

Economic Diversification, the Energy Transition and Mineral Opportunities in Nigeria

TENGI GEORGE-IKOLI, AHMAD ABDULSAMAD AND THOMAS SCURFIELD

JULY 2026

Natural Resource Governance Institute

Contents

Key messages 3

Summary 4

Introduction 6

Mineral resource readiness 8

Domestic value creation and industrialization 11

Social license, environmental stewardship and sustainability 17

Policy foundations 21

Priority recommendations 24

Conclusion 26

Appendix: Detailed recommendations by theme 27

Endnotes 29

Cover image: Tin and zinc mining site in Dura Community, Nigeria - photo by The MOG Foundation

Key messages

- Nigeria's mineral sector offers a significant opportunity to support economic diversification as well as the country's energy transition, but it should not be treated as a quick substitute for oil and gas revenues. Realizing its potential will require realistic expectations, careful sequencing and strong governance.
- An immediate priority should be to reduce investor risk and strengthen state capability. This requires: accessible and credible geological data integrated with the Nigeria Mining Cadastre; regulatory certainty, including through clearer federal-state roles; focused national mining companies that de-risk rather than replace private investment; and action to address insecurity and improve artisanal and small-scale mining governance.
- Aligning mining with infrastructure, energy and industrial planning should also be an early priority. This can help unlock scale, strengthen competitiveness and maximize broader economic benefits.
- Domestic value creation will require combining a competitive fiscal regime with effective management of revenues, phased supplier development and targeted support for viable, beneficial value chains once capabilities and opportunities are clearly understood, while leveraging regional cooperation to maximize benefits.
- Stronger community engagement, environmental management, grievance mechanisms and transparency are essential to attract responsible investment, maintain public trust and ensure mining delivers sustainable and inclusive development.

Summary

Nigeria's mineral sector presents a significant opportunity to support economic diversification as well as the country's energy transition. Rising demand for minerals linked to the energy transition, digitalization and defense—combined with Nigeria's geological potential—could help increase exports, generate public revenues, create jobs and support related industries. The government has recognized this opportunity through a new roadmap; legal and fiscal reforms; the establishment of the Nigeria Solid Minerals Company (NSMC); and new international partnerships.

However, expectations should remain realistic. Mining can support diversification over time, but it should not be treated as a quick substitute for foreign-exchange earnings, public revenues or jobs associated with oil and gas. The sector is capital intensive, volatile, characterized by long project timelines and likely to generate lower rents than oil and gas. Nigeria also faces significant constraints: low exploration spending and a relatively narrow investor base reflect wider challenges, including insecurity and limited infrastructure. Widespread artisanal and small-scale mining (ASM) also shapes the sector's development path and will need to be managed carefully to protect livelihoods, support formalization and enable coexistence with exploration and large-scale investment.

An immediate priority should be to reduce investor risk and strengthen state capability. Improving the credibility, usability and accessibility of geological data is one of the most cost-effective ways to stimulate exploration investment. Nigeria has successfully expanded geological mapping in recent years. However, greater impact will require consolidating and digitizing historical data; aligning outputs with international standards; making non-confidential data open and free; and integrating geological information with the Nigeria Mining Cadastre.

Regulatory certainty and policy predictability are also essential for attracting investment into the sector. Reforms should be developed through transparent consultation, communicated clearly and implemented with reasonable transition periods. Improved intragovernmental coordination will also be critical, including on federal-state roles, land use, mineral rights, subnational charges and enforcement, as well as managing overlaps between artisanal mining activity and large-scale mineral rights.

State participation can also help de-risk investment, but only if national mining companies have focused mandates, strong governance and a clear role in complementing rather than replacing private investors. Any national mining company should initially focus on targeted exploration partnerships and brownfield asset promotion, rather than attempting to operate across the value chain.

A second early priority should be to align mining with infrastructure, energy and industrial planning. Mining projects are often located in areas with limited access to reliable power, roads, rail and logistics infrastructure. At the same time, mineral production and processing can create demand for shared infrastructure that benefits other sectors. Nigeria's mining strategy should therefore be integrated with national development, infrastructure and energy transition planning so that mining supports wider economic transformation rather than developing in isolation. Strategic planning should also account for water infrastructure and climate resilience, since water availability, climate risks and broader environmental performance are increasingly shaping the competitiveness of mining jurisdictions.

Domestic value creation will require a balanced approach across revenues, local content and value addition. Nigeria has introduced several reforms to strengthen the fiscal framework governing mining activities. Further analysis could assess whether the fiscal regime strikes the right balance between revenue collection, project viability, investment attractiveness and wider benefits from employment, procurement, infrastructure and downstream industrial activity, including whether variable-rate royalties would provide greater flexibility across price cycles. Revenue administration must also be strengthened, and improved collection should be matched by effective use of revenues, particularly for infrastructure and broader development.

Local content and value addition should be pursued selectively. To inform its approach to local content, Nigeria should first assess domestic capabilities, sector needs and spillover opportunities, in consultation with mining companies, suppliers, training institutions and other domestic firms, before identifying priority goods, services and skills. Value addition can support industrialization, but it is not equally viable or beneficial across all minerals or processing stages. Nigeria is likely to achieve better results by focusing on a limited number of value chains with strong commercial prospects and wider economic benefits. Regional cooperation can support this agenda by increasing access to critical inputs, expanding markets, enabling cross-border infrastructure, coordinating standards and certification systems, and increasing bargaining power.

Stronger community engagement, environmental management and grievance mechanisms will be essential for preventing harm, maintaining public trust and ensuring mining delivers sustainable and inclusive development, while also strengthening access to responsible investment. Host communities have often been excluded from decision-making and benefits, despite bearing many mining impacts. Community development agreements (CDAs) provide an important framework, but implementation remains weak and communities often lack capacity to negotiate effectively.

To rectify this, Nigeria should strengthen regulatory oversight; build community capacity; clarify needs assessment and funding frameworks; improve disclosure; and consider more robust community development trust structures.

Environmental governance also needs to be strengthened. Nigeria should improve environmental and social impact assessment (ESIA) processes through earlier community consultation; disclosure of draft and final assessments; and reduced conflicts of interest in consultant procurement. It should also strengthen environmental monitoring, require progressive rehabilitation and ensure financial assurance mechanisms are adequate to cover environmental liabilities. Accessible grievance mechanisms will also be needed to help communities raise concerns safely, ensure timely responses and address disputes before they escalate.

Transparency should underpin all of these reforms. Clear disclosure of key information—such as geological data, national mining company performance and value addition assessments, CDAs, ESIAs, environmental management plans and grievance procedures—would strengthen accountability, build public confidence and help ensure that policies deliver their intended outcomes.

Nigeria's mineral opportunity is real. However, it will only translate into sustainable development if the government advances the sector selectively, competitively and responsibly. Mining should support diversification rather than replace it.

Introduction

Nigeria's mineral sector presents a significant opportunity to support both economic diversification and the country's own energy transition. Mining was once an important contributor to the Nigerian economy, but the discovery of crude oil led to years of neglect, and the sector has played only a minor economic role in recent decades. Mining could now help reduce the country's dependence over time on the oil and gas sector, which faces increasing headwinds as the global energy transition accelerates. Rising demand for minerals linked to the energy transition, digitalization and defense—combined with Nigeria's geological potential—could help the country increase exports, generate public revenues, create jobs and support development of related industries.

The government has recognized this potential for several years. The Roadmap for the Growth and Development of the Nigerian Mining Industry (2016–2025) aimed to revitalize the sector and increase mining's contribution to GDP to around 3 percent by 2025, up from roughly 0.3 percent when the strategy was launched.[1] More recent plans have adopted longer-term ambitions, with the federal government indicating in early 2026 a goal of increasing mining's contribution to around 8 percent of GDP by 2030 and 10 percent of GDP by 2035.[2] If achieved, these targets would make mining a significantly larger contributor to GDP than the oil and gas sector, which currently accounts for around 3 percent of national output. Yet contribution to GDP alone does not capture the broader economic importance of oil and gas, which accounts for a much larger share of foreign exchange earnings and government revenues.[3]

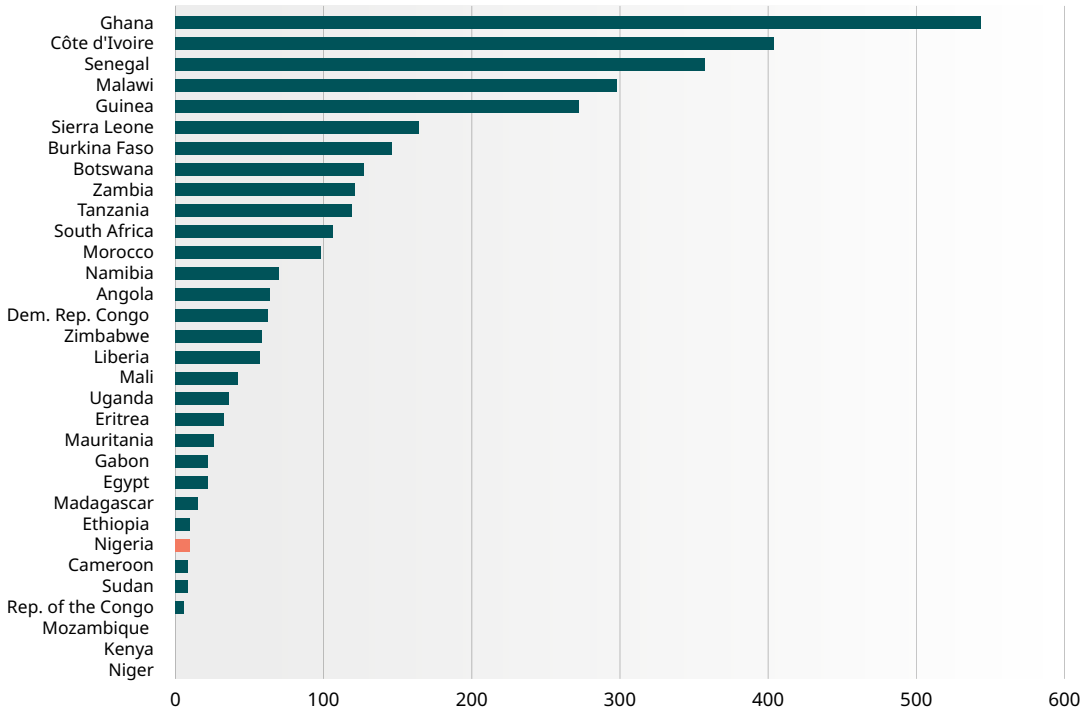
Indeed, while the mineral opportunity is significant, expectations should remain realistic. Mining is a capital-intensive sector characterized by long project development timelines; volatility; lower rents than the oil and gas sector has historically generated; and relatively limited direct employment generation. The sector is therefore unlikely to replace the macroeconomic role currently played by oil and gas, particularly in the short to medium term.

Despite recent growth, rising reported revenues and new project announcements, mining remains a small part of Nigeria's economy and has yet to attract exploration and development investment at the scale seen in many other mineral-rich jurisdictions.[4] Nigeria's current investor base also remains relatively narrow. Recent investment has helped demonstrate the sector's potential, but attracting a wider range of credible investors would strengthen the sector over time. Different investors bring different advantages, including financing capacity, technical expertise, processing know-how, market access as well as environmental and social practices. Broader investor interest would increase competition for assets, improve Nigeria's negotiating position and reduce reliance on a limited set of investors or markets.

Several structural constraints continue to limit investment. The sector operates in regions affected by insecurity, particularly in states such as Kaduna, Nasarawa, Niger, Plateau and Zamfara, where much of Nigeria's mineral potential is concentrated.[5] Armed groups frequently target mining operations, deterring investment and in some cases leading state governments to impose bans on mining activities. The sector is also dominated by ASM, which employs around 500,000 Nigerians and supports the livelihoods of millions.[6] However, it is often informal and associated with environmental damage, unsafe working conditions and mineral smuggling, while also creating uncertainty over mineral rights for large-scale investors.

Infrastructure constraints further increase the cost and risk of mining projects. While conditions are improving, access to reliable electricity and transport remains limited, slowing exploration activity and raising operating costs for producing mines. Many promising mine sites are still connected by poor, unpaved or dilapidated roads.[7] The Warri–Itakpe railway line provides a valuable link between the mineral-rich north-central region and industrial and export facilities in the south. However, since it began operations in 2020, the line has suffered frequent operational disruptions, while other key rail links still require rehabilitation or construction.[8] Reflecting these challenges, exploration spending in Nigeria remains relatively low, particularly compared with the country's geological potential and land area. According to S&P Global, Nigeria's exploration investment stood at just USD 7.2 million in 2025, compared with $129 million in Côte d'Ivoire and $124 million in Ghana.[9]

Figure 1. Exploration spend per square kilometer in African countries in 2025[10]



Note: This spending excludes exploration for iron ore, coal and construction minerals such as limestone.

These constraints are particularly significant in the current global context. Although demand for critical minerals is strong, global exploration spending has declined in recent years, especially for early-stage exploration.[11] Competition for investment is therefore intense.

Government efforts to capitalize on the country's mineral opportunity are increasing. This is reflected in the launch of the Energy Transition and Critical Minerals Roadmap as the successor to the 2016–2025 roadmap.[12] This proposed bill amends the Minerals and Mining Act 2007 (MMA 2007, referred to in this report as the "amendment bill"); mining-related fiscal reforms under the Nigeria Tax Act 2025; and institutional reforms, such as the establishment of NSMC. The government has also expanded international partnerships to support sector development, including cooperation with South Africa, the Africa Finance Corporation (AFC) and China's rare earth alliance.[13]

This report reviews recent policy developments and highlights priority next steps across four key areas:

1. Mineral resource readiness
2. Domestic value creation and industrialization
3. Social license, environmental stewardship and sustainability
4. Policy foundations

Insecurity and ASM are not the main focus of this report, but both shape the feasibility and effectiveness of the reforms discussed below. Insecurity affects investor risk, federal-state coordination, infrastructure development, community trust and enforcement. Given extensive work already undertaken by organizations such as the Nigerian Economic Summit Group and Global Rights, this report does not examine the security challenge in detail.[14] Similarly, the report does not examine ASM policy in depth, but finding the right balance between supporting ASM livelihoods and ensuring secure mineral rights for exploration and large-scale mining will remain an important policy challenge.

Mineral resource readiness

Unlocking Nigeria's mineral potential will require greater mineral resource readiness. Exploration activity remains limited relative to the country's geological potential, reflecting gaps in the availability, usability and accessibility of geological data, as well as the high risks associated with early-stage exploration. Geological knowledge and national mining companies should be viewed as instruments for strengthening state capability and crowding in responsible investment, not as ends in themselves. As the following sections set out, Nigeria should prioritize geological data that is credible, usable, open and integrated with the cadastre, while clarifying and focusing the role of national mining companies on de-risking responsible private investment. These reforms will be most effective if matched by clearer and more secure access to prospective areas, including better management of overlaps between ASM activity, community land use and large-scale mineral rights.

Geological data availability

Access to reliable geological data is one of the most important determinants of exploration investment. By reducing uncertainty and helping identify prospective areas, comprehensive and accessible geological information systems can significantly increase exploration activity.[15]

In recent years, Nigeria has expanded geological mapping through the Nigerian Geological Survey Agency (NGSA). The government has reported that NGSA, working with private exploration companies, has completed mapping more than 80 percent of the country.[16] In June 2026, the government reported that a private company, supported by NGSA, had identified a polymetallic mineral province in Kaduna State containing copper, gold, lithium, nickel, platinum group metals and rare earth elements.[17]

Other partnerships established in recent years—including collaboration between the Solid Minerals Development Fund (SMDF), AFC and Xcalibur Multiphysics in 2023, as well as a bilateral partnership with South Africa in 2025—should further strengthen understanding of Nigeria's geology.[18] These initiatives will be particularly valuable if they extend beyond greenfield areas to include brownfield assets, which have historically been neglected but are widely believed to have significant untapped potential.[19]

Recent policy measures could further strengthen Nigeria's geological database. The 2025 presidential directive to consolidate geological data under NGSA, if effectively implemented, would improve coordination across institutions.20 Similarly, stronger enforcement of the MMA 2007 requirement for license holders to submit geological data could significantly expand the national data repository over time.[21]

However, the extent of geological data should not be conflated with exploration readiness. Investors require not only coverage, but also data that is credible, usable, accessible and integrated with other investment information. To be credible to investors and their financiers, Nigeria's geological data should be aligned with widely used international reporting and geoscientific data standards.[22]

Data must also be usable. Much of Nigeria's historical geological information remains fragmented across institutions or stored in formats that are difficult to analyze. Even within the Mineral Resources Decision Support System, a significant proportion of information is available only in PDF format rather than as machine-readable datasets.[23] Digitizing historical datasets—including legacy reports held by government institutions and universities—would make this information easier to interpret and apply.

Advances in data processing, including the use of artificial intelligence tools, could further improve interpretation of both existing and newly generated data. Development partners could support these efforts.[24] In some cases, partnerships with private companies—such as Burundi's recent agreement with KoBold Metals involving the digitization of the country's geological data—could also help accelerate data processing and interpretation.[25]

Even where data exists and is usable, access remains limited. Much of the data on the Mineral Resources Decision Support System remains restricted or subject to payment, increasing the cost of early-stage exploration.

International experience suggests that open data policies are critical to attracting exploration investment. Countries such as Australia provide free, online access to high-quality geological data through integrated digital platforms.[26] In many cases, exploration data submitted by companies is kept confidential for a defined period—around five years in Australia—before being released publicly.[27] This approach balances commercial incentives for companies with long-term public benefits. Bolivia, Canada, Pakistan and South Africa have also adopted policies to make large amounts of geological data publicly available at low or no cost.

Finally, geological information should be integrated with other information needed for investment decision-making. At present, geological data is not yet integrated with Nigeria's mining cadastre. Investors must consult multiple systems to assess both geological potential and license availability, increasing transaction costs and uncertainty. Botswana provides a strong example of integration: its online cadastre allows users to view geological data, license boundaries and land-use information through a single platform.[28]

Improving the availability, usability and accessibility of geological data is one of the most cost-effective ways to stimulate exploration investment. Compared with infrastructure development or fiscal incentives, modernizing geological data systems requires relatively modest public investment while significantly reducing exploration risk. For example, Australia's open-access approach has been estimated to have added about AUD 76 billion and 80,000 jobs to the economy in 2021/22, while Canada estimates an economic return of CAD 7.3 for every dollar it invests in geological data.[29] This suggests open, free, digital and integrated geological data systems should be a high-impact priority for the Nigerian government.

National mining companies

Nigeria has a long history of state participation in the mining sector. The country previously operated three national mining companies: the Nigerian Mining Corporation (NMC), the Nigerian Coal Corporation and the Nigerian Iron Ore Mining Company. These companies are now largely inactive. The largest, NMC, effectively ceased operations in the 1990s due to falling commodity prices, aging equipment, financial losses and governance challenges. However, the government has not formally disbanded any of these entities, and there is limited clarity on whether it intends to revitalize NMC and, if so, what its mandate would be.

The government also launched a new national mining company, NSMC, in 2025.[30] However, the legislation intended to establish it has not yet been passed, and key aspects of its mandate and structure remain unclear.[31] The draft bill suggested a broad remit across the value chain, including exploration, mining, processing, marketing and development of mining-related infrastructure.

International experience suggests that national mining companies are generally most successful when they have focused and clearly defined mandates.[32] Attempting to undertake multiple activities across the value chain can stretch limited financial and technical capacity; create governance challenges; and dilute strategic focus. The government intends to retain a 25 percent stake, but it is uncertain how strategic investors will be selected or how the company will proceed if investor interest is limited.

Greater clarity is therefore essential on the government's overall approach to state participation and the specific role any national mining company is expected to play. This includes the respective roles of any revitalized legacy entities as well as the NSMC, along with how responsibilities will be delineated to avoid duplication and ensure efficient use of limited public resources.

International experience also suggests that national mining companies are most effective when they address gaps the private sector is unable or unwilling to fill. In Nigeria, the most immediate gap is in exploration. Activity remains limited relative to geological potential, reflecting high perceived exploration risks. In addition to the steps set out in the preceding section, risk-sharing mechanisms could help stimulate private exploration investment.

A national mining company could therefore play a constructive role by focusing on this gap. This could include co-financing exploration with experienced private companies—similar to approaches used by national mining companies in Kazakhstan and Mongolia—as well as packaging and promoting brownfield assets inherited from earlier state entities for investment.[33] Such activities could reduce risk for investors, build technical capacity and increase the likelihood of commercial discoveries. Focusing on a limited set of priority minerals would allow the company to build expertise and maximize impact.

However, exploration is inherently high-risk: globally, fewer than 1 percent of mineral showings become a mine, and it takes on average around 18 years to reach production.[34] Given Nigeria's constrained public finances, the opportunity cost of such investments must be carefully considered. Public funds allocated to high-risk exploration could instead be invested in infrastructure, other industries, education or healthcare, which may deliver more certain and immediate development benefits.

A cautious, phased approach is advisable, with an initial focus on partnerships and capacity-building rather than large independent investments. That said, targeted exploration work may be the most impactful use of any public funds allocated to Nigeria's national companies, given that it would address one of the sector's most pressing constraints.[35]

The role of any national mining company should be closely coordinated with other public institutions, particularly SMDF—which also aims to catalyze private investment—as well as emerging state-level mining companies that are beginning to undertake exploration activities. Clear coordination will be needed to avoid duplication, ensure efficient use of limited public resources and provide clarity to investors.[36]

Given the costs of establishing national companies, the uncertainty of financial returns and, in the case of NSMC, the need to select strategic investors, strong governance and oversight will be critical. The government could require independent external audits, as seen in national mining companies such as Botswana's Debswana, Chile's Codelco, Sweden's LKAB and Zambia's ZCCM-IH, and publish these reports to build trust with investors and the public. National companies could also publish annual reports covering their mandate, ownership structure, governance arrangements, activities, financial performance and risk factors. In addition, key documents—including contracts, shareholder agreements, feasibility studies and ESIAs—should be publicly disclosed.[37]

State participation can support the development of Nigeria's mining sector if it is carefully targeted, accounts for opportunity costs and is underpinned by strong governance. A focused and cautious approach—centered on reducing private-sector risk and complementing, rather than crowding out, private investment—offers the most credible pathway to unlocking Nigeria's mineral resources while managing fiscal risks.

Domestic value creation and industrialization

The central policy challenge is not simply how to expand mineral production, but also how to convert such production into broader economic development. Experience from countries such as Australia, Botswana and Chile shows that this is possible, although countries have relied on different pathways and policy combinations. Mining can generate benefits through government revenues, local supplier development, local employment, value addition and wider industrial linkages, but each of these channels involves trade-offs and requires different policy responses. This section argues for a balanced approach that combines effective revenue collection and management, phased supplier development based on capabilities and opportunities, targeted support for value chains with the strongest prospects for economic viability and development impact, and regional cooperation to achieve scale where Nigeria cannot do so alone.

Tax and revenue management

Nigeria has introduced several reforms to strengthen the fiscal framework governing mining activities. The Nigeria Tax Act 2025 simplifies and consolidates elements of the fiscal regime, addressing previous overlaps and inconsistencies across multiple pieces of legislation that created uncertainty for investors.[38] It also revises key fiscal instruments. In particular, it replaces the three-year tax holiday previously granted to new mining operations with a more targeted Economic Development Tax Credit, and increases royalty rates across several minerals, including bauxite, iron ore, gold and lithium. [39]

The objective of the fiscal regime should not be to maximize tax rates, but rather to maximize long-term public benefit. This requires balancing revenue collection with project viability and investment attractiveness, as well as the broader economic benefits generated through employment, procurement, infrastructure development and downstream industrial activity.

While previous royalty rates were likely too low, the recent increases raise questions about how best to balance revenue generation with securing investment. Royalties play an important role in mining fiscal regimes: they are relatively simple to administer; less vulnerable to profit shifting than income taxes; and ensure that governments receive revenue regardless of profitability. However, because they are based on production rather than profits, high royalty rates can render marginal projects unviable or accelerate mine closures during downturns.

One option to address this trade-off is the introduction of sliding-scale or variable-rate royalties linked to prices. These instruments enable governments to capture larger revenues during periods of high prices while providing relief when prices or profits are low, improving both investment attractiveness and revenue stability. However, commodity prices are an imperfect proxy for profitability: costs tend to rise during price booms, weakening the relationship between prices and profits. Any price-linked royalty should therefore account for this dynamic to avoid overestimating profitability at higher price levels.[40]

The appropriate design of Nigeria's royalty regime will depend on the configuration of the broader fiscal regime, as well as contextual factors including the government's reliance on mining revenues, administrative capacity and the competitiveness of Nigeria's investment environment. However, international experience suggests that variable royalty systems can provide a practical balance between flexibility, reliability and simplicity. Several countries have adopted such approaches. Ghana applies a variable royalty for gold and is extending a similar approach to lithium, while Burkina Faso, Côte d'Ivoire, Mauritania and Zambia also apply variable royalty structures linked to prices.

The government should also address multiple taxation across different levels of government. In addition to formal taxes and royalties, companies may face state, local government or community-level levies on trucks transporting mineral resources across jurisdictions. These charges can increase the effective tax burden, raise logistics costs and create uncertainty for investors, particularly where they are not clearly authorized or transparently administered. The government should therefore clarify which institutions have legal authority to collect mining-related taxes, fees and levies, and establish transparent rules to prevent unauthorized or duplicative charges.

The effectiveness of the fiscal regime depends not only on its design but also on the strength of revenue administration and enforcement. The Nigeria Extractive Industries Transparency Initiative (NEITI) has identified relevant challenges, including non-payment of fees and royalties as well as discrepancies between production and export volumes.[41]

The government has taken steps to address these issues. It has revoked more than 3,000 inactive and non-performing mineral titles as part of efforts to improve compliance and license discipline.[42] The Nigeria Tax Act shifts responsibility for royalty collection from the Ministry of Solid Minerals Development to the Nigeria Revenue Service. In addition, the government has launched a minerals revenue data platform for the Revenue Mobilisation Allocation and Fiscal Commission to provide greater clarity on revenue collection and improve monitoring.[43]

These reforms increase the importance of interagency coordination. For example, the transfer of royalty collection to the Nigeria Revenue Service will require effective data sharing with the Ministry of Solid Minerals Development and the Nigeria Customs Service, particularly on production and exports. Nigeria could draw on approaches used in countries such as Sierra Leone and Zambia, where centralized reporting systems and interagency taskforces have been used to strengthen revenue monitoring.[44]

Finally, the impact of improved revenue collection will depend on how revenues are managed. Unlike Nigeria's oil and gas sector, which has established mechanisms including stabilization, savings and infrastructure funds, the mining sector does not yet have dedicated arrangements for managing mineral revenues, beyond the constitutional requirement that 13 percent of revenues be allocated to producing states.

Given the current scale of mining revenues and Nigeria's pressing development needs, the priority should be the effective use of revenues rather than establishing new savings or stabilization funds. Such funds may become more relevant if mining revenues reach levels that exceed the government's capacity to spend them effectively. Botswana's experience is instructive: alongside some long-term savings, the country used a large share of diamond revenues to finance infrastructure, education and other public investments.[45] Nigeria could, for example, direct a portion of revenues toward infrastructure investments that benefit mining, the energy transition and broader economic development.[46]

Existing mechanisms, such as SMDF and the Nigeria Infrastructure Fund, could play a role.[47] However, any earmarking should be transparent, integrated with the budget process and combined with wider budget rules that ensure additional spending on priority areas.[48]

Overall, Nigeria has taken important steps to strengthen its fiscal regime and improve revenue collection. However, strengthening revenue administration and ensuring the effective use of mining revenues will be just as important as fiscal design in determining whether the sector contributes meaningfully to Nigeria's economic diversification and development.

Local content

Procurement of goods and services is often one of the largest channels through which mining contributes to the domestic economy. In many countries, procurement accounts for 50 to 70 percent of total in-country spending, often exceeding the combined payments to governments, wages and community investments.[49] Employment of local workers can also generate benefits, although automation and digital technologies are likely to limit future employment growth.[50]

Nigeria currently has few policies aimed specifically at increasing the use of local workers, goods and services in the mining sector. Neither the MMA 2007 nor the amendment bill requires companies to develop local content plans or meet procurement targets, as is the case in countries such as Ghana and South Africa.[51] Nigeria also does not have structured supplier development programs, unlike Chile, where government-supported initiatives actively link mining companies with domestic suppliers and provide targeted financial and technical support.[52] While such policies have had mixed results, they have generally increased domestic participation in mining value chains.

Given that the government does not appear to have undertaken a comprehensive assessment of domestic supplier capabilities, a cautious approach to local content policy is appropriate. Strict procurement requirements at this stage could increase project costs, discourage investment and reduce government revenues.

Supplier development programs may pose fewer risks to investment, but they require strong state capacity to identify opportunities, design interventions and allocate resources effectively—capabilities that remain limited in the country given the nascent nature of the sector.

A phased approach would therefore be more effective. As a first step, the government should assess existing and potential capabilities, the long-term needs of the sector and opportunities for spillovers into other parts of the economy, then identify priority areas for domestic supply. This would require consultation with mining companies, their suppliers and potential Nigerian firms to assess which skills, goods and services could realistically be supplied locally over time.

Based on this analysis, the government could develop a targeted strategy to strengthen domestic capabilities in selected areas. Priority should be given to goods, services and skills that can serve multiple sectors of the economy, helping to ensure that investments in training, technology transfer and supplier development generate benefits beyond mining alone. This could include aligning programs delivered through Nigeria's School of Mines and other technical institutions with current and anticipated industry needs, and encouraging partnerships between Nigerian firms and international suppliers to support skills development and technology transfer.

The government could also signal that targeted procurement requirements may be introduced over time in areas where domestic suppliers become competitive, drawing lessons from Nigeria's more developed local content framework for the oil and gas sector. This would provide a clear direction to investors while avoiding premature obligations. Supporting measures could include establishing a national supplier database or portal, similar to those used in Chile and South Africa, to improve visibility of local suppliers and increase transparency in procurement.[53]

Developing domestic supplier industries will take time, but it represents one of the most effective ways to increase domestic value creation from mining. A phased, capability-driven approach can help Nigeria expand local participation in the sector while maintaining an attractive environment for investment.

Value addition

Like many mineral-producing countries, Nigeria sees value addition as a potential route to industrialization and broader economic development. In recent years, the government has introduced policies aimed at encouraging domestic processing, including a ban on lithium ore exports in 2022 and a proposed requirement—through the Nigeria Raw Materials Research and Development Council Amendment Bill—for a minimum level of 30 percent value addition across minerals.[54]

These ambitions are understandable. Proximity to mineral deposits alone rarely determines where value addition takes place.[55] However, Nigeria has several factors that could support the development of downstream industries once mineral production reaches sufficient scale. The country has a relatively large industrial base compared with regional peers; potential access to lower-cost energy from gas and renewable sources; and a sizeable domestic market.[56] Existing gold refining, steel manufacturing and aluminum smelting capacity (despite ongoing challenges), as well as plans for alumina refining, reflect this potential.[57]

Yet international experience shows that moving along the value chain is not equally viable or beneficial across all minerals or processing stages. Nigeria's recent experience with lithium illustrates this challenge. While the government has secured considerable investment in facilities to upgrade lithium ore to concentrate, further processing into battery-grade chemicals is significantly more complex and globally concentrated in China.[58] At the same time, efforts by some countries to develop intermediate processing—such as lithium sulphate production—face uncertainty regarding their economic benefits.[59] Downstream manufacturing, such as cathode production, is even more difficult, with several countries struggling to compete against established Chinese producers despite significant policy support.[60]

Other value chains—while still challenging and likely to require significant government support, and therefore rigorous cost-benefit analysis—may offer stronger prospects and wider development gains. For example, although limited energy and transport infrastructure remain key constraints on the steel and aluminum value chains, targeted investment, guided by a clear government strategy, could enable processing facilities to act as anchor customers for new infrastructure. This, in turn, could support wider industrial development.[61] Similarly, improved access to competitively priced aluminum could benefit domestic industries such as solar panel assembly, while domestically produced steel could underpin longer-term infrastructure and manufacturing growth.[62]

These examples highlight the risks of applying blanket requirements across all minerals. Such policies can discourage investment in upstream mining, particularly where processing requirements are not commercially viable. Indonesia's experience, for example, illustrates this trade-off. Export restrictions introduced in 2014 successfully attracted investment in nickel processing, supported by the country's strong market position and complementary policies. However, outcomes in bauxite have been mixed: production fell sharply following the export ban and remains below pre-ban levels at the time of writing, reflecting weaker competitiveness in the value chain.[63] Botswana's experience points to a similar lesson. The country has pursued greater domestic diamond cutting and polishing, using its leverage with De Beers to move further along the diamond value chain, but has been more cautious about smelting and refining copper concentrate.[64]

The key policy challenge for Nigeria is therefore one of prioritization. Rather than pursuing value addition across all minerals, the government is likely to achieve better outcomes by focusing on a limited number of value chains where economic viability and development benefits are strongest.

Nigeria has already taken steps in this direction. The government has partnered with AFC and Wood Mackenzie to assess the viability of different mineral value chains.[65] Publishing the results (or a summary) of this analysis could help guide investor expectations, improve policy transparency and provide political space for a more selective and evidence-based approach.

A more targeted strategy would allow the government to concentrate finite political capital, resources and time on areas with the highest potential returns, as well as guide support from development partners. It would also reduce the risk of policies that unintentionally deter investment or divert resources toward uncompetitive activities, while ensuring that downstream ambitions are aligned with Nigeria's broader economic development strategy.

Regional cooperation

Regional cooperation can help Nigeria increase the scale and competitiveness of its mineral sector.

First, Nigeria could work with other countries to support the development of competitive local supplier industries. By creating a larger regional market for goods, services and skilled labor, countries can help suppliers achieve the scale needed to compete.[66] Nigeria's broader industrial capabilities suggest there will be areas where Nigerian companies can become competitive over time. Regional approaches could also include shared training initiatives, reducing the need for duplicative public investment.

Second, cooperation could improve the viability of value addition, including by increasing access to feedstock and enabling economies of scale.[67] For example, Nigeria could access additional bauxite from Ghana or Guinea, and iron ore from Guinea, Liberia or Sierra Leone, particularly while domestic production remains limited. However, as several of these countries also have value addition ambitions, coordination will be needed to avoid competition for the same investments and to support more efficient and integrated regional specialization.

Regional cooperation could also support downstream industries. Expanding the regional market for products such as steel and solar components would improve economies of scale and strengthen competitiveness, while increased competition could help reduce costs and improve efficiency. This reinforces the case for prioritizing value chains where Nigeria can realistically compete, rather than pursuing a blanket approach to value addition.

Third, cooperation could strengthen bargaining power. By acting collectively, African countries may be in a better position to negotiate with international companies and foreign governments on fiscal terms, infrastructure investment, financing and technology transfer—and better able to resist pressure to export raw minerals. This is particularly important in an increasingly transactional geopolitical environment, where access to minerals is being negotiated through complex bilateral and multilateral arrangements.[68]

Regional cooperation could also help coordinate standards, certification and traceability systems, reducing duplication for companies and increasing access to investment.

Momentum for regional cooperation is growing through the African Continental Free Trade Area (AfCFTA), the African Green Minerals Strategy and the African Development Bank's work on regional battery and renewable value chains.[69] At the regional level, Economic Community of West African States (ECOWAS) member states have agreed a new Model Mining and Minerals Development Act, which is expected to be published shortly.[70]

Nigeria has also taken on a continental leadership role as the inaugural chair of the Africa Minerals Strategy Group.[71] As it advances this agenda, it should ensure alignment with existing continental and regional initiatives to avoid fragmentation and duplication.

Nigeria also has opportunities to lead at the subcontinental level. Previous ECOWAS frameworks encouraged mutual recognition of local content, enabling suppliers to operate across borders, and promoted regional approaches to value addition where domestic processing was not viable.[72] Incorporating similar provisions into Nigeria's ongoing legal reforms could reinforce these objectives. Nigeria could, for example, unilaterally recognize inputs from other ECOWAS member states as contributing toward local content requirements, with reciprocity introduced over time.[73]

Finally, Nigeria could consider the potential role of regional cooperation in the specific plans and projects it is pursuing and engage relevant countries on them. While top-down frameworks such as AfCFTA and the ECOWAS Model Mining Act are important, progress is more likely when complemented by targeted, bottom-up collaboration around specific opportunities. Starting with a small number of practical partnerships—such as shared processing facilities, infrastructure corridors or supplier-development initiatives—can help align interests, build trust and demonstrate proof of concept.[74]



Lagos Port, a key gateway for Nigeria's mineral exports and international trade - photo by Oussama Obeid via Shutterstock

Social license, environmental stewardship and sustainability

The long-term success of Nigeria's mining sector will depend not only on its economic performance, but also on whether it maintains public trust and manages environmental and social impacts effectively. Mining can generate jobs, revenues and wider development gains, but without meaningful community participation, equitable benefit sharing, robust environmental safeguards and accessible grievance mechanisms, these gains may be undermined by conflict, environmental degradation, project delays and reduced access to responsible investment and higher-standard markets. These risks are already visible in surveyed host communities: in a recent survey, 95 percent of respondents said that current mining activities had contributed to economic deprivation, health issues, environmental degradation and insecurity.[75] The following sections consider how Nigeria can strengthen community development, environmental governance and grievance management through clearer rules, stronger transparency, more meaningful participation and better enforcement.

Community development

Maintaining a social license to operate requires that communities affected by mining are meaningfully involved in decision-making and share in the benefits generated by mineral development. Nigeria's Constitution vests ownership of natural resources in the federal government, but host communities have historically been excluded from decision-making and benefits. As a result, despite the constitutional requirement that 13 percent of revenues be allocated to producing states, relatively little reaches the communities most impacted by mining operations and related security challenges. This has contributed to mistrust between communities, companies and government; increased the risk of conflict; and undermined private investment.

In the mining sector, the primary mechanism for addressing these issues is the CDA, which license holders have been required to enter into with host communities since the MMA 2007.[76] The Revised Guidelines for the Production of Community Development Agreements 2023, issued by the Ministry of Solid Minerals Development, aim to standardize CDA design and align practice with international norms.[77] Together with the MMA and its regulations, they provide a reasonably strong framework for community engagement, benefit sharing and monitoring.

However, implementation remains weak. Stakeholder discussions suggest that regulatory institutions often lack the capacity to effectively monitor compliance, while many host communities have limited awareness of their rights and insufficient capacity to negotiate agreements. Addressing these gaps will require targeted investment in regulatory oversight, as well as support for community capacity-building to enable communities to engage more effectively in CDA processes.[78] Particular attention should be given to ensuring the meaningful participation of women, young people and other marginalized groups whose interests are not always adequately represented in community decision-making processes.

There are also important gaps in the design of the framework itself—some of which are addressed in the amendment bill, and others of which are not. In particular, there is limited guidance on how community needs should be assessed or how funding levels should be determined.

This creates uncertainty for both companies as well as communities and can contribute to disputes. In contrast, Nigeria's petroleum sector provides a more structured model. Under the Petroleum Industry Act 2021, operators are required to conduct periodic needs assessments; develop approved community development plans; and contribute a defined share of operating expenditure to community trust funds.[79] These provisions help manage expectations and reduce conflict.[80]

The amendment bill seeks to introduce a mandatory contribution of 5 percent of operating costs for community development.[81] While clearer financial parameters are helpful, any such requirement should be carefully calibrated with the broader fiscal regime to avoid undermining project viability while still delivering meaningful benefits to communities.

The institutional framework for community representation should also be strengthened. The current CDA Guidelines rely on relatively informal structures, which may lack continuity, accountability and legal standing. Establishing community trusts—similar to those required under the Petroleum Industry Act 2021—could provide a more robust mechanism. As legal entities, such trusts can enter contracts, manage funds transparently and provide a stable platform for community representation over the life of a project.[82]

Transparency is another critical area for improvement. CDAs are not routinely disclosed, limiting opportunities for communities to learn from each other and weakening accountability. Requiring publication of CDAs, as proposed in the amendment bill, would be an important step. Additional disclosures should include companies reporting on CDA payments and operating costs (if that becomes the basis for CDA payments), as well as reporting by community entities on the use of funds. Independent audits should be required to verify these disclosures.

In addition to some of the improvements in the amendment bill, the government has also sought to strengthen compliance. As part of its broader licensing enforcement initiative in 2025, it required companies to submit finalized CDAs by the end of the year, with non-compliance potentially resulting in license revocation or financial penalties.[83] However, without improvements in the underlying design and implementation of the CDA process, stronger enforcement alone is unlikely to secure the trust and cooperation needed for mining projects to operate successfully over the long term.

Environmental protection

Improvements in community development will have limited impact without corresponding progress in preventing and mitigating environmental harm.

Nigeria's Environmental Impact Assessment Act has required ESIAs for over three decades. However, stakeholder feedback suggests that compliance is uneven, with assessments often failing to reflect project-specific risks. ESIAs should also account for climate mitigation obligations under Nigeria's Climate Change Act 2021, including emissions, energy use and alignment with national climate plans.

Environmental risks are particularly concerning, given that many areas of high-conservation value are not formally designated as protected, meaning mining is not automatically prohibited in these places. The government could therefore reassess land use designations, ensuring that areas of particularly high environmental and social sensitivity are designated as no-go zones for mining.

However, this does not remove the need to strengthen the ESIA process in areas where mining is permitted. One key gap is that while the Ministry of Environment is required to provide opportunities for public comment—and may hold hearings for projects with significant impacts—there is no requirement for companies to consult affected communities during the drafting stage.

Nor is there an explicit requirement to disclose full draft ESIAs or publish final approved assessments, unlike in countries such as Chile, Peru and South Africa.[84] These gaps limit meaningful public participation and reduce trust.

To strengthen the system, the government could require early-stage community consultation; mandate disclosure of draft and final ESIAs; and reduce conflicts of interest by separating the procurement and payment of ESIA consultants from mining companies.[85] Such reforms would improve both the quality and credibility of assessments. They would also strengthen Nigeria's competitiveness, as international financiers, downstream buyers and manufacturers increasingly emphasize environmental performance, traceability and responsible sourcing standards. Weak environmental management therefore risks limiting access to higher-value markets and responsible investment.

Similar challenges arise in monitoring environmental management plans. Weak regulatory capacity—often due to limited funding or personnel—constrains effective oversight, while key documents are not routinely disclosed. In contrast, countries such as Canada and Chile publish environmental management plans and implementation updates, improving accountability.

Nigeria could further strengthen monitoring by expanding participatory approaches. Several Latin American countries have established environmental monitoring committees that include community representatives.[86] Nigeria's existing state-level Mineral Resources and Environmental Management Committees—currently composed primarily of government representatives—could be expanded to include community and civil society participation, supported by access to information; capacity strengthening; and adequate tools and resources.

One consequence of weak monitoring is inadequate mine closure and rehabilitation.[87] Abandoned mine sites are often left unclaimed, causing lasting environmental damage and further eroding community trust in the sector.

The regulatory framework for mine closure and rehabilitation also requires improvement. While Nigeria's laws include reclamation obligations, neither the MMA 2007 nor the amendment bill requires progressive rehabilitation during operations. In contrast, countries such as Guinea, Indonesia and South Africa require concurrent rehabilitation where feasible, reducing closure risks and costs.

Nigeria's financial assurance mechanisms also have significant weaknesses. Companies are required to contribute to the Environmental Protection and Rehabilitation Fund (EPRF) based on estimated closure costs, and to maintain a reserve fund for environmental liabilities.[88] However, contributions are often insufficient.[89] Estimates are not systematically updated as operations expand—unlike in South Africa—and companies can build up contributions over time rather than guaranteeing full coverage upfront. By contrast, countries such as Ghana require reclamation bonds prior to operations.

The pooled structure of the EPRF also creates risks. Funds from compliant companies may subsidize non-compliant or insolvent operators and may be insufficient if multiple mines default simultaneously. Countries such as Tanzania avoid these risks by using project-specific guarantees. These various weaknesses are compounded by limited transparency and enforcement.

The amendment bill proposes some improvements, including moving management of the EPRF outside of direct government control. However, key gaps remain. There is still no requirement for full upfront financial assurance; no clear requirement to update cost estimates during operations; and continued reliance on pooled mechanisms rather than project-specific guarantees.

Strengthening environmental governance will require improvements across the full lifecycle of mining projects—from assessment and approval through to monitoring and closure. This includes building regulatory capacity, enhancing transparency, improving community participation, requiring progressive rehabilitation and ensuring that financial provisions fully cover environmental liabilities.

Without such reforms, environmental risks will continue to undermine community trust, constrain access to responsible investment and weaken the long-term sustainability and competitiveness of the sector.

Grievance management

Maintaining a social license to operate requires accessible and trusted mechanisms through which communities, workers and other stakeholders can raise concerns, resolve disputes and seek remedies when harms occur. Mining projects can generate grievances over land access, compensation, benefit sharing, employment opportunities, environmental impacts and security arrangements. Where these concerns are not addressed early and transparently, tensions can escalate into protests, operational disruptions, litigation or conflict, undermining both investment and development outcomes.

While Nigeria's legal framework provides administrative and judicial avenues for dispute resolution, these mechanisms can be costly, slow and difficult for affected communities to access. The government could therefore require mining companies to establish operational-level grievance mechanisms that are accessible, culturally appropriate and aligned with international standards, such as the United Nations (UN) Guiding Principles on Business and Human Rights and the International Finance Corporation (IFC) Performance Standards.[90] These mechanisms should allow individuals and communities to raise concerns safely, receive timely responses and track the resolution of complaints, with particular attention to women, young people, artisanal miners and other groups whose voices may otherwise be excluded. Grievance mechanisms should also be accessible to groups affected by formalization or displacement pressures, including artisanal miners whose livelihoods may be affected by the expansion of large-scale mining.

Grievance management should also address security-related risks. In areas affected by insecurity, interactions between mining companies, private security providers, community vigilante groups and state security agencies can create additional human-rights risks. Nigeria could strengthen guidance and oversight in line with the Voluntary Principles on Security and Human Rights, while requiring public reporting on grievances received, actions taken and outcomes achieved.[91] Stronger grievance mechanisms, conflict resolution and human-rights protections would complement community development and environmental reforms by helping to build trust, reduce operational risks and prevent disputes from escalating.



Ore processing and stockpiling prior to export or domestic value addition - photo by Azad Pirayandeh via Shutterstock

Policy foundations

For reforms to deliver lasting results, Nigeria's mining strategy will need to be embedded within a coherent national development framework and supported by effective institutions. Governance should be understood not only as an administrative concern, but also as a developmental lever: clear planning, regulatory certainty, policy predictability, stronger intragovernmental coordination, transparency, stakeholder participation and effective oversight will determine whether mining supports diversification, resilience and inclusive growth. The following sections consider how Nigeria can better align mining with national development and energy transition priorities, strengthen regulatory certainty and federal-state coordination, and reinforce the transparency, participation and oversight needed for reforms to deliver lasting benefits.

Aligning mining strategy with national development planning

Nigeria's mining strategy should be more closely aligned with its broader national development objectives, including industrialization, infrastructure development, economic diversification and the energy transition. For example, the Energy Transition Plan does not reference the minerals sector despite it potentially being a key contributor to the plan's job creation and poverty alleviation targets.[92] The government is currently updating the 2016 mining roadmap alongside the development of the new Medium-Term National Development Plan for 2026–2030.[93] These processes provide an opportunity to clearly define how the sector will contribute to wider economic transformation.

A central challenge is ensuring that mining development is integrated with infrastructure and industrial planning. Mining projects are often located in regions with limited access to power, transport and other essential services. Coordinated public investment in shared infrastructure—such as rail, roads and energy systems—can reduce costs for mining operations while also supporting broader economic activity. Similarly, value-addition projects may benefit from the stronger infrastructure and industrial clusters associated with special economic zones. Planned upgrades in zones such as Lagos and Lekki could be designed to accommodate mineral-processing activities where this aligns with national industrial priorities.[94]

Aligning mining policy with energy and industrial strategies is therefore critical to maximizing these spillover benefits. As part of this, planning documents such as the National Integrated Infrastructure Master Plan and the Integrated Resource Plan for the power sector should be updated to better reflect the infrastructure needs and opportunities associated with mining.[95] In parallel, the Energy Transition Plan could more clearly articulate how the sector's energy requirements intersect with plans to expand gas-to-power capacity while scaling up renewable generation.[96]

The government's value addition strategy—and the value chains and products it chooses to prioritize—should also be aligned with wider planning. For example, targeting value chains that support the rollout of renewable energy infrastructure identified in the Energy Transition Plan could strengthen linkages between mining, industrial policy and the energy transition.

Given the importance of water availability, climate risks and broader environmental performance in shaping the competitiveness of mining jurisdictions, strategic planning should also account for water infrastructure and climate resilience.

More broadly, an updated mining strategy should identify priority regions and value chains where mining can contribute most effectively

to national development and align public investment accordingly. This will require greater coherence across mining, infrastructure, energy, industrial, regional development and climate policies. It means ensuring that infrastructure developed for mining supports other sectors; targeted value addition generates industrial spillovers; and mining revenues are used to finance broader economic development.

Regulatory certainty and intragovernmental coordination

Regulatory certainty and policy predictability will be essential if Nigeria is to attract sustained investment into the mining sector. Investor surveys across sectors consistently show that political stability, macroeconomic stability and a predictable regulatory environment often matter more to investment decisions than low tax rates or low input costs.[97] Predictability is especially important in mining because projects require large upfront commitments over long development timelines, prior to the generation of substantial revenues. While geological potential remains the primary driver of exploration and mine development, mining-specific surveys show that investors also place significant weight on the stability, clarity and predictability of the policy and regulatory environment.[98] For example, following abrupt and sweeping changes to Tanzania's mining laws in 2017, the country's share of global exploration spending fell by around half in subsequent years. Over the same period, three quarters of respondents to the Fraser Institute mining investor survey between 2017 and 2019 said regulatory uncertainty would strongly discourage investment.[99]

This does not mean that policy should remain static. Governments must retain the ability to update fiscal, industrial and community development and environmental rules in the public interest.

However, reforms should be developed through consultative and transparent processes, communicated clearly and implemented with reasonable transition periods so that investors, communities and government institutions can plan with confidence.

Predictability in Nigeria is complicated by institutional fragmentation, particularly the division of responsibilities between federal and state governments.[100] The federal government has primary authority over mineral resources, meaning state governments often have limited formal influence over mining activities within their jurisdictions, despite bearing many of the associated social, environmental and infrastructure impacts. This has contributed to tensions between federal and state authorities and, in some cases, has led to states taking a more active role in managing the sector, including through additional subnational levies.[101] Blurred roles can deter investment by creating uncertainty over land access, local approvals, infrastructure responsibilities, subnational charges and enforcement.[102]

These coordination challenges are particularly acute in areas affected by insecurity or significant ASM activity, where state governments often face pressure to intervene directly, despite the federal legal framework.

Clarifying the respective roles of federal and state governments is therefore essential. This could include establishing clearer frameworks for coordination on land use planning, infrastructure development, subnational charges and revenue sharing, as well as mechanisms for joint decision-making on major mining projects. Strengthening subnational involvement—while maintaining national consistency—could improve local oversight, reduce conflict, support more effective implementation of development strategies and provide investors with greater confidence in the stability of the operating environment.

Governance fundamentals

Across the preceding sections, a consistent set of priorities emerges: greater transparency, more meaningful multistakeholder participation and stronger oversight. These priorities will determine whether reforms across geological data, state participation, fiscal policy, local content, value addition, community development and environmental management translate into improved outcomes.

First, transparency will be essential to improving accountability and investor confidence. Nigeria's participation in NEITI provides an important foundation, but several areas would benefit from enhanced public disclosure. These include geological data, which should be made more accessible to attract exploration; value addition feasibility assessments and cost-benefit analyses, to create political space for a more selective and evidence-based approach; CDAs, to strengthen accountability and enable communities to learn from one another; ESIAs and management plans, to improve public scrutiny of environmental risks; and financial and operational information related to state participation and revenue management. More systematic disclosure across these areas would reduce information asymmetries, support better decision-making and build trust among stakeholders.

Second, more meaningful participation by communities and other stakeholders is needed throughout the mining lifecycle. As discussed in earlier sections, communities are often excluded from key processes, including the negotiation of CDAs as well as the preparation and monitoring of environmental assessments. Strengthening participation will require earlier and more structured engagement, improved access to information and greater capacity-building support to effectively engage communities. Existing institutional mechanisms—such as CDAs and environmental management committees—could be strengthened to provide more inclusive and representative platforms for engagement.

Third, effective oversight and enforcement are critical. Many of the challenges identified in this report—whether in revenue collection, community development or environmental management—stem less from gaps in legal frameworks than from weak implementation. Addressing these issues will require strengthening the capacity of regulatory institutions, improving coordination across government agencies and ensuring that monitoring systems are adequately resourced and enforced. This includes better coordination of revenue collection, stronger enforcement of community development requirements and more effective monitoring of environmental obligations.

These priorities are closely linked. Greater transparency can support more effective participation, while stronger participation can enhance oversight and accountability. Together, they form the foundation for a more credible and effective mining governance framework.

Ultimately, strengthening governance fundamentals is not a standalone objective but a prerequisite for success across all areas of mining policy. Without these governance foundations, even well-designed policies will struggle to deliver their intended outcomes.

Priority recommendations

The preceding sections identify a wide range of measures that could strengthen Nigeria's mining sector. However, not all reforms should be pursued at the same time. Given limited state capacity, fiscal constraints, the nascent nature of the sector and the need to maintain investor confidence, the government should sequence reforms carefully.

Some actions are urgent because they create the conditions for investment and effective governance. Others should follow further analysis, consultation and institutional clarification. A small number of interventions should be deferred or avoided at this stage because they risk increasing costs, deterring investment or diverting scarce public resources away from higher-impact reforms and development opportunities. Although insecurity and ASM policy are not examined as standalone topics in this report, both will need to be managed carefully, as they affect investor risk, community relations, environmental outcomes and domestic value creation.

Immediate priorities

The government should first focus on reforms that are foundational, relatively low-cost and likely to unlock wider progress across the sector. These include improving geological data by consolidating and digitizing datasets; aligning these with international standards; making non-confidential data open and free; and integrating geological information with the Mining Cadastre. The government should also ensure that the updated mining roadmap is aligned with the Medium-Term National Development Plan for 2026–2030 as well as with industrial planning, infrastructure, energy, water and climate resilience priorities.

Regulatory certainty should be another immediate priority. Mining policy reforms should be developed through transparent consultation, clearly communicated and implemented with reasonable transition periods. The government should also clarify federal-state roles on land use; infrastructure; subnational levies; revenue sharing; and enforcement, and establish mechanisms for joint decision-making on major mining projects.

The government should also clarify its approach to state participation before expanding the role of national mining companies. This includes defining the respective roles of legacy entities such as NMC, NSMC, state-level mining companies and SMDF. Any national mining company should have a focused mandate centered on de-risking private investment, particularly through exploration partnerships and brownfield asset promotion, rather than attempting to operate across the value chain.

Transparency, community participation and enforcement should also be strengthened early on. Priority actions include disclosure of geological data; national mining company operational and financial performance; existing value addition assessments; CDAs; ESIAs; and environmental management plans. The government should build the capacity of host communities to participate effectively in community development, environmental assessment and grievance processes, and require accessible grievance mechanisms for mining-affected communities that are aligned with international standards. Regulatory institutions should be better resourced to enforce existing rules on revenue collection, community development and environmental management.

Reforms that should follow further analysis

Several reforms should proceed only after further diagnostics, consultation and modeling. The government should assess whether the fiscal regime strikes an appropriate balance between revenue generation and investment attractiveness, including whether variable royalties could better manage this balance.

More formal revenue management arrangements—such as savings, stabilization or earmarking mechanisms—should be sequenced carefully. Given their current scale, the priority with revenues should be to use them effectively—particularly for infrastructure—rather than establishing new savings or stabilization funds. Existing mechanisms such as SMDF and the Nigeria Infrastructure Fund could play a role, but any earmarking should be transparent, integrated with the budget process and designed to ensure additional spending on priority areas.

Local content policy should begin with an assessment of domestic capabilities, long-term sector needs and spillover potential before procurement requirements or major financial support are introduced. Value addition strategy should: be based on published cost-benefit analysis; focus on a limited number of value chains where economic viability and development benefits are strongest; and consider how to leverage regional cooperation to achieve ambitions.

More systemic environmental and social reforms should follow consultation and careful design. Priorities include clearer frameworks for community needs assessments and development funding; stronger and more participatory ESIA processes and environmental monitoring; and requirements for progressive rehabilitation and adequate financial assurance.

Actions to avoid or defer

The government should avoid blanket value addition requirements, premature local procurement targets and large-scale financial support for supplier development before capabilities and opportunities are clearly understood. It should also avoid expanding national mining companies into high-cost activities such as mining, processing or infrastructure development without clear commercial rationale, strong governance and careful assessment of opportunity costs.

Reforms likely to deliver the greatest impact

The reforms likely to deliver the greatest impact are those that reduce investor risk while strengthening governance. These include open, credible and integrated geological data; regulatory certainty and clearer federal-state coordination; a focused and well-governed approach to state participation; targeted value addition and local content policies based on evidence; and stronger community, environmental and grievance management systems. Together, these reforms would improve Nigeria's ability to attract a broader range of credible investors, increase competition for opportunities, strengthen the government's negotiating position and ensure that mining contributes to sustainable development.

Conclusion

Nigeria's mineral sector presents a significant opportunity to support both economic diversification as well as the country's energy transition, and the government has taken important steps to advance this agenda. Realizing this potential will require refining its approach across four areas: improving mineral resource readiness; increasing domestic value creation and industrialization; strengthening social license and environmental stewardship; and reinforcing the policy foundations needed for effective implementation. Taken together, these reforms can help Nigeria unlock the benefits of its mineral resources while managing risks and maintaining an attractive environment for responsible investment. However, success will depend on consistent implementation, effective coordination across institutions and sustained political commitment.

At the same time, the government should avoid over-reliance on mining as a driver of growth. While the sector offers significant opportunities, it is inherently volatile and capital intensive. The strategic challenge for Nigeria is therefore how to develop its mineral resources selectively, competitively and responsibly so that mining strengthens rather than distracts from the country's wider development ambitions. A balanced approach—using mining to support diversification rather than replace it—will be essential to achieving sustainable and resilient economic development.

Appendix: Detailed recommendations by theme

Mineral resource readiness

Geological data availability

- Improve the usability and credibility of geological data by consolidating and digitizing datasets, applying advanced data processing tools and aligning outputs with international reporting and geoscientific standards.
- Make non-confidential data open, free and accessible in user-friendly digital formats.
- Integrate geological data with the mining cadastre to create a single, investor-friendly platform.

National mining companies

- Clarify the government's overall approach to state participation, including the roles of NSMC; any legacy entities, such as the Nigerian Mining Corporation; state-level mining companies; and SMDF.
- Establish a focused mandate for any national mining company, prioritizing the de-risking of private investment through co-financing exploration with experienced partners and promoting brownfield assets for investment.
- Ensure strong governance through independent audits and full disclosure of key documents, such as contracts, feasibility studies and ESIAs.

Domestic value creation and industrialization

Tax and revenue management

- Assess whether the fiscal regime strikes an appropriate balance between revenue generation and investment attractiveness, and consider introducing variable royalties to better manage this balance.
- Prioritize the effective use of mining revenues—particularly for infrastructure—over establishing new savings or stabilization funds at this stage. Use existing mechanisms such as SMDF and the Nigeria Infrastructure Fund where appropriate, while ensuring transparency and integration with the budget process.

Local content

- Adopt a phased approach to local content policy, avoiding premature procurement requirements or large-scale financial support before capabilities and opportunities are sufficiently understood.
- Assess domestic capabilities, long-term sector needs and spillover potential, in consultation with mining companies, suppliers and domestic firms, then identify priority goods, services and skills.

Value addition

- Prioritize investment in a limited number of value chains where Nigeria has, or could build, a realistic competitive advantage based on economic viability, development impact and cost-benefit analysis, avoiding blanket processing requirements that risk deterring upstream investment or diverting public resources to uncompetitive activities.
- Publish existing government assessments of value chain viability to improve transparency; manage public expectations; and guide investor and development partner planning.

Regional cooperation

- Use regional cooperation to develop competitive supplier industries; improve the viability of value addition; expand regional markets; and strengthen collective bargaining power in negotiations with companies and foreign governments.

- Pursue practical regional cooperation through targeted projects, such as shared processing facilities, infrastructure corridors and supplier development initiatives, in parallel with broader regional frameworks.

Social license, environmental stewardship and sustainability

Community development

- Strengthen regulatory capacity and enforce compliance with community development requirements.
- Build the capacity of host communities to negotiate and participate effectively, and establish clearer frameworks to guide community needs assessments and determine funding levels, ensuring contributions are calibrated with the broader fiscal regime.
- Improve transparency through mandatory disclosure of CDAs, payments and use of funds, supported by independent audits.

Environmental protection

- Strengthen the ESIA framework by mandating early consultation, disclosing draft and final assessments, accounting for climate mitigation obligations under the Climate Change Act, and separating ESIA consultant procurement from companies to reduce conflicts of interest.
- Improve environmental monitoring through mandatory disclosure of environmental management plans and implementation updates, as well as by strengthening participatory approaches, including community involvement.
- Introduce requirements for progressive rehabilitation and strengthen mine closure and financial assurance frameworks.

Grievance management

- Require mining companies to establish accessible grievance mechanisms aligned with international standards, including the UN Guiding Principles on Business and Human Rights and IFC Performance Standards.
- Ensure grievance mechanisms allow safe reporting, timely responses and tracking of complaint resolution, including for marginalized groups.
- Strengthen oversight of security-related risks and require public reporting on grievances and outcomes, drawing on the Voluntary Principles on Security and Human Rights.

Policy foundations

Aligning mining strategy with national development planning

- Align the ongoing update of the 2016 mining roadmap with the development of the Medium-Term National Development Plan for 2026–2030.
- Integrate mining with industrial, infrastructure, energy, water and climate resilience planning, including by updating key documents such as the National Integrated Infrastructure Master Plan, the Integrated Resource Plan and the Energy Transition Plan.

Regulatory certainty and intragovernmental coordination

- Ensure mining policy reforms are developed through consultative and transparent processes, clearly communicated and implemented with reasonable transition periods.
- Clarify federal-state roles, strengthen coordination on land use, infrastructure, subnational charges, revenue-sharing and enforcement, and introduce mechanisms for joint decision-making on major mining projects.

Governance fundamentals

- Expand transparency across the sector through systematic disclosure of geological data, national mining company operational and financial performance, value addition plans, CDAs and environmental information.
- Strengthen multistakeholder participation across the mining lifecycle, including by formalizing the role of communities in institutional processes and building their capacity to participate effectively.
- Build regulatory capacity and strengthen enforcement of existing rules, including by improving coordination across government agencies and adequately resourcing monitoring systems.

Endnotes

1. Federal Government of Nigeria, *Roadmap for the Growth and Development of the Nigerian Mining Industry: On the Road to Shared Mining Prosperity* (2016), nigeriareposit.nln.gov.ng/items/e34f8ea8-07b5-4dcc-bc53-bc05b089ea3c.
2. Nigeria Ministry of Industry, Trade and Investment, *Nigeria Industrial Policy 2025* (2026), unavailable online. See: Udeme Akpan, "New industrial policy targets 15% cut in trade costs," *Vanguard,* 23 February 2026, www.vanguardngr.com/2026/02/new-industrial-policy-targets-15-cut-in-trade-costs/.
3. The oil and gas sector contributed 3.38 percent to GDP and 84 percent of exports in 2025, and accounted for an average of 33 percent of government revenues in the first three quarters of 2025. See: National Bureau of Statistics, *Nigerian Gross Domestic Product Report Q4 2025* (2026), microdata.nigerianstat.gov.ng/index.php/catalog/147/download/1364/Q4_2025_GDP_Report.zip; Central Bank of Nigeria, *2025 Annual Balance of Payments Highlights* (2026), cbn.gov.ng/Out/2026/STD/2025%20Annual%20Balance%20of%20Payment%20Highlights_18_03_2026_FINAL.pdf; Budget Office of the Federation, *2025 Budget Implementation Report* (2026), budgetoffice.gov.ng/index.php/resources/internal-resources/reports/quarterly-budget-implementation/2025-budget-implementation-report.
4. The government has reported that annual mining revenues increased from around NGN 6 billion before the current administration took office to more than ₦38 billion in 2024 and over ₦70 billion by the end of 2025. These figures may reflect a combination of increased sector activity, improved revenue collection, stronger enforcement, formalization and changes in applicable rates. Mariya Shuaibu Suleiman, "FG announces discovery of platinum, lithium, rare earth deposits in Kaduna," *Premium Times*, 25 June 2026, www.premiumtimesng.com/news/more-news/890562-fg-announces-discovery-of-platinum-lithium-rare-earth-deposits-in-kaduna.html.
5. Global Rights, *Violent Earth: The Nexus between Mining and Endemic Insecurity in Nigeria* (forthcoming); Corporate Accountability and Public Participation Africa, "Can Nasarawa survive the lithium stampede?," 22 October 2024, cappaafrica.org/2024/10/22/can-nasarawa-survive-the-lithium-stampede/.
6. Q.E. Consult, "Reforming Nigeria's Artisanal and Small-Scale Mining Sector: A Path to Sustainable Livelihoods," n.d., consultqe.com/reforming-nigerias-artisanal-and-small-scale-mining-sector-a-path-to-sustainable-livelihoods/.
7. Kelechi Minerals, "Driving Forward: How Kelechi Minerals Conquers Nigerian Mining Logistics Bottlenecks," n.d., kelechimineralsltd.com/driving-forward-how-kelechi-minerals-conquers-nigerian-mining-logistics-bottlenecks/.
8. Ejiro Ofoye, "Constant Warri-Itakpe train derailment: what solution?," *Vanguard*, 16 June 2026, vanguardngr.com/2026/06/constant-warri-itakpe-train-derailment-what-solution-by-ejiro-ofoye/; Nigeria Ministry of Finance, Budget and National Planning, *National Integrated Infrastructure Master Plan* (2020), ngfrepository.org.ng:8443/bitstream/123456789/2776/1/final%20EDITED%20VERSION%20OF%20NIIMP%20-%2012th%20Jan.%202021.pdf.
9. S&P Global database, accessed 12 February 2026: www.spglobal.com/market-intelligence/en/ solutions/products/resources/capital-iq-pro-metals.
10. S&P Global database.
11. Exploration spending has declined consistently since 2022. Gold and copper were exceptions in 2025, with exploration investment increasing, while lithium exploration fell by 46 percent. The industry's long-term shift toward known deposits and brownfield expansions accelerated in 2025, with grassroots exploration falling to a record low of 21 percent of total spending. See: S&P Global, *World Exploration Trends 2026* (2026), spglobal.com/content/dam/spglobal/mi/en/documents/general/World-exploration-trends-2026.pdf.
12. Samuel Anyanwu, "FG plots new roadmap for solid minerals development," Nigeria Ministry of Information and National Orientation, 15 August 2025, fmino.gov.ng/fg-plots-new-roadmap-for-solid-minerals-development/.
13. *The Voice of Africa*, "Nigeria partners with South Africa to unlock mineral wealth and diversify economy," 29 April 2025, thevoiceofafrica.com/2025/04/29/nigeria-partners-with-south-africa-to-unlock-mineral-wealth-and-diversify-economy/; Africa Finance Corporation, "Africa Finance Corporation and Solid Minerals Development Fund of Nigeria Forge Strategic Partnership to De-Risk Mining Industry," 17 October 2023, www.africafc.org/news-and-insights/news/africa-finance-corporation-and-solid-minerals-development-fund-of-nigeria-forge-strategic-partnership-to-derisk-mining-industry; Joe Leahy, "China's Li Qiang pushes developing country alliance on rare earths," *Financial Times*, 24 November 2025, ft.com/content/4c19bbf7-2459-4395-853d-993dee253d5b.
14. See, for example: Global Rights, *Violent Earth: The Nexus between Mining and Endemic Insecurity in Nigeria.*
15. African Union, *African Mining Vision* (2009), au.int/sites/default/files/documents/30984-doc-africa_mining_vision_english.pdf; World Bank, *Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition* (2020), openknowledge.worldbank.org/entities/publication/9aa0b0c8-52b2-4dd2-a81e-8d212fbaf33f; Elmira Aliakbari, Jairo Yunis and Julio Mejia, *Fraser Institute Annual Survey of Mining Companies 2025* (Fraser Institute, 2026), fraserinstitute.org/studies/annual-survey-mining-companies-2025.
16. Ruth Tene Natsa, "FG offers duty-free machinery, profit transfer to mining investors in London," *BusinessDay,* 10 December 2025, businessday.ng/news/article/fg-offers-duty-free-machinery-profit-transfer-to-mining-investors-in-london/.
17. Suleiman, "FG announces discovery of platinum, lithium, rare earth deposits in Kaduna."
18. Africa Finance Corporation, "AFC, SMDF and Xcalibur partner to boost Nigeria's geological data capabilities," 18 October 2023, africafc.org/news-and-insights/news/afc-smdf-and-xcalibur-partner-to-boost-nigerias-geological-data-capabilities; John Zadeh, "Nigeria-South Africa Minerals Pact 2025: Economic Diversification," *Discovery Alert*, 17 April 2025, discoveryalert.com.au/nigeria-south-africa-minerals-pact-2025-economic-diversification/.
19. Nigerian Economic Summit Group, *Transforming Nigeria's Mining Industry: Aligning Policies with the African Union's African Mining Vision (AMV) for Enhanced Governance and Investments* (2024), nesgroup.org/blog/Transforming-Nigeria%E2%80%99s-Mining-Industry:-Aligning-Policies-with-the-African-Union%E2%80%99s-African-Mining-Vision-%28AMV%29-for-Enhanced-Governance-and-Investments.

20. ENR Advisory, *The Conduit: October 2025* (2025), enradvisory.com/wp-content/uploads/2025/11/The-Conduit_October-2025.pdf.

21. Section 69 of the Minerals and Mining Act 2007 and related provisions in the Nigerian Minerals and Mining Regulations 2011.

22. International reporting standards include those of the Joint Ore Reserves Committee (JORC) (currently being updated), the Committee for Mineral Reserves International Reporting Standards (CRIRSCO), Canada's National Instrument 43-101 and the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code). See: Joint Ore Reserves Committee, *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves: The JORC Code* (2012), jorc.org/docs/JORC_code_2012.pdf; CRIRSCO, *International Reporting Template for the Public Reporting of Exploration Targets, Exploration Results, Mineral Resources and Mineral Reserves* (2024), crirsco.com/wp-content/uploads/woocommerce_uploads/2024/06/CRIRSCO_International_Reporting_Template_June2024_Update_Approved_for_Release_20240627-dl8515.pdf; Ontario Securities Commission, *National Instrument 43-101: Standards of Disclosure for Mineral Projects* (2011); SAMCODES Standards Committee, *The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code)* (2016), samcode.co.za/samcode-ssc/samrec.

23. Nigerian Geological Survey Agency, "Nigerian Mineral Resources Decision Support System," accessed 15 March 2026, ngsa.gov.ng/decision-support-system/.

24. For example, the French national geological agency has recently offered capacity-building support to the NGSA, which could include digitizing and processing existing data. See: Ruth Tene Natsa, "Nigeria, France strengthen ties to boost mining development," *BusinessDay,* 20 January 2025, businessday.ng/news/article/nigeria-france-strengthen-ties-to-boost-mining-development/.

25. KoBold Metals, "KoBold Metals signs agreement with Burundi to digitize geological data," 12 March 2026, koboldmetals.com/2026/03/12/kobold-metals-signs-agreement-with-burundi-to-digitize-geological-data/.

26. Geoscience Australia, "Geoscience Australia Portal," accessed 18 March 2026, portal.ga.gov.au/.

27. See, for example: Government of Western Australia, "Reminder about release of mineral exploration information," 4 April 2025, wa.gov.au/government/announcements/reminder-about-release-of-mineral-exploration-information-0.

28. Republic of Botswana, "Mining Cadastre Map Portal," accessed 18 March 2026, portal.miningcadastre.gov.bw/page/MapPublic.

29. Madeleine King, "Government geoscience data and analysis supports $76b added value to economy: report," Australian Department of Industry, Science and Resources, 15 August 2023, minister.industry.gov.au/ministers/king/media-releases/government-geoscience-data-and-analysis-supports-76b-added-value-economy-report; Natural Resources Canada, "Improving mineral exploration through the Targeted Geoscience Initiative," last updated 13 February 2025, natural-resources.canada.ca/science-data/science-research/improving-mineral-exploration-targeted-geoscience-initiative.

30. Nigeria Solid Minerals Company, "Home," accessed 17 February 2026, nsmc.com.ng/.

31. Federal Government of Nigeria, *A Bill for an Act to Establish the Nigeria Solid Mineral Development Company to Receive, Manage and Invest Funds for the Advancement of the Mining Industry; and for Related Matters 2023* (2023), ir.nilds.gov.ng/bitstream/handle/123456789/1938/A%20BILL%20FOR%20AN%20ACT%20TO%20ESTABLISH%20THE%20NIGERIA%20SOLID%20MINERAL%20DEVELOPMENT%20COMPANY%20TO%20RECEIVE%2C%20MANAGE%20AND%20INVEST%20FUNDS%20FOR%20THE%20ADVANCEMENT%20OF%20THE%20MINING%20INDUSTRY%3B%20AND%20FOR%20RELATED%20MATTERS.pdf.

32. Andrew Bauer, Thomas Scurfield and Paul Bagabo, *Setting Up Uganda's National Mining Company to Boost Sustainable Development* (NRGI, 2024), resourcegovernance.org/articles/setting-ugandas-national-mining-company-boost-sustainable-development.

33. Kazakhstan's Tau-Ken Samruk has minority stakes in several high-potential exploration projects, including a 20 percent stake in each of East Star Resources' Rudny Resources, exploring for copper, and Chu Ili Resources, exploring for gold. It also owns 20 percent of Esan Eczacıbaşı-owned South Ural Resources, exploring for a range of minerals. See: Tau-Ken Samruk, "Reports and Results," tks.kz/en/reports-and-results/. Mongolia's Erdenes Mongol had a 34 percent share of Badrakh Energy, which successfully explored for uranium in the country, and the Zuuvch Ovoo project is now proceeding to development. See: Andrew Bauer and Dorjdari Namkhaijantsan, *Wild Growth: An Assessment of Erdenes Mongol* (NRGI, 2019), resourcegovernance.org/publications/wild-growth-assessment-erdenes-mongol; Orano, "Orano signs investment agreement with Mongolian government to develop world-class uranium deposit," 17 January 2025, orano.group/en/news/news-group/2025/january/orano-signs-investment-agreement-with-mongolian-government-to-develop-world-class-uranium-deposit.

34. Manuel Regueiro González-Barros and José Antonio Espí, "The returns on mining exploration investments," Boletín Geológico Y Minero 130, no. 1 (2019), bgm.revistas.csic.es/index.php/bgm/article/view/218; Paul Manalo, "From 6 years to 18 years: The increasing trend of mine lead times," S&P Global, 11 April 2025, www.spglobal.com/market-intelligence/en/news-insights/research/from-6years-to-18years-the-increasing-trend-of-mine-lead-times.

35. Beyond targeted exploration and brownfield asset promotion, Nigeria's national companies should be cautious about taking on additional functions. Minority equity stakes can yield limited returns when majority shareholders retain earnings, reinvest profits or otherwise delay dividend payments, while exposing the government to financial liabilities and creating tensions between its roles as regulator and investor. Zambia's ZCCM-IH illustrates these risks: it has faced difficulties securing dividends from minority stakes and has, in some cases, converted equity positions into higher royalty payments. Where minority equity is pursued, the government should establish clear investment criteria and a model shareholder agreement defining decision-making rights and access to information.

    Free equity arrangements should also be approached carefully. Although increasingly used in African mining projects, they may generate limited fiscal benefits if dividends are delayed or avoided, and may require concessions elsewhere in the fiscal or regulatory regime. Alternative fiscal instruments may provide more predictable returns. Where free equity is pursued, governments should consider mechanisms such as guaranteed dividends, while ensuring that overall fiscal terms remain balanced. Mali's contracts with Barrick Gold, for example, provide for a 10 percent preferential dividend on declared profits once a mine reports a profit. See: Government of Mali and Barrick

Gold, *Convention d'établissement relative à la mine d'or de Loulo-Gounkoto* (2012), resourcecontracts.org/contract/ocds-591adf-6710616438/view#/pdf/page/6/tagged/12354.

If national companies participate in value addition, investments should be aligned with the government's broader strategy and focused on a limited number of value chains with demonstrated economic viability and development impact, supported by rigorous cost-benefit analysis and careful consideration of opportunity costs.

Further discussion of these issues is available in NRGI's work on national mining companies, including its analysis of options for Uganda's national mining company. See: Bauer et al., *Setting Up Uganda's National Mining Company to Boost Sustainable Development*.

36. ENR Advisory, *The Conduit Annual: Mining and Metals 2025 Review and 2026 Outlook* (2026), enradvisory.com/wp-content/uploads/2026/02/The-Conduit-Annual-2025-Mining.pdf.

37. See, for example: EITI, *Upstream Oil, Gas and Mining SOE Governance Challenges* (2018), eiti.org/documents/upstream-oil-gas-and-mining-soe-governance-challenges. NRGI compiled the various standards and guidelines, along with examples of good practices from state-owned enterprises (SOEs) all over the world, into a single guide in 2018: NRGI, *Guide to Extractive Sector State-Owned Enterprise Disclosures* (2018), resourcegovernance.org/publications/guide-extractive-sector-state-owned-enterprise-disclosures. To achieve the highest degree of transparency, NSMC could publish all transactions greater than $1,000 on a monthly basis, as is done in Mongolia, where SOEs are legally required to do so under the Glass Accounts Law. See: Dorjdari Namkhaijantsan, *Mongolia's State-Owned Mining Enterprises: A Deeper Look Into Glass Accounts Data* (NRGI, 2022), resourcegovernance.org/publications/mongolias-state-owned-mining-enterprises-deeper-look-glass-accounts-data.

38. For example, both the Minerals and Mining Act 2007 and Companies Income Tax Act had tax holiday provisions, with ambiguity about their interaction.

39. The Economic Development Tax Credit allows companies in priority sectors to offset their corporate income taxes by up to 5 percent of eligible capital expenditure each year over a five-year period. Unused credits can be carried forward for an additional five years. The government may extend the credit period for a further five years if a company has reinvested its profits into expanding production. Only mining companies that invest a minimum of NGN 10 billion are eligible for the tax credit. Royalties on bauxite and iron ore have increased from 3 percent to 7.5 percent, gold concentrate from 3 percent to 15 percent and lithium ore from 3 percent to 10 percent.

40. Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development and African Tax Administration Forum, *Variable Royalties: An Answer to Volatile Mineral Prices?* (2022), igfmining.org/wp-content/uploads/2022/11/variable-royalties-an-answer-to-volatile-mineral-prices.pdf.

41. See, for example: NEITI, *Nigeria 2023 EITI Report - Mining* (2024), eiti.org/documents/nigeria-2023-eiti-report-mining.

42. Mariya Shuaibu Suleiman, "FG announces discovery of platinum, lithium, rare earth deposits in Kaduna;" Samuel Anyanwu, "FG revokes 1,263 mineral licenses for annual service fees default," Nigeria Ministry of Information and National Orientation, 21 September 2025, fmino.gov.ng/fg-revokes-1263-mineral-licenses-for-annual-service-fees-default/; Mukhtar Ya'u Madobi, "Why Nigeria Must Intensify Regulation of Its Booming Mining Sector," *PRNigeria,* 8 April 2026, prnigeria.com/2026/04/08/mining-nigeria-regulations/.

43. Samuel Anyanwu, "RMAFC unveils new data rendition template for solid minerals," Nigeria Ministry of Information and National Orientation, 8 October 2025, fmino.gov.ng/rmafc-unveils-new-data-rendition-template-for-solid-minerals/.

44. Sierra Leone has established an Extractive Industries Revenue Taskforce to coordinate revenue collection and monitoring across institutions. In Zambia, companies submit production and export data through a centralized platform—the Mineral Output Statistical Evaluation System—which is integrated across government agencies. See: International Energy Agency, "Mineral Output Statistical Evaluation System," last updated 4 February 2026, www.iea.org/policies/28192-mineral-output-statistical-evaluation-system.

45. African Natural Resources Centre, *Botswana's Mineral Revenues, Expenditure and Savings Policy* (African Development Bank, 2016), afdb.org/fileadmin/uploads/afdb/Documents/Publications/anrc/Botswana_s_mineral_revenues_expenditure_and_saving_policy.pdf.

46. Salem Alhajraf, *Strategic Role of Sovereign Wealth Funds in the Gulf's Energy Transition and Economic Diversification* (Baker Institute, 2025), bakerinstitute.org/research/strategic-role-sovereign-wealth-funds-gulfs-energy-transition-and-economic-diversification.

47. See: Nigeria Sovereign Investment Authority, "Nigeria Infrastructure Fund," nsia.com.ng/nigeria-infrastructure-fund/.

48. Without wider budget rules or safeguards, the fungibility of public revenues means that earmarked mineral revenues may simply displace non-mineral revenues, while enabling higher recurrent expenditure. Ghana's experience with earmarked oil revenues illustrates this risk. See: Mark Evans, "In Ghana, Fiscal Responsibility Remains Elusive Even as Oil Flows," NRGI, 11 August 2015, resourcegovernance.org/articles/ghana-fiscal-responsibilityremains-elusive-even-oil-flows.

49. See, for example: World Gold Council, *The social and economic contribution of gold mining – 2025 data update* (2025), www.gold.org/esg/the-social-and-economic-contribution-of-gold-mining-2025-data-update.

50. Dusan Paredes and David Fleming-Muñoz, *Automation and robotics in mining: Jobs, income and inequality implications,* The Extractive Industries and Society 8, no. 1 (2021): 189–193, sciencedirect.com/science/article/abs/pii/S2214790X21000046.

51. See, for example: Minerals Commission of Ghana, "Local Content," mincom.gov.gh/local-content/.

52. The Chilean government, for example, collaborated with mining companies to establish the World Class Supplier Program. It also provides funding support to local suppliers, such as subsidization of improvement plans to enhance competitiveness and supplier readiness; financial guarantees to small and medium-sized enterprises to improve access to credit; and a tax credit on research and development investments. See: Cintia Roa Cabello, *Generación de valor en la minería chilena: desarrollo de proveedores y desafíos* (NRGI, forthcoming).

53. The South African platform is the Technology Availability and Readiness Atlas. See: Mandela Mining Precinct, "Mandela Mining Precinct Know More Portal," mandelaminingprecinct.org.za/know-more/. The Chilean portal is the Alta Ley/Red de Proveedores platform. See: Corporación Alta Ley, Portafolio de Proveedores 2026 (2026), www.corporacionaltaley.cl/wp-content/uploads/2026/03/portafolio-proveedores-2026-cal.pdf.

54. Sodiq Omolaoye, "Reps pass bill to ensure 30% local value addition before raw material export," *The Guardian Nigeria,* 30 October 2025, guardian.ng/news/nigeria/national/reps-pass-bill-to-ensure-30-local-value-addition-before-raw-material-export/.

55. For a discussion of the various factors that determine a country's competitiveness at different stages of mineral value chains, see: Thomas Scurfield, Matthieu Salomon and Silas Olan'g, *Six Keys to Unlocking Equitable Value Addition in Mining* (NRGI, 2024), resourcegovernance.org/publications/six-keys-unlockingequitable-value-addition-mining.

56. Nigeria has one of the largest industrial bases in Africa in absolute terms, though this partly reflects the country's size. The economy is relatively undiversified with limited complexity compared with leading African peers, such as Morocco and South Africa. Nigeria ranked ninth in the African Development Bank's Africa Industrialization Index in 2022. See: African Development Bank, *Africa Industrialization Index 2022* (2022), afdb.org/en/documents/africa-industrialization-index-2022.

57. Edikan Udofia, "Steel Rising: Harnessing Nigeria's Potential for Global Competitiveness in the Steel Industry," Payne Institute for Public Policy, 29 February 2024, payneinstitute.mines.edu/steel-rising-harnessing-nigerias-potential-for-global-competitiveness-in-the-steel-industry/; *Ecofin Agency*, "Nigeria seeks to fast-track restart of aluminium smelter idle for 12 years," 27 October 2025, ecofinagency.com/news-industry/2710-49856-nigeria-seeks-to-fast-track-restart-of-aluminium-smelter-idle-for-12-years; Samuel Ayanwu, "FG, AFC sign landmark $1.3 billion alumina deal," Nigeria Ministry of Information and National Orientation, 1 March 2026, fmino.gov.ng/fg-afc-sign-landmark-1-3billion-alumina-deal/; Camillus Eboh, "Nigeria, AFC sign $1.3 billion deal to build alumina refinery," *Reuters*, 2 March 2026, reuters.com/business/energy/nigeria-afc-sign-13-billion-deal-build-alumina-refinery-2026-03-02/.

58. President Bola Tinubu inaugurated what was described as "West Africa's largest lithium processing plant" for converting lithium ore into concentrate in Nasarawa State in July 2026. Bature Benjamin, "Nigeria opens West Africa's biggest lithium processing plant in shift from raw exports," *BusinessDay,* 6 July 2026, businessday.ng/analysis/article/nigeria-opens-west-africas-biggest-lithium-processing-plant-in-shift-from-raw-exports/. However, globally, there is currently only one facility that is successfully refining concentrate from hard rock deposits into chemicals outside of China. South Korea hosts the only hard-rock refinery that appears to be performing reasonably successfully. Two refineries had started operations in Australia since 2021, but one has closed and the other is struggling. See: Peter Ker, "Lithium refinery shuts in another blow to 'Made in Australia'," *Financial Review,* 12 February 2026, afr.com/companies/mining/lithium-refinery-shuts-in-another-blow-to-made-in-australia-20260212-p5o1n8; Kristie Batten, "IGO sees no path forward for WA lithium refinery," *Mining.com,* mining.com/igo-sees-no-path-forward-for-wa-lithium-refinery/.

59. Thomas Scurfield and David Sefa Adjei, *Refining the Strategy: The Economics of Value Addition in Ghana* (NRGI, 2025), resourcegovernance.org/publications/refining-strategy-economics-lithium-value-addition-ghana.

60. For example, industry analysts viewed the feasibility of 51 percent of Europe's planned capacity as uncertain in 2024. See: Alina Racu and Julia Poliscanova, *An Industrial Blueprint for Batteries in Europe: How Europe Can Successfully Build a Sustainable Battery Value Chain* (Transport & Environment, 2024), uploads.transportenvironment.org/production/files/An-industrial-blueprint-for-batteries-in-Europe-How-Europe-can-successfully-build-a-sustainable-battery-value-chain.pdf.

61. *Columbia Center on Sustainable Investment*, "Shared Use of Mining-Related Infrastructure," accessed 18 March 2026, ccsi.columbia.edu/project/shared-use-of-mining-related-infrastructure/; Meron Tesfaye, W. Gyude Moore and Todd Moss, "Rings of Growth: How Mining Can Drive Energy and Jobs," Energy for Growth Hub, 6 November 2025, energyforgrowth.org/article/rings-of-growth-how-mining-can-drive-energy-and-jobs/.

62. Idriss Linge, "Nigeria powers up solar revolution in Africa with 2 million panels, 1 GW annual manufacturing hub," *Ecofin Agency,* 19 September 2025, ecofinagency.com/news-infrastructures/1909-48810-nigeria-powers-up-solar-revolution-in-africa-with-2-million-panels-1-gw-annual-manufacturing-hub. Most immediate demand for steel in Nigeria is from the construction sector, but it largely uses lower-value steel that can generally be produced from scrap.

63. Indonesia's aluminum value chain is now gradually developing because of China's domestic restrictions on smelting activities for environmental reasons. See: Scurfield, Salomon and Olan'g, *Six Keys to Unlocking Equitable Value Addition in Mining.*

64. *Daily News Botswana*, "Minister clarifies Khoemacau regulatory status," 25 February 2026, dailynews.gov.bw/news-detail/90247.

65. Folalumi Alaran, "FG signs MoU with AFC to boost mining industry investment," *This Day,* 17 October 2023, thisdaylive.com/2023/10/17/fg-signs-mou-with-afc-to-boost-mining-industry-investment/.

66. Papa Daouda Diene, David Manley, Silas Olan'g and Thomas Scurfield, *Triple Win: How Mining Can Benefit Africa's Citizens, Their Environment and the Energy Transition* (NRGI, 2022), resourcegovernance.org/publications/triple-win-mining-africa-environment-energy-transition.

67. For a more detailed discussion of the benefits of regional cooperation on value addition, see: Silas Olan'g, Thomas Scurfield, Anthony Black and Michael Smith, *Regionalizing African Mineral Value Chains: Requirements for Success* (NRGI, 2025), resourcegovernance.org/publications/regionalizing-african-mineral-value-chains-requirements-success.

68. Recent bilateral agreements include those involving the Democratic Republic of Congo, Rwanda, the United States and Zambia. See: Amir Shafaie, Moise Liboto Makuta, Jean Pierre Okenda and Patrick Heller, *From Kyiv to Kinshasa: Five Lessons for Governments Navigating Mineral Security Deals* (NRGI, 2025), resourcegovernance.org/publications/kyiv-kinshasa-five-lessons-governments-navigating-mineral-security-deals; Stephanie Nolen, "U.S. Considers Withholding H.I.V. Aid Unless Zambia Expands Minerals Access," *New York Times,* 16 March 2026, nytimes.com/2026/03/16/health/zambia-hiv-aid-minerals-trump.html. Some multilateral initiatives risk complicating coordination if African countries do not align their approaches. See: Erica Westenberg, Thomas Scurfield and Charlotte Boyer, "US Critical Minerals Ministerial Raises New Prospects—and Questions—for Developing Producers," NRGI, 4 February 2026, resourcegovernance.org/articles/us-critical-minerals-ministerial-raises-new-prospects-and-questions-developing-producers.

69. African Union, *Africa Green Minerals Strategy* (2025), au.int/en/documents/20250318/africas-green-minerals-strategy-agms. AfDB's prefeasibility study of battery and renewable energy value chain prospects across the continent is ongoing.

70. Based on discussions with officials involved in the process in February 2026.

71. Africa Minerals Strategy Group, "Federal Republic of Nigeria elected as first chairperson of AMSG," 15 January 2026, africamineralsgroup.org/federal-republic-of-nigeria-elected-as-first-chairperson-of-amsg/. The Africa Minerals Strategy Group was initiated at Saudi Arabia's Future Minerals Forum, and Saudi Arabia has observer status with the group.
72. The ECOWAS Model Mining Act of 2019 is unavailable online. Among other things, the act encourages member states to recognize local content from one another to enable local suppliers of goods and services to benefit from economies of scale and, when domestic value addition of a mineral is unfeasible, to first assess value addition prospects in other member states, then the wider continent, before exporting it overseas.
73. As other countries begin to experience the economic benefits of a larger integrated market, they are likely to become willing to adopt similar measures.
74. Olan'g et al., *Regionalizing African Mineral Value Chains.*
75. Global Rights, *Violent Earth.*
76. Section 116 of the Minerals and Mining Act 2007.
77. Nigeria Ministry of Solid Minerals Development, *Guidelines for the Production of Community Development Agreement in the Solid Mineral Sector – Revised 2023* (2023), unavailable online.
78. ENR Advisory, *Social License to Operate: An Enquiry into the Framework for Community Development Agreements in Nigeria's Mining Sector* (2024), enradvisory.com/wp-content/uploads/2024/11/Social-Licence-to-Operate-Enquiry-into-CDAs-in-Nigeria-Mining-Sector_Nov-2024-1.pdf.
79. Chapter 3 of the Petroleum Industry Act 2021 covers community development. See: Federal Government of Nigeria, *Petroleum Industry Act 2021* (2021), pia.gov.ng/wp-content/uploads/2022/08/PIA-2021_compressed-1.pdf.
80. ENR Advisory, *Social License to Operate.*
81. Section 32 of the amendment bill, which would replace the relevant section in the Minerals and Mining Act 2007.
82. ENR Advisory, *Social License to Operate.*
83. Samuel Anyanwu, "FG gives mining companies until December 31 to conclude Community Development Agreements," Nigeria Ministry of Information and National Orientation, 18 September 2025, fmino.gov.ng/fg-gives-mining-companies-until-december-31-to-conclude-community-development-agreements/.
84. 84Chile and Peru have online, publicly accessible databases of ESIAs, environmental management plans and implementation updates. See: Servicio de Evaluación Ambiental de Chile, "Home," www.sea.gob.cl/en/; Ministerio del Ambiente del Perú, "Sistema Nacional de Información Ambiental," sinia.minam.gob.pe/.
85. Leila Kazemi, Perrine Toledano and Tehtena Mebratu-Tsegaye, "Tackling the EIA Impact Gap: Addressing Political Economy Realities to Bring Actual Practice Closer to Best Practice," in Jonathan Hobbs and Diego Juffe Bignoli (eds.), *Impact Assessment for Corridors: From Infrastructure to Development Corridors* (The Development Corridors Partnership, 2022), 53–69, developmentcorridors.org/wp-content/uploads/2023/06/Chapter-03-1.pdf.
86. United Nations Development Programme, *Participatory Environmental Monitoring Committees in Mining Contexts* (2019), undp.org/publications/participatory-environmental-monitoring-committees-mining-contexts.
87. Quintessence Environmental Consult, "Mine Closure and Land Rehabilitation: A Forgotten Chapter in Sustainability," n.d., consultqe.com/mine-closure-and-land-rehabilitation-a-forgotten-chapter-in-sustainability/.
88. Sections 119–122 of the Minerals and Mining Act 2007 provide for the EPRF. Section 30 of the Minerals and Mining Act 2007 provides for the reserve fund, with section 64 of the Nigeria Tax Act 2025 adjusting its tax treatment if certain conditions are met.
89. Quintessence Environmental Consult, "Mine Closure and Land Rehabilitation: A Forgotten Chapter in Sustainability."
90. Office of the United Nations High Commissioner for Human Rights, *Guiding Principles on Business and Human Rights* (2011), www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf; International Finance Corporation, *Performance Standards on Environmental and Social Sustainability* (2012), ifc.org/content/dam/ifc/doc/mgrt/ifc-performance-standards.pdf.
91. Voluntary Principles Initiative, "The Voluntary Principles on Security and Human Rights," voluntaryprinciples.org/.
92. Federal Government of Nigeria, "Nigeria Energy Transition Plan," accessed 17 February 2026, energytransition.gov.ng/.
93. Samuel Anyanwu, "FG plots new roadmap for solid minerals development."
94. International Finance Corporation, "IFC invests in Lagos Free Zone to support industrial growth and economic diversification," 7 February 2025, ifc.org/en/pressroom/2025/ifc-invests-in-lagos-free-zone-to-support-industrial-growth-and-economic-diversifi.
95. Nigeria Ministry of Finance, Budget and National Planning, *National Integrated Infrastructure Master Plan*; Nigeria Ministry of Power, *Nigeria Integrated Resource Plan 2024* (2024), intdev.tetratecheurope.com/wp-content/uploads/2025/03/UKNIAF-Nigeria-Integrated-Resource-Plan-2025.pdf.
96. Federal Government of Nigeria, "Nigeria Energy Transition Plan."
97. See, for example: World Bank, *Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspectives and Policy Implications* (2018), openknowledge.worldbank.org/entities/publication/58e3709a-29e0-5c3e-931d-6afad17d20f1.
98. Aliakbari, Yunis and Mejia, *Fraser Institute Annual Survey of Mining Companies 2025.*
99. For investor perceptions, see: Ashley Stedman, Jairo Yunis and Elmira Aliakbari, *Fraser Institute Annual Survey of Mining Companies 2019* (Fraser Institute, 2020), www.fraserinstitute.org/studies/ann ual-survey-of-mining-companies-2019. Exploration data is from S&P Global, accessed 15 April 2026.
100. Nigerian Economic Summit Group, *Transforming Nigeria's Mining Industry.*
101. PwC, *Nigerian Mining - Progress but still a long way to go* (2023), pwc.com/ng/en/assets/pdf/nigerian-mining-progress-but-still-a-long-way-to-go1.pdf.
102. A lack of coordination between federal and state governments also complicates efforts to align mining with broader development objectives. State governments play a central role in land use, infrastructure provision, security, community relations and local economic development. Without clear coordination between federal and state authorities, it will be difficult to develop integrated mining corridors, align public investment with mining opportunities or ensure that mining projects support wider regional development.

About the authors

Tengi George-Ikoli is Nigeria country manager at the Natural Resource Governance Institute (NRGI). Ahmad Abdulsamad is program officer at NRGI. Thomas Scurfield is Africa senior economic analyst at NRGI.

Acknowledgements

The authors are grateful to Abiodun Baiyewu of Global Rights, Dr. Cameron Perks of Benchmark Mineral Intelligence, Dr. Dieter Bassi from the Nigeria Extractive Industries Transparency Initiative, Faith Nwadishi of the Centre for Transparency and Advocacy, Monday Osasah of the African Centre for Leadership, Strategy and Development, and Omaojor Ogedoh of the MOG Foundation for their helpful feedback and advice. Finally, the authors thank colleagues across NRGI, in particular Damilare Ogunmowo, Ibrahima Aidara, Moise Liboto Makuta, Nafi Quarshie, Patrick Stephenson and Silas Olan'g, for providing valuable support, as well as the fundraising and operations teams for making this report possible.

About NRGI

The Natural Resource Governance Institute is an independent, non-profit organization that supports informed, inclusive decision-making about natural resources and the energy transition. We partner with reformers in government and civil society to design and implement just policies based on evidence and the priorities of citizens in resource-rich developing countries. Learn more at **www.resourcegovernance.org**



Natural Resource Governance Institute