



FG Sets December 31 Deadline for Mining Firms to Finalise Community Development Agreements



**Lolade
Ososami**
Partner



**Amina
Ibrahim**
Partner



**Etido
David**
Senior
Associate



**Daniel
Adedigba**
Associate



**Emmanuel
Waba**
Trainee
Associate



Introduction

To ensure that host communities derive both economic and social benefits from mining activities conducted within their territories, the Federal Government (“FG”) has issued a directive mandating all mining and quarrying companies licensed since 2024 to finalise their Community Development Agreements (“CDAs”) with host communities before 31st December 2025.

This directive signals a broader push by the FG to enforce responsible mining practices and uphold the rights of local communities, as enshrined in the Minerals and Mining Act 2007 (the “Act”). The announcement was made by Dr. Dele Alake, Minister of Solid Minerals Development (“the Minister”), following a performance review conducted by the Mines Environmental Compliance Department (“MECD”), which revealed widespread non-compliance among licence holders regarding the CDA requirement.

What is a Community Development Agreement?

A Community Development Agreement (CDA) is a legally binding contract between a mining company and the host community where mining operations are carried out. Holders of Mining Leases, Small-Scale Mining Leases, or Quarry Leases are mandated under the Mining Act 2007 and the Mining Regulations 2011 to execute CDAs with the local community where they are carrying out operations

The CDA are designed to ensure that communities benefit directly from extractive activities occurring within their communities. Typical benefits include:

- Educational scholarships
- Technical training and apprenticeships
- Employment opportunities
- Infrastructure development and maintenance

Mandatory Compliance Before Commencement of Activities

Nigerian mining laws require Mining Leases, Small-Scale Mining Leases, or Quarry Leases to conclude a CDA before commencing any mining activities. Failure to comply constitutes a breach of a statutory condition precedent to the issuance and operations of the licence.



Statistics of Non-Compliance

According to the MECD review, 2,416 mineral titles have been issued from 2023 to date, yet only 342 CDAs have been signed.

Enforcement Strategy of the Federal Government of Nigeria

The Federal Government has outlined a firm enforcement framework to ensure compliance with CDAs. Accordingly, companies that fail to meet the stipulated deadline of 31st December 2025 risk outright licence revocation and will be compelled to make reparations for minerals extracted without valid community agreements.

The strategy also strengthens host community participation by encouraging the formation of professional negotiation teams, including experienced retirees, to secure legacy projects that deliver tangible benefits to youth, women, and the broader population.

Failure to execute CDAs will be treated as a form of economic expropriation and addressed as a breach of law.

How to Comply and Stay Ahead

To avoid licence revocation and potential reparations, companies yet to comply with the CDA requirement should act swiftly by:

1. Engage legal experts to draft the CDA and ensure it aligns with the relevant laws and global best practices. The legal expert should chaperone the CDA's registration with the Ministry of Solid Minerals Development.
2. Initiating meaningful engagement with host communities, particularly traditional rulers, family heads of the respective landowners, and other relevant stakeholders, to conclude and execute CDAs.
3. It is crucial to maintain a harmonious relationship with the host community to ensure operational continuity.

Conclusion

The Federal Government's 31st December deadline for finalising Community Development Agreements is a call to action for mining firms to embrace transparency and inclusive development. By enforcing CDA compliance, the government is reaffirming its commitment to ensuring that host communities are not sidelined in exploiting the natural resources within their environment.

For mining companies, this is an opportunity to build trust and contribute meaningfully to national development.