

# MINING IN ECOWAS STATES (NIGERIA)

A Presentation on behalf of the  
NIGERIAN CHAMBER OF COMMERCE & INDUSTRY, JAPAN

PRESENTED BY  
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# Introduction

- ▶ Generally, ECOWAS Region has a favorable geologic environment and a high potential for economic mineral deposits, due to its position within the extensive Pan-African mobile belt separating the West African and Congo cratons. In neighboring countries, the Pan-African mobile belt is often associated with a number of world-class deposits.
  - ▶ Prior to the emergence of the petroleum industry 30 years ago, solid minerals and agriculture were the key sectors of Nigeria's economy. Until 1960, coal and tin were mined and exported on a large scale. Poor management, changing economic and political circumstances, as well as neglect, led to a decline in existing operations and a situation in which little new investment in mineral exploration and development, neither foreign nor domestic, could be attracted
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# Introduction –CONTD.

- ▶ Take Nigeria, for example, the national economy of Nigeria is critically dependent on products and services generated by the natural environment. The majority of the poorest Nigerians depend directly on natural resources. Thus, sustainable use of Nigeria's natural resources is a fundamental factor for achieving poverty reduction and long-term development. Focus on private sector development in the non-oil sector is crucial to the country's long-term economic health.
- ▶ Recognizing this obvious gap, and in order to improve Nigeria and other ECOWAS Countries competitiveness to attract private investments, the Government of Nigeria has identified the need to improve and strengthen the institutional and administrative capacity of MMSD via a new mineral sector reform strategy.

# Introduction –CONTD.

- ▶ Part of this strategy is the new Mining and Mineral Act, in Nigeria for instance which clearly defines the Government's role as a regulator, facilitator and supervisor, while the operation and implementation of mining activities are left in the hands of the private sector. In addition, the new Mining and Mineral Act defines the Mining Cadastre Office as an autonomous body administering mining titles with integrity and in a transparent manner on a "first come, first served" basis.

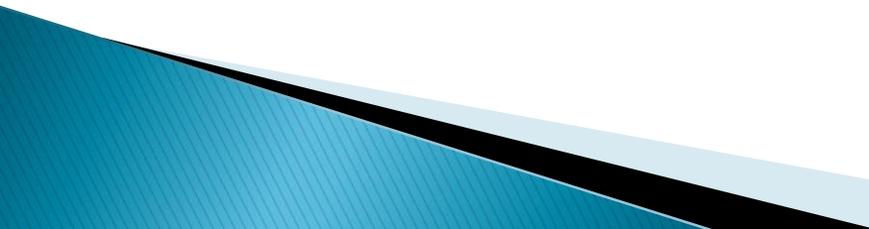
# Objectives

- ▶ The general objectives of the Mining Cadastre Office are:
  - ▶ Promotion of the private sector investment in solid minerals sector
  - ▶ Improvement of the investment climate and attraction of foreign investors
  - ▶ Generation of appropriate revenue for the government
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# Mission

- ▶ Generally, the new mineral sector reform strategy aims to
- ▶ i) increase the Government's long-term institutional and technical capacity to manage Nigeria's mineral resources in a sustainable way and this also applies to other ECOWAS States.
- ▶ ii) to establish a basis for poverty reduction and rural economic renewal in selected areas of the country via the development of non-farm income generating opportunities associated with mining. In order to achieve these goals and to allow the private sector to take a pivotal role in the growth of the mining sector the government has established a stable regulatory, economic and political environment to encourage foreign investors to make long-term commitments to exploration and mine development.

# Mission –CONTD

- ▶ The new mining and mineral act was passed by the parliament in 2007 in Nigeria. It clearly defines the Mining Cadastre Office as an autonomous body being responsible for:
    1. Management for mining titles/rights on a "first come, first served" basis
    2. Protection of legal rights of domestic and international investors
    3. Security of tenure of titles/rights
    4. Application of the principle of "use it or lose it" to mining title/rights administration
    5. Use of time limits for granting titles
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# The Mining Cadastre Office

- ▶ The New Mining Cadastre Office was re-established in 2006 as an autonomous body to secure mining properties and to administer mining titles with integrity and in a transparent manner on a "first come, first served" basis.



# What They Do

- ▶ MCO has the exclusive responsibility to:
    1. Receive and dispose of applications for the transfer, renewal, modification, relinquishment of mineral titles or extension of areas
    2. Maintain a chronological record of all applications for mineral titles
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# The Organizational Structure

- ▶ Overall, MCO is structured to serve domestic and international investors as an independent body providing an interface to the Government. Specifically, the internal structure reflects the needs in following the given procedures and in fulfilling its tasks and responsibilities to administer mining titles with integrity and in a transparent manner

# The Organizational Structure

## -CONTD

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- ▶ The following incentives are available in the solid minerals sector in many of the ECOWAS Countries:
  - ▶ (a) 3 to 5 years tax holiday;
  - ▶ (b) Low income tax of between 20% and 30%;
  - ▶ (c) Deferred royalty payments depending on the magnitude of the investment and the strategic nature of the project;
  - ▶ (d) Possible capitalization of expenditure on exploration and surveys;
  - ▶ (e) Extension of infrastructure such as roads and electricity to mining sites;
  - ▶ (f) The holder of a mining lease shall, where qualified, be entitled to:

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- i) (f) The holder of a mining lease shall, where qualified, be entitled to:
  - ii) Depreciation or capital allowance of 75% of the certified true capital expenditure incurred in the year of investment and 50% in subsequent years
  - ii) Investment allowance of 5%
  - iii) Exemption from payment of customs & import duties

iv) Expatriate quota & resident permit for approved expatriate personnel

(g) In addition to roll-over relief under the capital gains tax (CGT), companies replacing their plants and machinery are to enjoy a once-and-for-all 95% capital allowance in the first year with 5% retention value until the assets is disposed, 15% will be granted for replacement of an asset be granted for replacement of an asset

**THE END**

**THANK YOU**

