | Rayfield, Jos South LGA | Plateau State |
| 3 | Dawa Village, Toro LGA | Bauchi State |
| 4 | AngwanDoko, Kokana LGA, Nasarawa State | Nasarawa State |
| 5 | Umuezike Village, Enugu North LGA | Enugu State |

Source: Department of Mines Environmental Compliance (MEC).

## 6.9 Findings and Recommendations

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

| S/N | FINDINGS | RECOMMENDATION |
|---|---|---|
| 1 | **CONTRIBUTION TO NATIONAL GDP**<br><br>• It is noted that the solid minerals sector contributed less than 1% to the national GDP in 2023, and accounted for 2.6% of total revenue as well as 0.31% of total exports.<br><br>• 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.<br><br>• 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 MSMD and other relevant agencies should have engagements with operators to enable them understand the key challenges, and develop a holistic framework that will create an enabling environment for mining operations and investments.<br><br>The FGN and MSMD should consider:<br>• Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations.<br>• 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.<br>• Investment Incentives: Consider providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations<br>• Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria through:<br><br>1 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.<br>2 Developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development. |

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| | | 3 Improving coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management.<br>4 Raising public awareness about land and mineral rights, their importance, and the government's efforts to resolve disputes and promote responsible resource management. |

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| 2 | **POOR DISCLOSURE OR EXECUTION OF MANDATORY SOCIAL PAYMENTS**<br><br>• Only 10 out of the 110 companies made the mandatory social payments as contained in the CDA signed with their host communities.<br><br>• Only 8 companies made non -mandatory social payments/expenditures and 3 companies made both mandatory and non-mandatory special payments.<br><br>• 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.<br><br>Host communities will feel unfairly treated and the tendency to become hostile to companies becomes high | **Strengthening Regulatory Oversight:**<br><br>• Regular Audits: Conduct regular audits to ensure companies comply with their CDA commitments<br><br>• Penalties for Non-Compliance: Implement and enforce penalties for companies that fail to meet their social payment obligations<br><br>**Public Disclosure:**<br><br>• Transparency: Make CDAs and compliance reports publicly accessible to enhance transparency and accountability<br><br>• Community Involvement: Engage local communities in monitoring and verifying the implementation of CDA commitments<br><br>**Capacity Building:**<br><br>• Training Programs: Provide training for both companies and community representatives on the importance of CDAs and best practices for implementation<br><br>• Support Mechanisms: Establish support mechanisms to help companies and communities effectively manage and utilize social payments. |

# CHAPTER 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.

## 6.1 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 identified low number of companies operating in the sector, paying royalties compared to the number of companies operating in the sector.<br><br>**Current Status:** Relevant in the year<br>This issue remains persistent, as the numbers of companies paying royalty that met the materiality level reduced from 121 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.<br><br>MSMD should partner with multinational agencies and private investors to deploy appropriate technology to support monitoring and enforcement activities of the ministry.<br><br>MSMD to collaborate with other security agencies and anticorruption agencies to tackle incidence of under payment and non-payment.<br><br>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<br>**Current Status:** Relevant in the year | Government should not relent in their efforts in developing the sector, but rather intensify effort on investing in advanced geochemical and geophysical techniques to |

| S/N | KEY POINT | PAST FINDINGS | FURTHER RECOMMENDATION |
|---|---|---|---|
| | | The exploration License issued reduced to 628 from 840 in 2023, however this does not indicate non prioritization of the sector's development. | 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<br>**Current Status:** Activity resolved<br>In 2023, government commenced the revalidation and biometric registration of ASM operators and buying centres in the sector. As well as carried out sensitization workshop for ASM operators across the country | Government should continue its advocacy and sensitization programme. |
| 4 | Revenue Generation: low Revenue Generation. | The total revenue from the sector over the last fifteen years (2007 – 2021) is 814.59billion.<br>**Current Status:** Activity resolved<br>Revenue generated from (2007 – 2023) has increased to 1,052.33billion from 814.59billion 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 de-risking 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.<br>**Current Status:** Relevant in the year<br>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 reports while adopting technology in blocking of leakages and increase revenue drive. |

| S/N | KEY POINT | PAST FINDINGS | FURTHER RECOMMENDATION |
|---|---|---|---|
| 6 | Revenue Generation: lack of fiscal regime for revenue distribution | The lack of revenue distribution from the solid minerals sector due to the absence of a sector-specific fiscal regime.<br>**Current Status:** Relevant in the year<br>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 or 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. |
| 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%).<br>**Current Status:** findings applicable<br>In the year under review, limestone was the highest mineral contributor of royalty of ₦1.981billion, followed closely by Granite contributing ₦1.622billion and gold which contributed ₦1.3billion. 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 reports |
| 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<br>**Current Status:** findings applicable<br>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,<br>Similarly, Public-Private Partnership (PPP) should be embraced to unlock the potential of coal, gold, bitumen, lead/zinc, Iron ore and Barites, in the various States with commercial quantities. |

| S/N | KEY POINT | PAST FINDINGS | FURTHER RECOMMENDATION |
|---|---|---|---|
| 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 collaborating evidence from MSMD.<br>**Current Status:** findings applicable<br>In the year under view Kaidi Investment Limited was involved in the audit | It is imperative for MSMD-MID and MCO to 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 reported by NCS and MSMD-MID | The report noted a significant variance of 38,145,850 Tonnes between solid minerals export data reported by NCS and MSMD-MID.<br>**Current Status:** findings applicable<br>The records between NCS and MSMD-MID did not align as there are differences in their export records | There should be strategic collaboration between MSMD-MID and NCS on the issue of export permit. The NCS should enforce compliance on export 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.<br>**Current Status:** findings applicable<br>In the year under review, only 30 CDA report was reviewed | MECD should enforce compliance with Section 116(1) of the NMMA 2007 while carrying 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.<br>**Current Status:** findings applicable | 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 they can't be made public, it should be stated. |

## 6.2 CURRENT YEAR OBSERVATIONS, FINDINGS AND RECOMMENDATIONS

In 2023, in addition to updating the 2022 findings and recommendations to reflect the current state, newly identified non-reoccurring issues were aggregated and presented as observations, findings, and recommendations in the 2023 solid mineral report, as outlined in the table below.

Table 76:Combined Observations and Recommendations for 2023 Extractive Reporting

| S/N | FINDINGS | RECOMMENDATION |
|---|---|---|
| 1 | **NON-COMPLAINT COMPANIES:**<br>• A total number of 110 companies which fell within the materiality threshold were covered for 2023 solid minerals audit.<br>• Out of the 110, forty-one (41) companies failed to respond or submit the administered template to NEITI.<br>• 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 collection, which is an essential component of the reporting process, opens the door for previously compliant companies to become non-compliant to the NEITI process. | • NEITI should consider invoking sanctions based on Section 16 of the NEITI Act 2007, as it relates to companies not compliant with the EITI process.<br>• 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 either through relevant provision and/or through other relevant agencies. |
| 2 | **REVENUE GROWTH**<br><br>The sector recorded an increase in revenue contribution from ₦345.41 billion in 2022 to ₦401.6billion in 2023 representing 16% growth.<br><br>Though, this is commendable, however, the sector has a potential to contribute more to the Nigerian economy. | **Strengthen Regulatory Framework:**<br>• 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.<br>• Simplify Licensing Processes: Streamline the process for obtaining mining licenses to attract more investors. |

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| | | **Improve Infrastructure:**<br>• Develop Transport Networks: Invest in roads, railways, and ports to facilitate the efficient movement of minerals from mining sites to markets.<br>• Upgrade Power Supply: Ensure reliable electricity supply to mining areas to reduce operational costs and increase productivity.<br><br>**Promote Value Addition:**<br>• Encourage Local Processing: Establish processing plants to add value to raw minerals before export. This can significantly increase revenue and create jobs.<br>• Support Small and Medium Enterprises (SMEs): Provide incentives and support for SMEs involved in mineral processing and related activities.<br><br>**Enhance Data Collection and Management:**<br>• Conduct Comprehensive Geological Surveys: Update and expand geological data to identify new mineral deposits and attract investment.<br>• Implement Digital Solutions: Use technology to improve data collection, management, and dissemination.<br><br>**Foster Public-Private Partnerships (PPPs):**<br>• Collaborate with Private Sector: Engage private companies in |

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| | | infrastructure development and mining operations through PPPs.<br>• Leverage International Expertise: Partner with international mining companies to bring in expertise, technology, and investment.<br><br>**Tax and Revenue Management:**<br>• **Optimize Tax Policies:** Review and adjust tax policies to ensure they are competitive and fair, encouraging investment while maximizing government revenue.<br>• **Improve Revenue Collection:** Strengthen the capacity of revenue collection agencies to minimize leakages and ensure all dues are collected. |

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| 3 | **INADEQUATE SUPERVISION/OVERSIGHT BY GOVERNMENT AGENCIES AND POOR RECORD KEEPING CULTURE OF COMPANIES:**<br><br>Due to inadequate supervision by regulatory bodies in the sector, significant number of companies in the solid mineral sector have poor record keeping culture.<br><br>Good and up to date record eases the assessment of mineral production volumes, royalties, and other fees payable to the Government.<br><br>• For instance, out of the 110 companies within the materiality threshold for the 2023 audit, only 69 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 | •<br><br>• MCO, MSMD FIRS and other regulatory authorities should increase their oversight function and sanction any erring operator.<br>• The financial reporting council and professional accountancy bodies should develop accounting standards to address the challenges of solid minerals sector |

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| 4 | **INCREASE IN THE NUMBER OF LICENSES**<br><br>• An Exponential increase of the number of ELs is an indication that companies/people hold licenses for speculatory purposes.<br>• 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.<br>• 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. | 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.<br><br>To address the decline in the issuance of licenses in Nigeria's solid mineral sector, several strategic actions can be taken:<br><br>**Revise Licensing Policies**<br>• MCO should simplify Licensing Procedures by streamlining the application process to make it more efficient and transparent, reducing bureaucratic delays.<br><br>• 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.<br><br>**Enhance Regulatory Framework**<br>• 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[35].<br><br>• Implement Digital Solutions: Utilize technology to automate and manage the licensing process, making it more accessible and reducing opportunities for corruption |

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

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| | | • Promote Investment<br>• Attract Foreign and Domestic Investors: Conduct roadshows and provide incentives to attract both local and international investors to the sector.<br>• Public-Private Partnerships (PPPs): Encourage collaborations between the government and private sector to develop infrastructure and mining projects.<br>**Improve Infrastructure**<br>• Develop Transport and Power Infrastructure: Invest in roads, railways, and reliable power supply to support mining operations and reduce operational costs. |

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| 5 | **INCONSISTENT AND INCOMPLETE BENEFICIAL OWNERSHIP**<br><br>The availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector faces several challenges such as:<br>• Complex Ownership Structures: Many companies use intricate ownership structures to hide the true owners, making it difficult to trace beneficial ownership.<br>• Regulatory Inconsistencies: There are often gaps and inconsistencies in regulations across different jurisdictions, which can hinder the effective collection and sharing of BO information.<br>• Data Quality Issues: Even when BO information is available, it may be incomplete or inaccurate due to inadequate verification processes.<br>• 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.<br>• Weak Enforcement: Poor enforcement of existing regulations can lead to non-compliance by companies, further complicating efforts to obtain accurate BO information<br>• Unharmonized data: data from agencies such as MCO, CAC and NEITI are not at par. | Addressing the challenges associated with the availability of Beneficial Ownership (BO) information in Nigeria's solid minerals sector requires a multi-faceted approach by continuously collaborating across agencies (i.e MCO, MSMD, CAC, NEITI and other regulatory agencies) These agencies will act through:<br>• 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.<br>• 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.<br>• 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.<br>• 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.<br>• Capacity Building and Training: Providing training for regulatory |

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| | These challenges can impede efforts to combat corruption, money laundering, and other illicit activities in the solid minerals sector. | authorities, companies, and other stakeholders on the importance of BO transparency and how to comply with disclosure requirements can improve compliance and enforcement.<br>• Centralization of Data: BO data harvested over the period should be centralized and access by relevant agencies.<br>• International Cooperation: Collaborating 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.<br>• 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. |

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| 6 | **MARGINAL INCREASE IN PRIVATE MINERAL BUYING CENTRES (PMBC)**<br><br>It was noted that there was a marginal increase of PMBC by 4.6% in the number of PMBC during the year as there were 214 centres in 2022 and 224 in 2023.<br><br>The increase of Private Mineral Buying Centres in Nigeria can be attributed to rising global demand for minerals like lithium, cobalt, and other rare earth elements which has driven up production and exploration activities. | Though there is an increase in the creation of new Private Mineral Buying Centers in Nigeria, MSMD should intensify its effort by enhancing the overall environment for PMBC operation.<br><br>• **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[36].<br><br>• **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.[37]<br><br>• **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<br><br>• **Infrastructure Development:** Investing in infrastructure, such as roads, power supply, and communication networks, can improve access to buying centers and enhance their operational efficiency. |

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

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| | | This can also make it easier for miners to transport their minerals to these centers.<br><br>• **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.<br><br>• **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.<br><br>• **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. |

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| 7 | **LOW COMPLIANCE WITH ANTI-CORRUPTION POLICY BY COMPANIES**<br><br>92 out of 110 companies do not have anti-corruption policies. As a result, the extractive sector is exposed to:<br><br>**Economic Losses:**<br><br>• Revenue Leakages: Corruption leads to significant revenue losses for the government due to underreporting of mineral production and illegal mining activities.<br><br>• Reduced Investment: Investors are deterred by the high risk of corruption, leading to reduced FDI in the sector.<br><br>**Operational Inefficiencies:**<br><br>• Increased Costs: Companies may face higher operational costs due to bribery and other corrupt practices, which can reduce profitability.<br><br>• Poor Resource Management: Corruption can result in the misallocation of resources, leading to inefficiencies and reduced productivity.<br><br>**Environmental and Social Impact:**<br><br>• Environmental Degradation: Corrupt practices often lead to non-compliance with environmental | i. **Strengthen Regulatory Framework:**<br><br>• ***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.<br><br>• ***Implement Digital Solutions:*** Use technology to automate monitoring and reporting processes, making it easier to detect and address corruption.<br><br>ii. **Increase Awareness and Training:**<br><br>• ***Educational Campaigns:*** Conduct awareness campaigns to educate companies about anti-corruption policies and the importance of compliance.<br><br>• ***Training Programs***: Provide regular training for company executives and employees on ethical practices and compliance requirements.<br><br>iii. **Promote Transparency and Accountability:**<br><br>• ***Public Disclosure:*** Require companies to publicly disclose their anti-corruption policies and compliance records.<br><br>• ***Whistle-blower Protection:*** Strengthen protections for whistle blowers to encourage reporting of corrupt practices without fear of retaliation.<br><br>iv. **Foster a Culture of Integrity:** |

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| | regulations, resulting in significant environmental damage.<br><br>• Social Unrest: Communities affected by corrupt practices may experience social unrest and conflicts, which can disrupt mining operations.<br><br>**Reputational Damage:**<br><br>• 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.<br><br>• Legal Consequences: Non-compliance with anti-corruption policies can lead to legal actions, fines, and sanctions. | • ***Leadership Commitment:*** Ensure that company leaders demonstrate a strong commitment to ethical practices and set a positive example for employees.<br><br>• ***Ethical Standards:*** Develop and enforce a code of ethics that all employees must adhere to, with clear consequences for violations.<br><br>v. **Collaborate with External Stakeholders:**<br><br>• ***Partnerships with NGOs and Civil Society:*** Work with non-governmental organizations and civil society groups to promote transparency and accountability in the sector.<br><br>• ***International Cooperation:*** Engage with international bodies to adopt best practices and benefit from global expertise in combating corruption. |

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| 8 | **REVOCATION OF LICENSES DURING THE YEAR**<br><br>• During the year under review 1,619 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<br><br>• **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[38].<br>• **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.<br><br>• **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.<br><br>• **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.<br><br>• **Deterrence of Speculative Practices:** The "Use it or | To combat the issues highlighted in the findings, the Federal Government through the MSMD and MCO should provide<br><br>• **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.<br><br>• **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.<br><br>• **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 |

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

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| | 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.<br><br>• **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.<br><br>• **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 | |

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| 9 | **UNHARMONIZED MINERAL EXPORT RECORD BETWEEN NCS AND MSMD**<br><br>• Records from the Nigerian Customs Service (NCS) and the MSMD reveals that the collaboration between both agencies is weak as their reported figures differ significantly. The wide margin between these records underscores the lack of collaboration and coordination between the two agencies, leading to discrepancies in export data.<br><br>• The lack of coordination between the NCS and MSMD could result in companies exporting minerals without paying the appropriate royalties and fees, leading to significant revenue losses for the government.<br><br>• This 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.<br><br>• The export data from the Nigerian Customs Service (NCS) includes minerals that were not reflected in the production data supplied by the Ministry.<br><br>MSMD is saddled with responsibility of giving permit for export of minerals in the country. From the analysis of the two agencies' records indicates that a lot of minerals are exported without those permit | • Collaboration 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.<br><br>• MSMD should ensure that all minerals exported gets the appropriate license and also communicate effectively with NCS on the export licenses issued in order to eliminate any associated loophole in the export process.<br><br>• Government policies on minerals export should always be updated and communicated effectively with NCS for policy implementation.<br><br>• There should be training for NCS personnel in mineral identification and also, the organization should employ experts in geosciences. |

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| 10 | **INSUFFICIENT DATA ON PROVEN MINERAL RESERVES CRITICAL TO ENERGY TRANSITION**<br><br>Despite Nigeria's mineral endowment, there is insufficient data on proven reserves for most of the critical minerals. There is a reliance on historical geological maps and data which creates a gap in making better investment decisions.<br><br>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.<br><br>This situation may deter investors due to perceived gap in the available information, while also heightening the risk of over- or underspending on exploration activities, leading to misallocated resources and ineffective investment decisions.<br><br>**OVERALL SECTOR DATA MANAGEMENT AND TRANSPARENCY:**<br><br>Comprehensive and certified data are lacking in the solid mineral sector, which hinders investors' ability to make informed financing decisions based on accurate information.<br><br>• Investor Withdrawal: The lack of comprehensive and certified data may deter potential investors from entering the mineral sector, fearing uncertainty and | NGSA should update and ensure accurate geological maps of all critical mineral locations.<br><br>NGSA should upgrade and have their laboratories certified in accordance with international best industry standard<br><br>NGSA should collaborate 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.<br><br>**Implementing Robust Data Collection Systems through:**<br><br>• Digitalization: Adopt digital tools and platforms for real-time data collection and reporting across relevant sector players especially government entities. This can include the use of Geographic Information Systems (GIS) and remote sensing technologies to monitor mining activities.<br>• Standardized Reporting: Establish standardized reporting formats and protocols to ensure consistency and accuracy in data collection across the sector. |

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| | inadequate information for making informed financing decisions.<br>• 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. The report was unable to determine mineral output, value and its operational impact specifically contributed by artisanal mining thereby creating gap in data disclosures and management.<br>• 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.<br>• 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 collaboration and progress in the sector. | **Strengthening Regulatory Frameworks:**<br>• Enforcement of Regulations: Enhance the enforcement of existing regulations and introduce new policies that mandate comprehensive data reporting by mining companies.<br>• Capacity Building: Train regulatory bodies and stakeholders on best practices for data management and transparency.<br>• Government should develop or accelerate ongoing reforms geared towards effective management of artisanal mining operations and data generated from it.<br><br>**Promoting Open Data Initiatives:**<br>• Public Access to Data: Relevant government entities and all mining companies should make data on mining activities, revenues, and environmental impacts publicly accessible through online portals and open data platforms.<br>• Stakeholder Engagement: Involve local communities, civil society organizations, and other stakeholders in monitoring and verifying data.<br><br>**Leveraging Technology and Innovation:**<br>• Blockchain Technology: Utilize blockchain for secure and transparent recording of transactions and data related to the mining sector.<br>• Artificial Intelligence (AI): Implement AI and machine learning algorithms to analyze large datasets and identify patterns or anomalies in mining operations.<br><br>**Enhancing Collaboration and Partnerships:**<br>• Multi-Stakeholder Collaboration: Foster collaboration between government agencies, mining companies, and international organizations to share best practices and resources for data |

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| | | management1.<br>• International Standards: Align with international standards and frameworks, such as the Extractive Industries Transparency Initiative (EITI), to ensure transparency and accountability.<br><br>**Regular Audits and Reviews:**<br>• Independent Audits: Conduct regular independent audits of mining operations and data reporting to ensure compliance and identify areas for improvement.<br>• Periodic Reviews: Establish mechanisms for periodic review and updating of data collection and reporting practices to adapt to changing circumstances and technologies |

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| 11 | **WEAK VALUE ADDITION (Beneficiation)**<br><br>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:<br><br>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.<br><br>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.<br><br>Implications to the findings above:<br><br>• 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.<br>• 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 | 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:<br><br>**Capacity Building and Skill Development:**<br><br>• Training Programs: Implement training programs to develop the skills of local workers in advanced mining and processing techniques.<br><br>• Technical Education: Promote technical education and vocational training in mining-related fields to build a skilled workforce<br><br>**Enhancing Infrastructure:**<br><br>• Improve Transportation Networks: Develop and maintain efficient transportation networks, including roads, railways, and ports, to facilitate the movement of minerals and finished products<br><br>• 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<br><br>**Developing Processing and Refining Facilities:**<br><br>• 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 |

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| | prices, leading to instability and unpredictability in revenue generation for both the companies involved and the government. | • Public-Private Partnerships: Encourage public-private partnerships to fund and manage these facilities, leveraging both government support and private sector expertise<br><br>**Strengthening Regulatory Frameworks:**<br><br>• 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<br><br>• Enforce Compliance: Strengthen the enforcement of regulations that mandate value addition before export<br><br>**Promoting Research and Development (R&D):**<br><br>• Innovation Hubs: Establish innovation hubs and research centers focused on developing new technologies and processes for mineral beneficiation and value addition<br><br>• Collaborative Research: Encourage collaboration between universities, research institutions, and the mining industry to drive innovation and improve value addition techniques<br><br>**Market Development and Access:**<br><br>• Export Promotion: Develop strategies to promote Nigerian value-added mineral products in international markets<br><br>• Trade Agreements: Negotiate favorable trade agreements that provide access to new markets for value-added products |

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| | | **Environmental and Social Governance (ESG):**<br>• Sustainable Practices: Implement sustainable mining practices that minimize environmental impact and ensure the well-being of local communities.<br>• Community Engagement: Engage with local communities to ensure that value addition activities benefit them and address their concerns. |

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| 12 | **INSECURITY ACROSS MINING SITES AND COUNTRY AT LARGE**<br><br>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.<br><br>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. |

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| 13 | **POOR GHG EMISSION DISCLOSURE**<br><br>It was noted that only a few companies operating in the sector disclosed their GHG emissions, although this is a new requirement in the EITI Standard of 2023.<br><br>Effects of Non-Disclosure of GHG Emissions in Solid Mineral Production in Nigeria include;<br><br>**Regulatory and Compliance Issues:**<br>• Weak Enforcement: Lack of disclosure undermines regulatory efforts to monitor and control emissions, weakening overall environmental governance and climate action commitments.<br><br>**Economic Consequences:**<br>• 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.<br><br>• Operational Costs: Companies may incur higher operational costs in the long run due to inefficiencies and potential fines associated with non-compliance.<br><br>**Social and Health Impacts:**<br><br>• Public Health Risks: Increased GHG emissions can lead to air pollution, which poses significant health risks to local communities, including respiratory and cardiovascular diseases. | **Strengthen Regulatory Framework:**<br>• Mandatory Reporting: MoE Implement mandatory GHG emission reporting requirements for all companies in the solid mineral sector.<br><br>• Enhanced Monitoring: Increase the capacity of regulatory bodies to monitor and verify emissions data.<br><br>**Adopt Best Practices:**<br>• 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).<br><br>• Technology Integration: Utilize advanced technologies for accurate measurement and reporting of emissions.<br><br>**Promote Transparency and Accountability:**<br>• Public Disclosure: Require companies to publicly disclose their GHG emissions data and sustainability practices.<br><br>• Stakeholder Engagement: Engage with stakeholders, including local communities, investors, and NGOs, to build trust and ensure accountability.<br><br>**Incentivize Compliance:**<br>• **Financial Incentives:** Provide tax breaks or subsidies for companies that demonstrate strong environmental performance and transparency.<br><br>• **Recognition Programs:** Establish awards and recognition programs |

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| | | for companies that excel in GHG emission disclosure and sustainability practices.<br><br>• **Carbon credits:** Development and implementation of a sector-wide emission reduction and offsetting scheme which will create emission credits as an incentives to cut down on emissions |

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| 14 | **LACK OF FISCAL REGIME IN THE SOLID MINERALS SECTOR**<br><br>Due to 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.<br><br>Most of the revenue (92.09%) 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.<br><br>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.<br><br>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:<br><br>**Lack of Accountability:**<br><br>• Mismanagement of Funds: Without clear links between revenue and specific activities, it becomes challenging to hold entities accountable for the proper use of funds.<br><br>• Corruption: This opacity can foster corruption, as it is easier for funds to be diverted or misused without | 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:<br><br>**Implementing Comprehensive Data Management Systems:**<br><br>• 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<br><br>• Standardized Reporting: Establish standardized reporting formats and protocols for all mining companies to ensure consistency and accuracy in data collection<br><br>**Strengthening Regulatory Frameworks:**<br><br>• Clear Regulations: Update and enforce regulations that mandate detailed reporting of revenues linked to specific mining activities<br><br>• Regular Audits: Conduct regular independent audits of mining companies to verify reported data and ensure compliance with regulations<br><br>**Enhancing Institutional Capacity:**<br><br>• Training and Capacity Building: Provide training for regulatory bodies and stakeholders on best practices for data management and revenue tracking |

detection.

**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.

**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.

**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.

- Resource Allocation: Allocate sufficient resources to regulatory bodies to enable effective monitoring and enforcement

**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

**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.

**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.

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| | **Policy and Planning Challenges:**<br>• **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.<br>• **Ineffective Monitoring:** It becomes difficult to monitor and evaluate the effectiveness of policies and programs without clear revenue tracking. | |

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| 15 | **MULTIPLE TAXATION AND OVERLAPPING TAX JURISDICTION ON COMPANIES AT ALL LEVELS OF GOVERNANCE**<br><br>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".<br><br>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, the following occurs:<br><br>**Increased Operational Costs:**<br><br>• 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.<br><br>• Reduced Investment: High taxation can deter both local and foreign investments, as potential investors may perceive the sector as financially unviable.<br><br>**Administrative Complexity:**<br><br>• Compliance Challenges: Navigating the complex tax landscape requires significant administrative effort and resources. Companies must comply with multiple tax regulations, leading to increased | **Harmonization of Tax Policies:**<br><br>• 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<br><br>• Simplified Tax Codes: Simplify tax codes to reduce ambiguities and ensure that companies are not subject to multiple taxes on the same income<br><br>**Strengthening Regulatory Oversight:**<br><br>• Anti-Corruption Measures: Implement strict anti-corruption measures to prevent illegal levies and ensure transparency in tax collection<br><br>• Regular Audits: Conduct regular independent audits of tax authorities to ensure compliance with established tax laws and regulations<br><br>**Capacity Building and Training:**<br><br>• Training for Tax Officials: Provide training for tax officials at all levels to ensure they understand and correctly apply tax laws.<br><br>• 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. |

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.

**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 favourable tax regimes, potentially losing market share

**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.

**Adverse Impact on Local Communities:**

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

**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

**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

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

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| 16 | **ISSUING MANUALLY WRITTEN RECEIPTS BY GOVERNEMENT AGENCIES**<br><br>During the course of the audit, IA noticed that manually written receipts are still being issued to companies by MID.<br><br>This means the receipts given cannot be authenticated or verified, and there is no centralized ledger neither is there a safe guard to ensure all monies due to MID is fully received and accounted for.<br><br>This can imply the following:<br><br>**Lack of Transparency**:<br><br>• Fraud and Corruption: Manually written receipts are more susceptible to fraud and corruption, as they can be easily altered or forged<br><br>• Inconsistent Records: Manual receipts can result in inconsistent record-keeping, making it difficult to track and verify transactions<br><br>**Inefficiency:**<br><br>• Time-Consuming: The process of manually writing and managing receipts is time-consuming and labor-intensive.<br><br>• 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<br><br>**Digitalization of Receipts:**<br><br>• Electronic Receipts: Implement electronic receipt systems to replace manually written receipts. This can enhance transparency, reduce errors, and streamline record-keeping.<br><br>• Blockchain Technology: Utilize blockchain technology to create immutable and transparent records of transactions, ensuring that receipts cannot be altered or forged<br><br>**Training and Capacity Building:**<br><br>• Training Programs: Provide training for regulatory staff on the use of digital tools and systems for issuing and managing receipts<br><br>• Capacity Building: Invest in capacity building to ensure that regulatory authorities have the necessary skills and resources to implement and maintain digital systems<br><br>**Regulatory Reforms:**<br><br>• Policy Updates: Update policies and regulations to mandate the use of electronic receipts and discourage the use of manually written receipts.<br><br>• Compliance Monitoring: Establish mechanisms to monitor compliance with new regulations and ensure that companies |

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

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| 17 | **MCO LIABILITIES**<br><br>The amount of ₦680,634,060 being owed to MCO by companies as a result of non-payment of Fees<br><br>This may result in the following:<br><br>• Reduced Investment: Widespread non-compliance can create a negative perception of the sector, reducing overall investment and growth.<br>• Regulatory Strain: Increased non-compliance puts additional strain on regulatory bodies, diverting resources from other critical functions. | • Regular Audits: Conduct regular audits to ensure compliance and identify non-payment issues early.<br>• Enhanced Penalties: Implement stricter penalties for non-compliance to deter companies from defaulting on their liabilities.<br>• Enhanced Data Collection Mechanisms: 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. |

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| 18 | **SOLID MINERAL CONTRIBUTION TO GDP IN 2023**<br>It is noted that the solid minerals sector contributed less than 1% to the national GDP in 2023, and accounted for 2.6% of total revenue as well as 0.31% of total exports.<br><br>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.<br><br>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 MSMD and other relevant agencies should have constant engagements with operators to enable them to understand the key challenges and develop a holistic framework that will create an enabling environment for mining operations and investments. The following should be considered:<br>• Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations.<br>• 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.<br>• Investment Incentives: By providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations<br>• Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria<br>• harmonize 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.<br>• developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development.<br>• Improve coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management. |

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| 19 | **POOR DISCLOSURE AND EXECUTION OF MANDATORY SOCIAL PAYMENTS**<br><br>• 10 out of the 110 companies made the mandatory social payments as contained in the CDA signed with their host communities.<br>• 8 companies made non -mandatory social payments/expenditures and 4 companies made both mandatory and non-mandatory special payments.<br><br>• 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.<br><br>• Host communities will feel taken advantage of and the tendency to become hostile to companies becomes high | **Strengthening Regulatory Oversight:**<br><br>• Regular Audits: Conduct regular audits to ensure companies comply with their CDA commitments.<br><br>• Penalties for Non-Compliance: Implement and enforce penalties for companies that fail to meet their social payment obligations<br><br>**Public Disclosure:**<br><br>• Transparency: Make CDAs and compliance reports publicly accessible to enhance transparency and accountability<br><br>• Community Involvement: Engage local communities in monitoring and verifying the implementation of CDA commitments.<br><br>**Capacity Building:**<br><br>• Training Programs: Provide training for both companies and community representatives on the importance of CDAs and best practices for implementation.<br><br>• **Support Mechanisms:** Establish support mechanisms to help companies and communities effectively manage and utilize social payments. |

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| 20 | **NON - DISCLOSURE OF CDAS ACCESSIBLE BY THE PUBLIC**<br><br>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.<br><br>And thus, implying the following:<br><br>**Transparency and Accountability:**<br><br>• **Opaque Processes:** Without public access to CDAs, it is difficult to hold companies accountable for their commitments to host communities<br><br>• **Trust Deficit:** The lack of transparency can lead to mistrust between communities, companies, and the government<br><br>**Monitoring and Compliance:**<br><br>• **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<br><br>• **Inconsistent Implementation:** There may be inconsistencies in how CDAs are implemented across different regions and companies<br><br>**Community Benefits:** | **Public Disclosure of CDAs:**<br><br>• Online Portals: Establish online portals where all signed CDAs are made publicly accessible. This can enhance transparency and allow stakeholders to monitor compliance<br><br>• Regular Updates: Ensure that the information on these portals is regularly updated to reflect any changes or new agreements<br><br>**Strengthening Regulatory Frameworks:**<br><br>• Mandatory Disclosure: Update regulations to mandate the public disclosure of CDAs as part of the licensing and regulatory process.<br><br>• Compliance Monitoring: Implement robust mechanisms for monitoring compliance with CDA commitments, including regular audits and community feedback.<br><br>**Community Engagement:**<br><br>• Awareness Campaigns: Conduct awareness campaigns to educate communities about their rights and the contents of CDAs<br><br>• Stakeholder Involvement: Involve local communities in the negotiation and monitoring of CDAs to ensure their needs and concerns are addressed<br><br>**Leveraging Technology:**<br><br>• Digital Platforms: Utilize digital platforms and blockchain technology to securely record and track CDA commitments and compliance |

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| | • **Unmet Expectations:** Communities may not receive the promised benefits if they are unaware of the specific commitments made by companies<br>• **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. |

## 6.2 UPDATE ON REMEDIATION ACTIONS ON THE 2023 EITI VALIDATION REPORT

| | CORRECTIVE ISSUES | ACTIVITIES, TASKS & IMPLEMENTATION INSTRUMENTS |
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| 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. |
| 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. |

| | CORRECTIVE ISSUES | ACTIVITIES, TASKS & IMPLEMENTATION INSTRUMENTS |
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| 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 collaboration 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. |
| | | 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 |

| | CORRECTIVE ISSUES | ACTIVITIES, TASKS & IMPLEMENTATION INSTRUMENTS |
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| 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 companies is disclosed, regardless of the level of ownership. | Conduct specific engagements with MCO and CAC on BO disclosure on their individual websites |
| 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 | The report on FASD Audit should be released. 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 |

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| | government and each relevant state government. | 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 disclosed but can be made available 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


THE PRESIDENCY

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