



**Ministry of Mines**



# **Overview of the Extractive Industry Sector in Ethiopia, and its Investment Opportunities**

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# Presentation Outlines

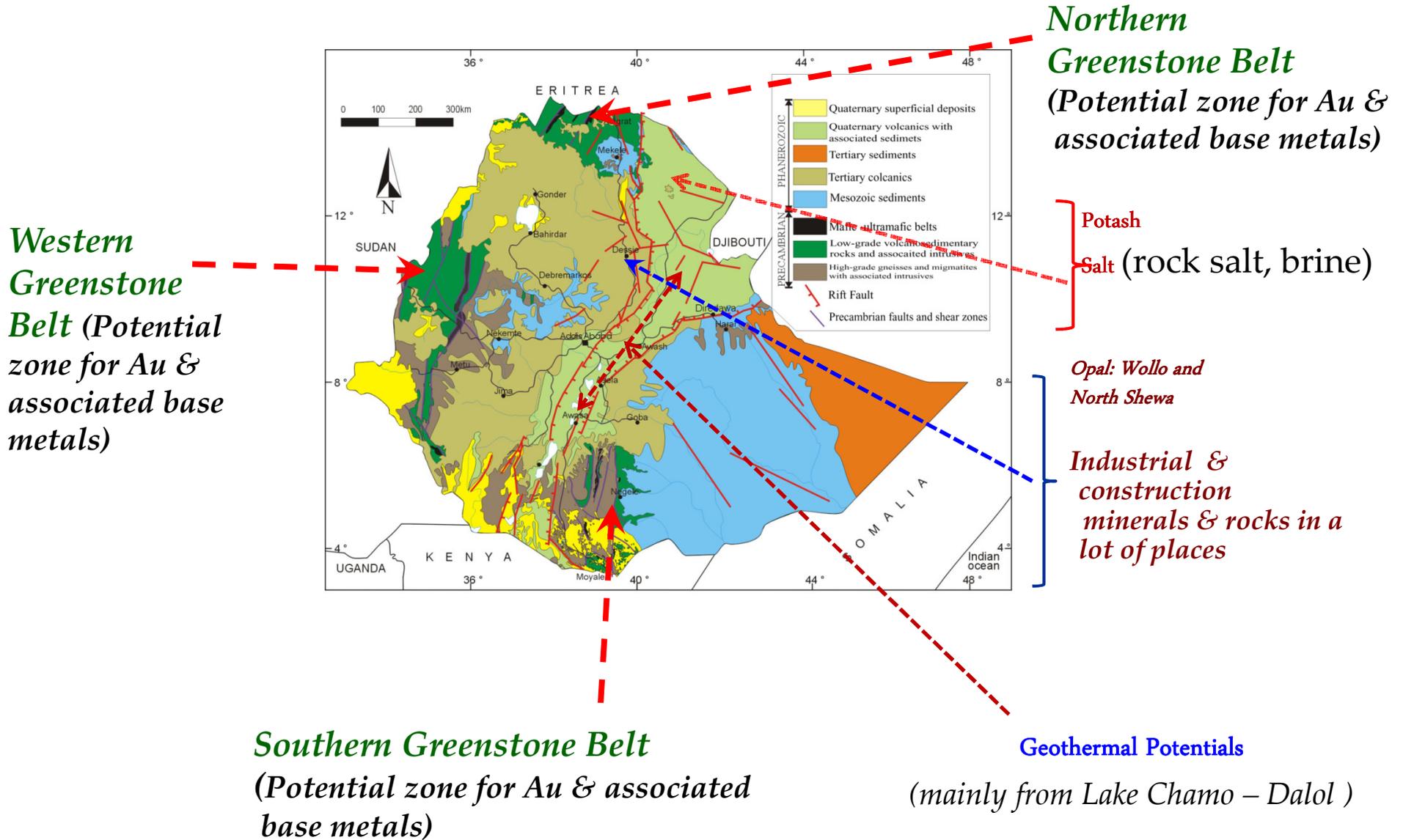
- *Introduction*
- *Geology & Mineral Potential of Ethiopia*
- *Conducive environment for investors in the mineral sector.*
- *Licenses and their spatial distributions*
- *Contributions of Mineral sector to the national economy.*
- *Conclusions*
- *Challenges & recommendations*

## *INTRODUCTION*

### VISION OF MINISTRY OF MINES

**“To foresee the well developed Mineral Resources Contribution to the Foreign Currency Earnings increase by 10 fold, and be the Back Bone of the Industry in 2020 - 2023”**

# Geology & Mineral Potential of Ethiopia



# *Conducive Environment for Investors in mineral sector*

Is it competitive with other African countries?

Generally Ethiopia is:

- One of the fastest growth country in the world.
- Stable country following free-market driven economy.
- favourable geology for diversified mineral resources.

Legal & Institutional setup

- Well organized geological data bank at GSE....tremendous cost saving for investors.
- Promotion documents, fliers, brochure etc at MLAD.
- Any person has the right to make prospecting that helps for investors to assess the ground before application for license.

## Cont'd

- Reconnaissance license for 18 months (non-renewable).
- Exploration license for 3 years , renewable for two consecutive years and potential additional up to 10 years.
- Mining license 10-20 years for small and large scale mining. Renewable at the end of mine life.
- Free to export the mineral commodity without any tax.
- Duty- free on exploration & mining related equipment.
- Tax-holiday
- Income tax is reduced from 35 % to 25%.

## Infrastructure

- The present electric power resource is..... But the projected is 10000MW close to 2017 (renaissance dam and other mega projects in pipeline).
- The power cost is 0.3 USD/KWH, one of the cheapest in the world.
- Major cities & towns are connected by tar & gravel roads.
- Major railways network is in pipe line
- Telephone, Internet, health & other social facilities.

The conducive environments attract investors & we are competitive by all standards.

# Licenses and spatial distribution

1. A total of 152 potential investors are registered and 250 licenses are granted.
  - Active exploration licenses 180
    - Foreign 94
    - Joint venture 29
    - Local 57
  - Large scale mining 46
    - Foreign 22
    - Joint venture 13
    - Local 11

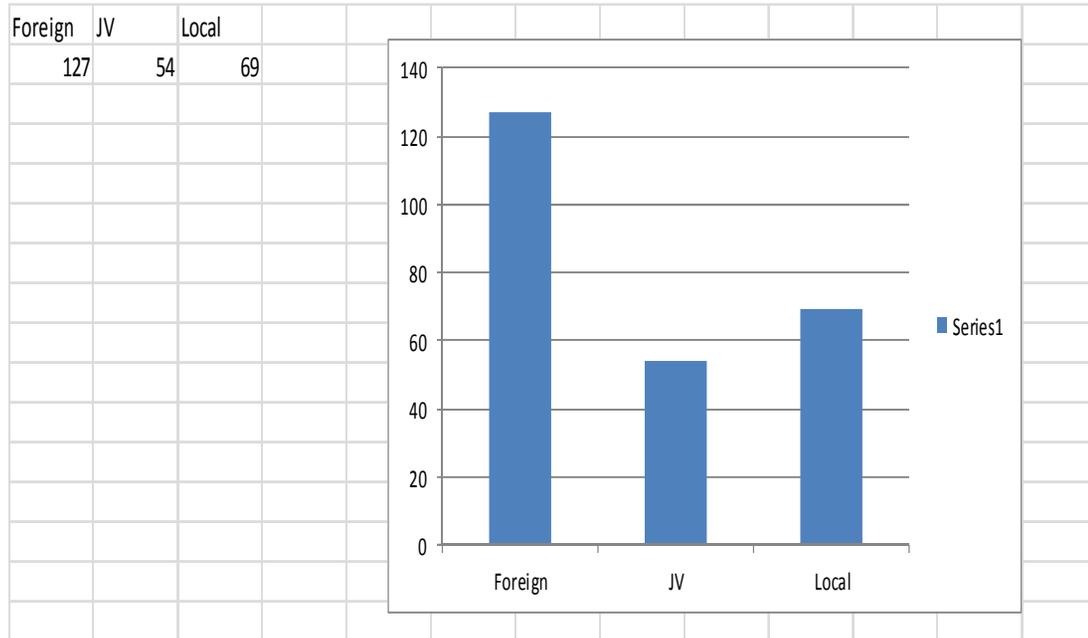
## Cont'd

- Small scale mining 24
  - Foreign 11
  - Joint venture 12
  - Local 1

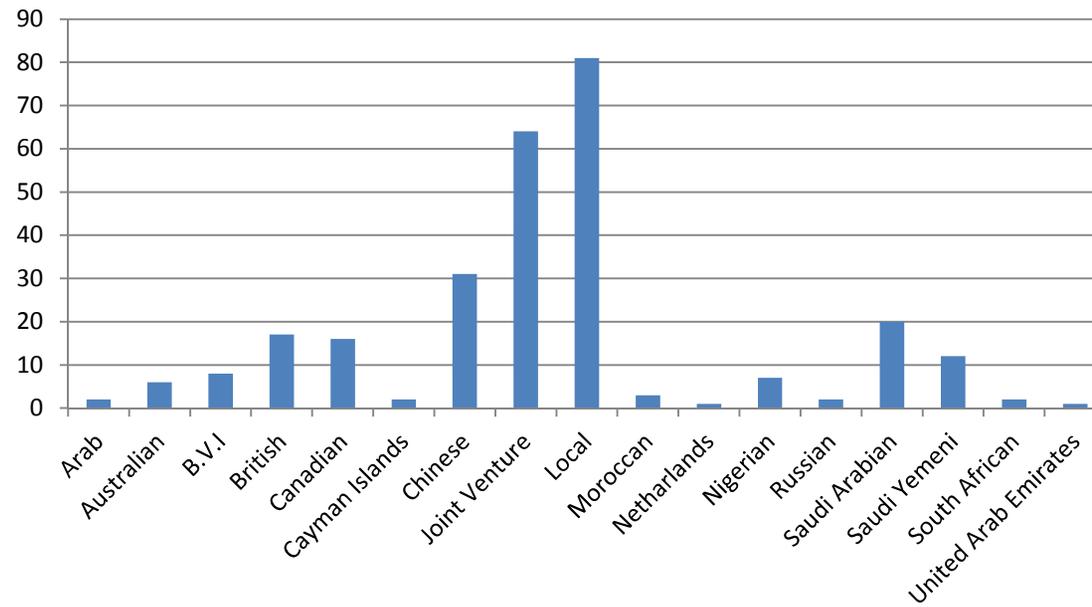
## (B) Number of Licensees

- |    |                            |     |
|----|----------------------------|-----|
| 1. | Owned by Local Companies   | 69  |
| 2. | Owned by Foreign Companies | 127 |
| 3. | Owned by Joint Ventures    | 54  |

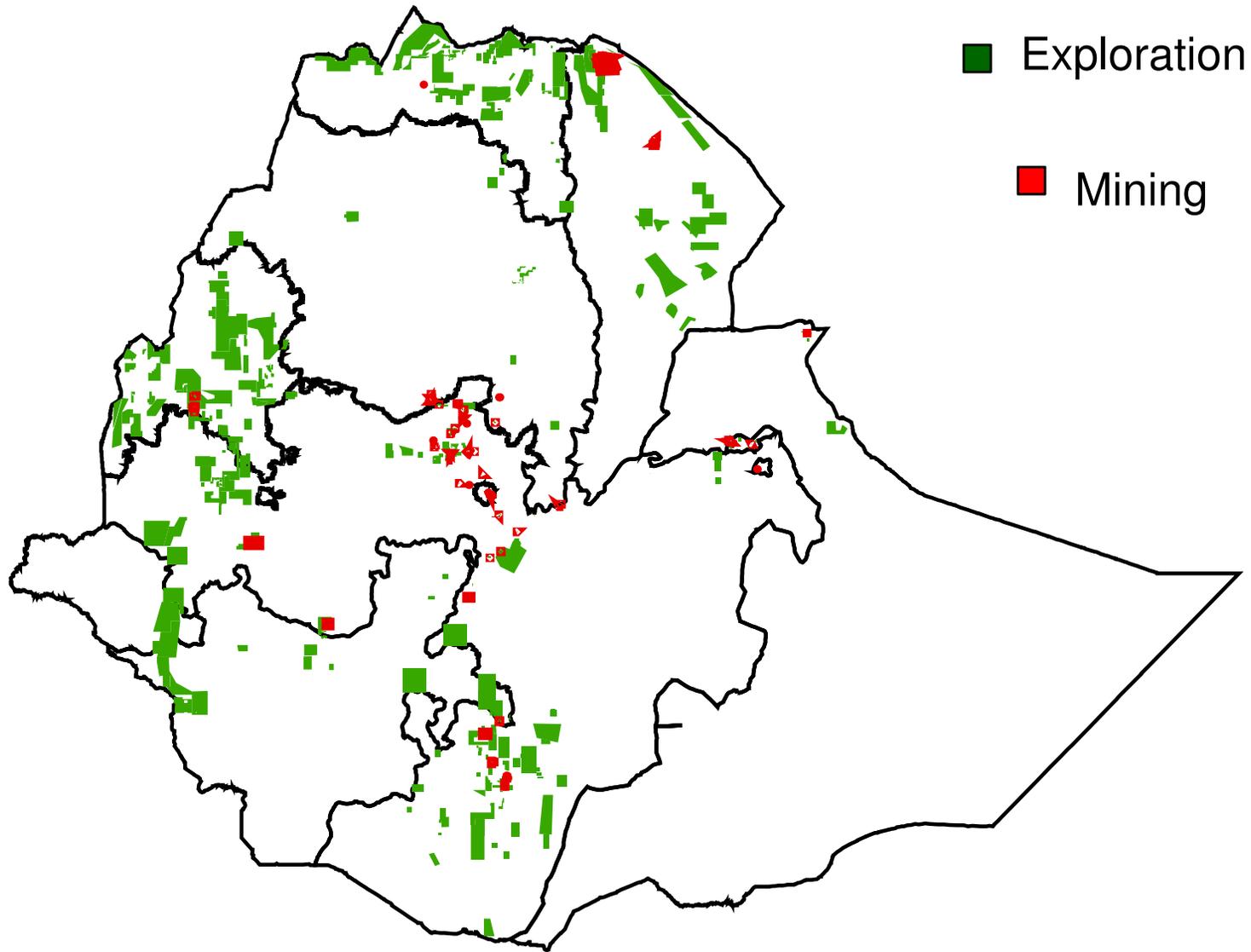
# License distribution by type of license



# License distribution by of Countries



# (B) Spatial Distributions

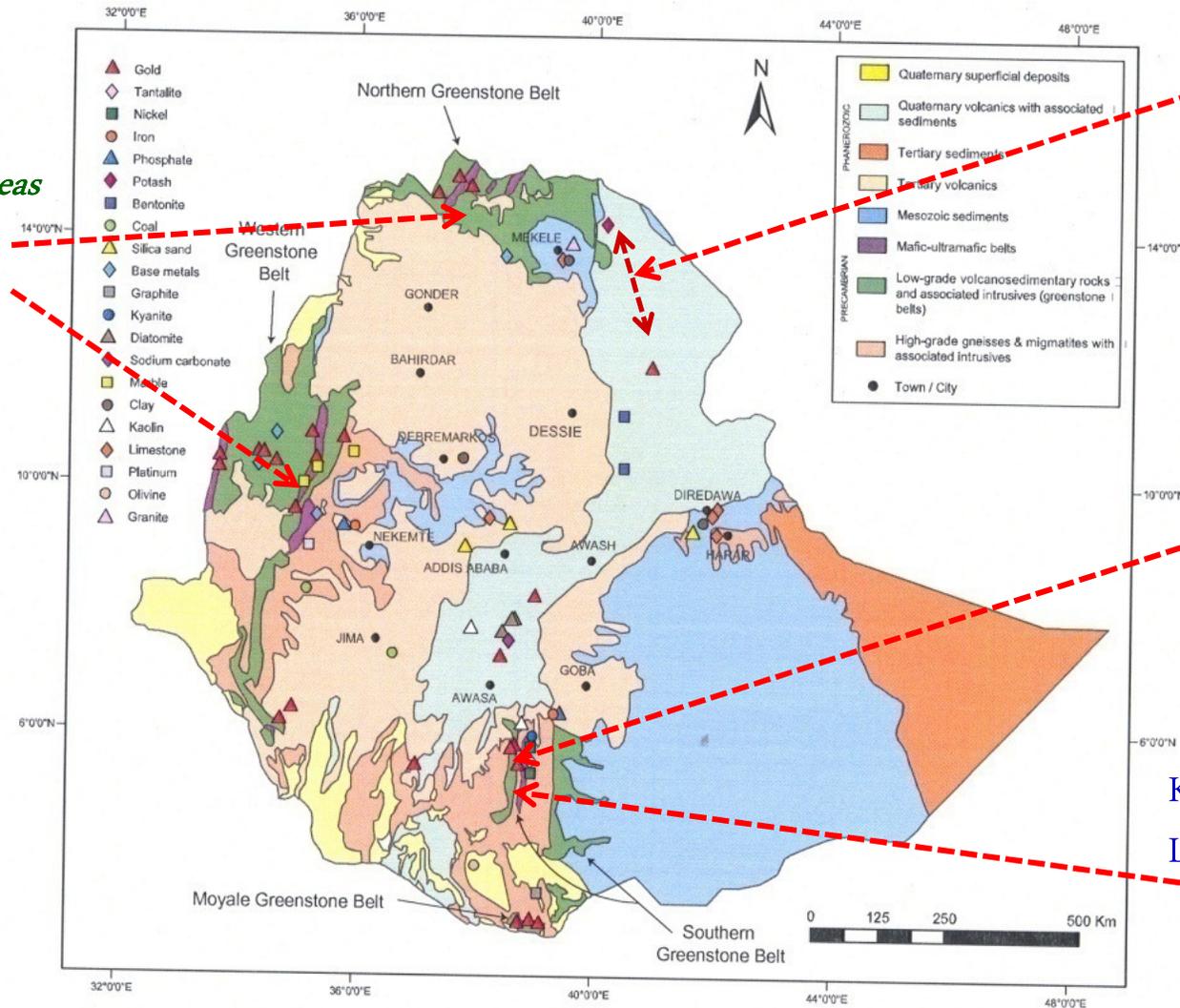


- Most exploration licenses are confined within the GSB because most licensees are targeting precious and base metals.
- There is an indication to promote other than precious metals.
- It will help the local investors to involve on industrial and construction materials because of less capital intensive and less risky than the precious metals.

# Mining and Advanced Exploration License activity areas

Gold and  
Basemetals  
Exploration areas

Potash Mining and  
Exploration areas



Lega Dembi and  
Sakaro License  
areas

Kenticha Tantalum Mining  
License areas

## *economy*

- Revenue
  - Royalty 2 – 7%
  - Income tax 25%
  - Government free equity 5%
- Foreign currency earnings
- Import materials replacement
- Job opportunity
- Community development
- Infrastructure development
- Knowledge transfer

# Conclusions

- Ethiopia has prospective geology for mining
- Investment incentives have attracted potential investors in the mineral sector.
- The mineral sector played significant role in the economic development of the country.

# Challenges & Recommendations

- Lack of skilled manpower at the licensing and administration directorate.
  - relevant training
  - Incentives
- Lack of technical & logistical support for LAD staffs. This can be fulfilled by development partners.
- Failure of some investors to their commitments.

**I Thank You!!!**