



Ministry of Mines and Development
Federal Democratic Republic of Ethiopia



WORLD BANK GROUP

STRATEGIC ASSESSMENT OF THE ETHIOPIAN MINERAL SECTOR FINAL REPORT

የኢትዮጵያ የማዕድን ዘርፍ
እቅዳዊ ዳሰሳ
የማጠቃለያ ሪፖርት

Håkan Tarras-Wahlberg
Sileshi Nemomissa



Scope of project

- Sector wide study
- The geological potential and its economic implications
- Review of current status of the mineral sector
- Initiatives and actions required for the growth and development of a sustainable mining sector

Report Content

- Human Resources & Education
- Stakeholder Overview
- Mineral Policy & Legislation
- Institutional Framework
- Fiscal Regime
- Mining License Management
- Artisanal Mining Management
- Environmental & Socioeconomic Management
- Infrastructure & Development Plans
- Recommendations

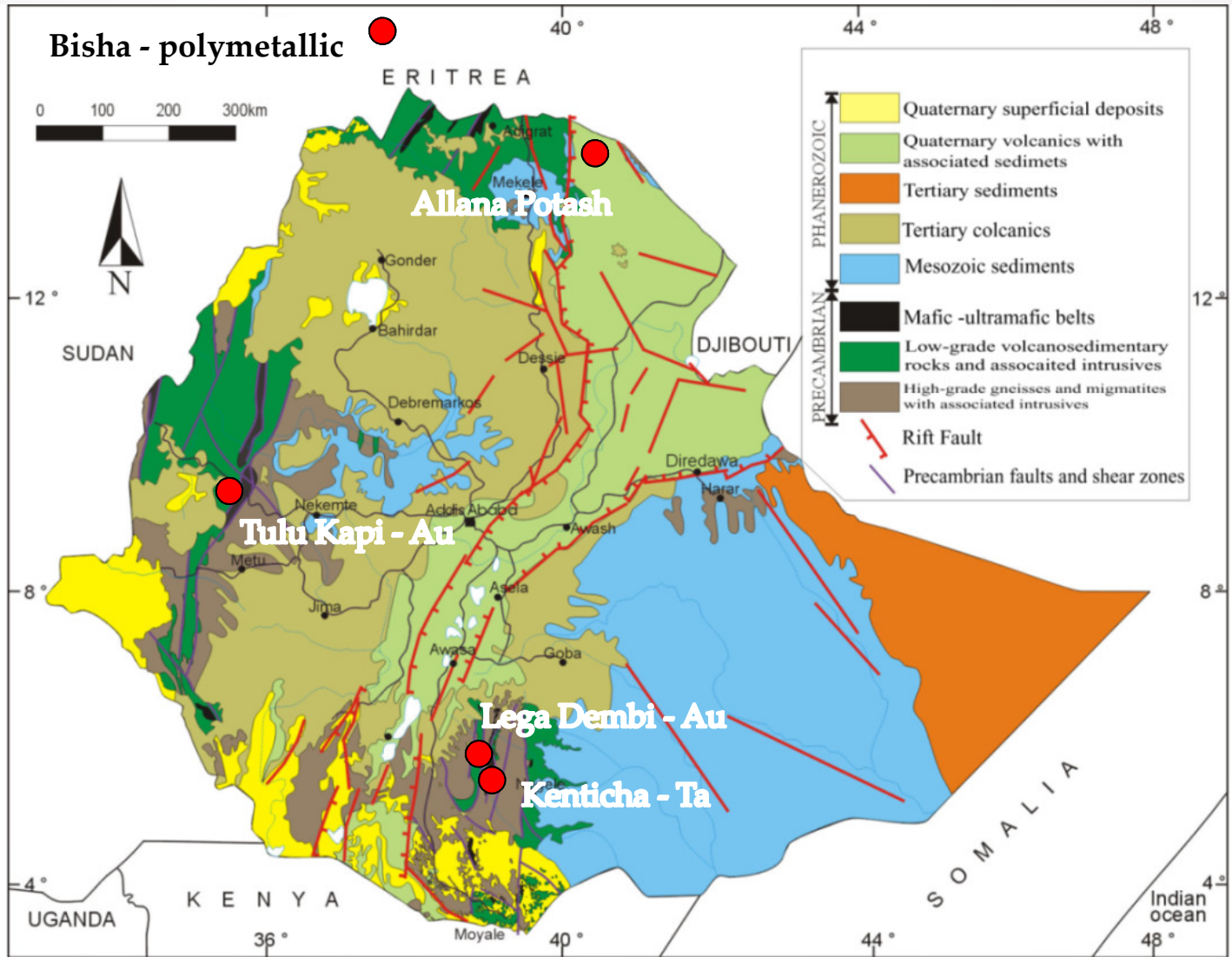


Geological Potential & Mining



Geology / Mines

Mining and prospects for mining



Mines & projects
in the region

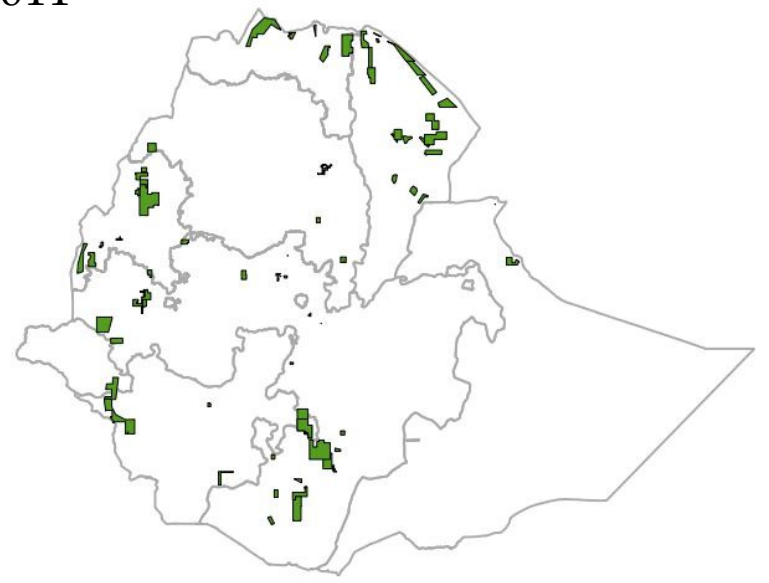


Exploration development

2005



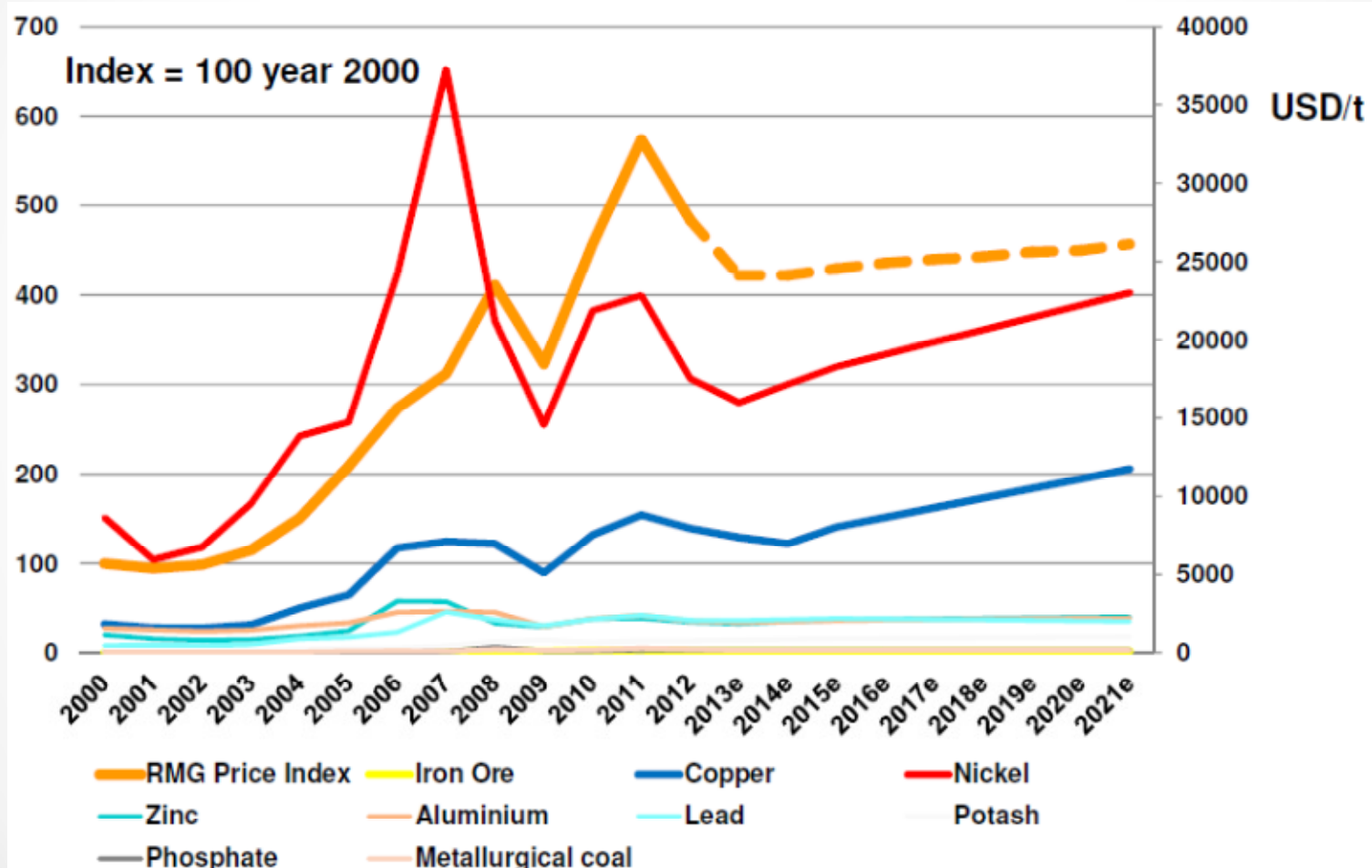
2011



Scenarios
&
Economic Implications



Metal prices



Source: Raw Materials Group, 2013

Scenarios

Conservative

Due to the many possible risks, exploration in Ethiopia is not intensified.

- 1 large gold mine, artisanal mining gold
- 1 potash mine

Probable

Only small increase in mining, primarily due to the comparatively few advanced projects and low intensity of exploration.

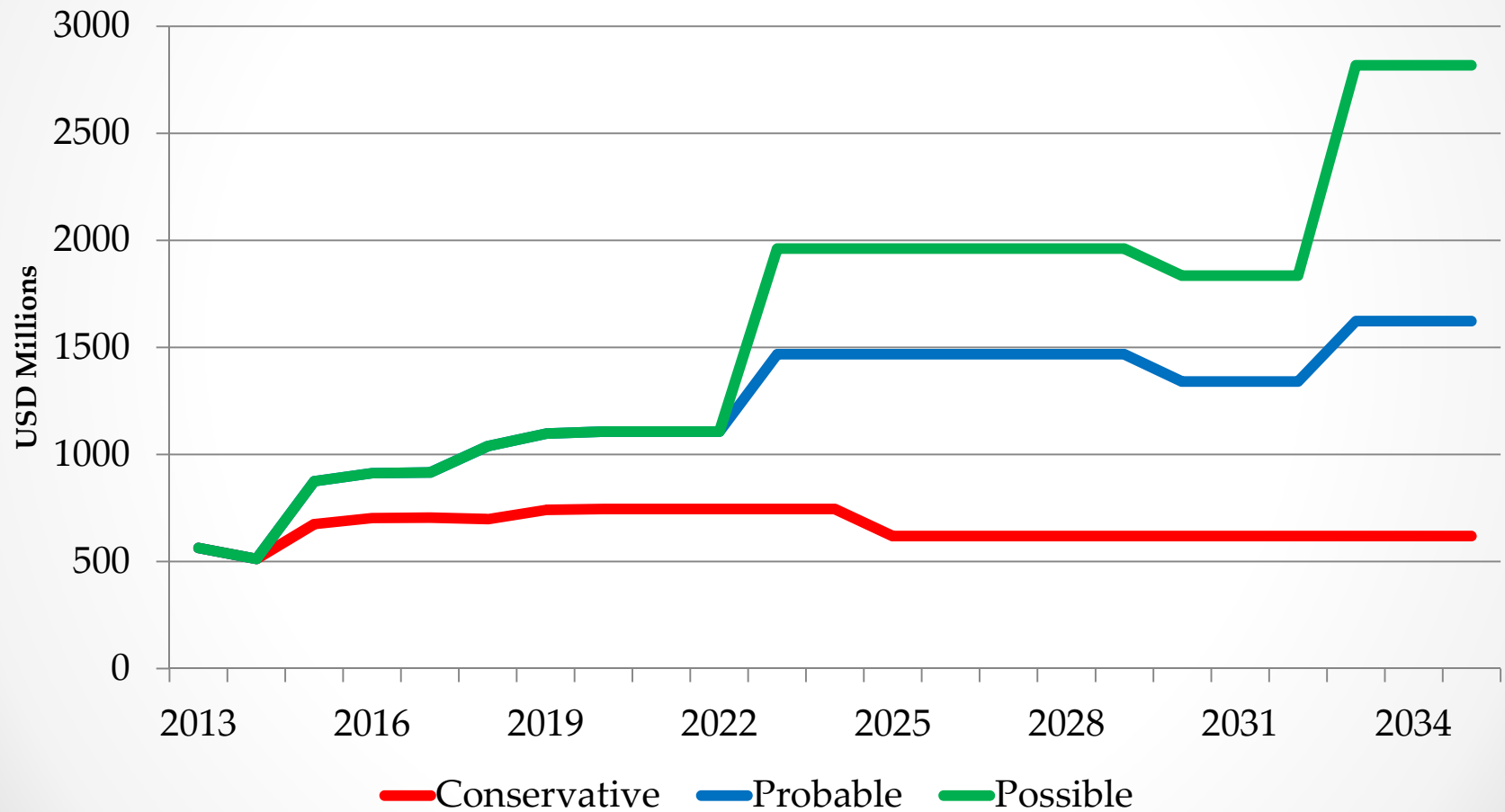
- 1 large gold mine, artisanal mining gold
- 3 small gold mines
- 1 tantalum mine,
- 1 large and 1 small potash mine

Possible

Will require very strong intensification of exploration activities.

- 2 large gold mine, artisanal mining gold
- 4 small gold mines
- 1 tantalum mine
- 1 large and 1 small potash mine
- 1 copper and gold project

Conservative, possible & probable

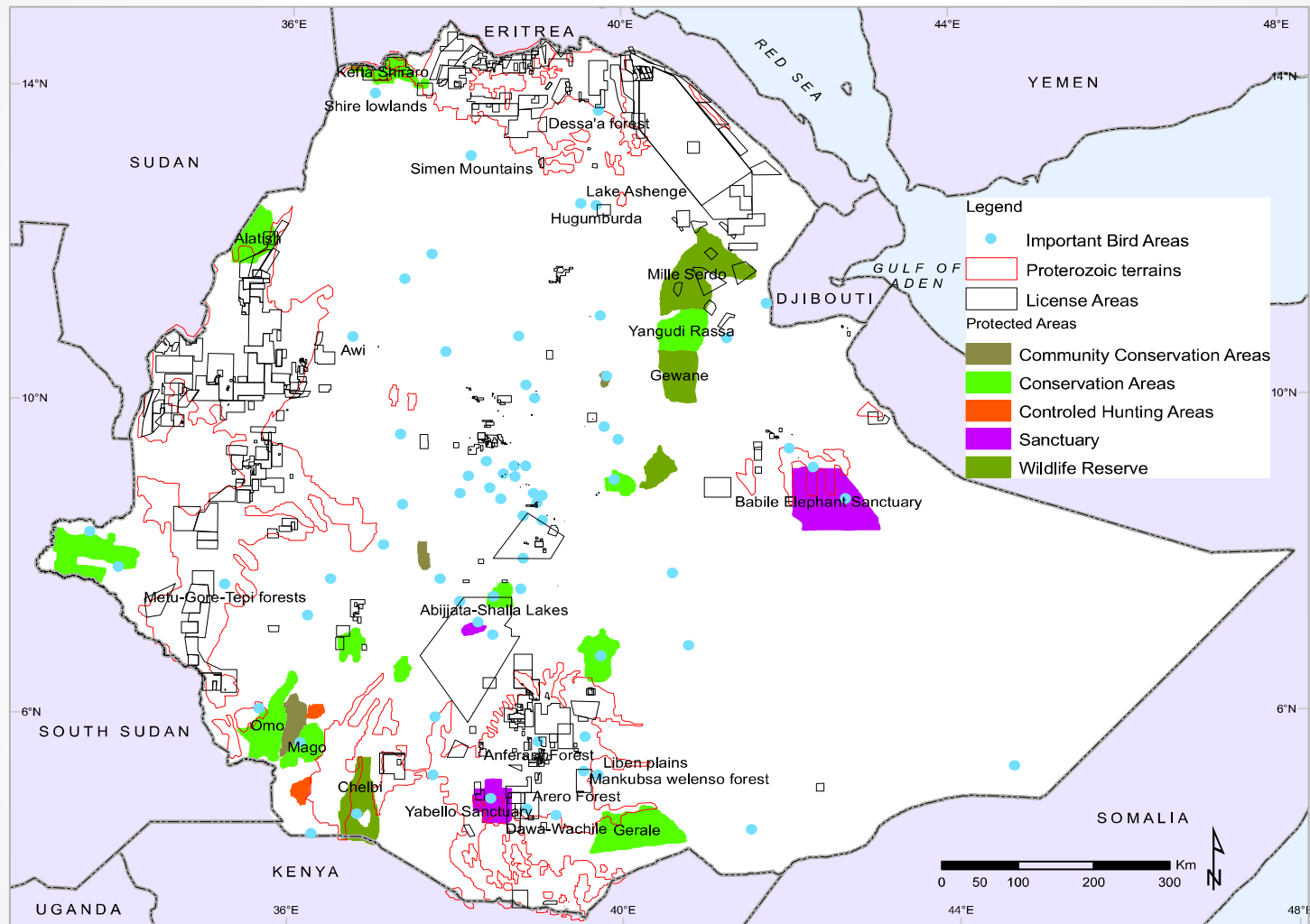


Sales revenue

Estimation of economic impact

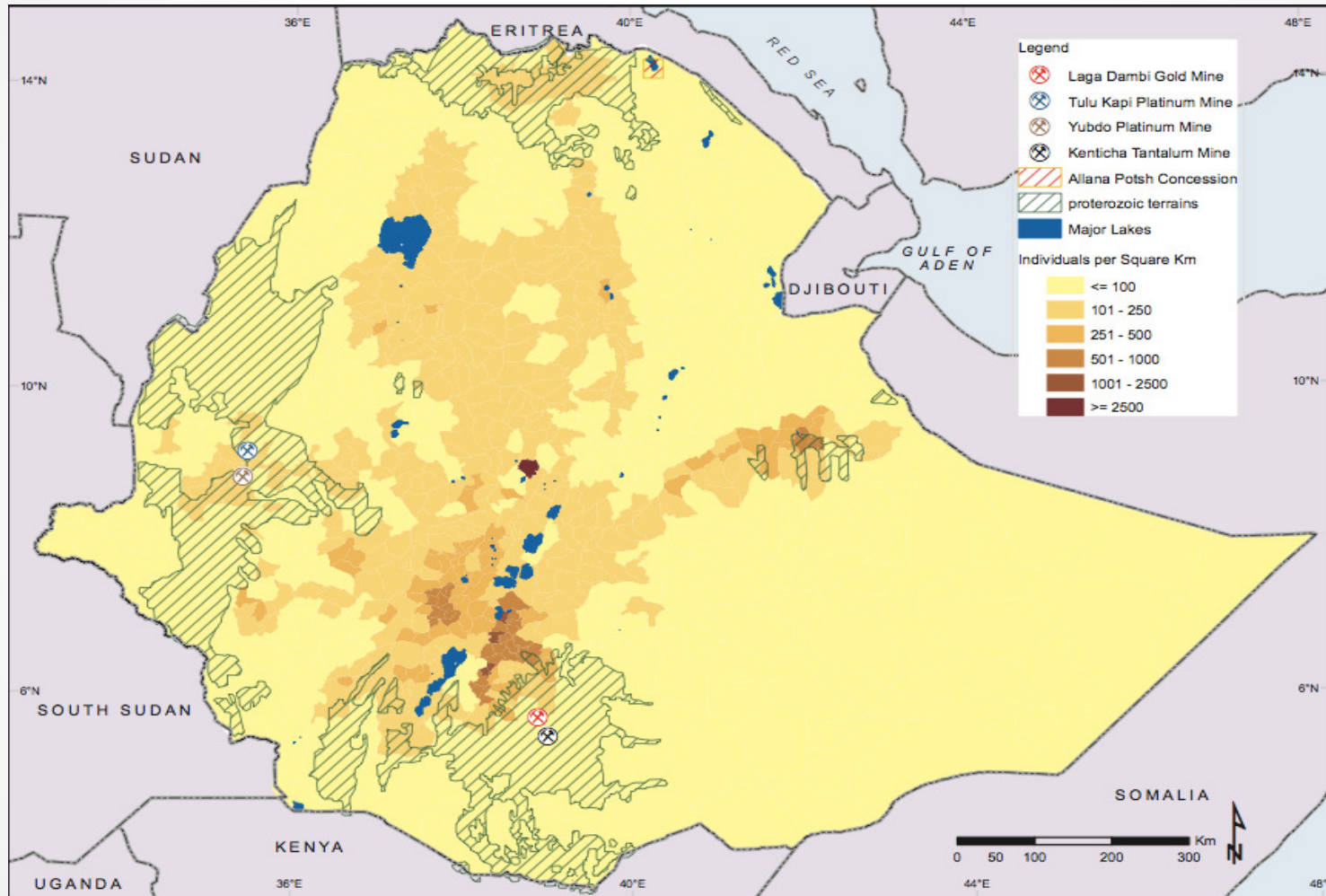
| Economic Impact (million USD) | 2013 | 2018 | 2024 | 2030 | 2035 |
|--------------------------------------|--------|-------|--------|-------|-------|
| Conservative | 153 | 196 | 210 | 170 | 170 |
| Probable | 153 | 189 | 313 | 314 | 267 |
| Possible | 153 | 189 | 471 | 472 | 476 |
| Direct Employment Potential (Number) | | | | | |
| Conservative | < 1300 | <1200 | < 1200 | <200 | <200 |
| Probable | < 1300 | <2600 | <3900 | <3900 | <4100 |
| Possible | < 1300 | <2600 | <8000 | <8000 | <8200 |

Environment



Wildlife conservation and important bird areas in relation to late Proterozoic terrains and exploration and mining licenses issued during 2005-2012

Social



Areas of prospective geology (Proterozoic) as well as mines and areas of high population density

Artisanal & Small Scale Miners

- Up to 1 mil; (gold 8 tons in 2013, agates, ind. minerals)
- Land use conflict; LSM & agriculture
- Sector supported & prioritised by government
- Strategy: baseline, tolerance, realism, training



Dolovia mining site, Oromia

Achieving the Possible



What is needed?

- Time
- Show Ethiopia as destination for mining investment
 - Provision of the right type of geo-information
 - Targeted geo-scientific survey
 - Ease of use and access geological information systems
 - Pursue EITI

What is needed?

- Well functioning institutions who can operationalize strategy
 - Improve efficiency and capacity within the Ministry of Mines and the Geological Survey
 - Proper, systematic, efficient, transparent licensing system

What is needed?

- Clear & comprehensive legislation & regulation
 - Mining Agreements (MMA)
 - Environmental and social safeguards
 - Address issues of land conflict
- Human resource capacity enhancement:
 - For both the public and private sector
 - Gender

Goal: Investments from responsible mining companies

Making Minerals Work

- Utilizing the revenues streams
- Developing forward economic linkages
- Developing linkages across sectors
- Focus on developing core capacities to avoid enclave sector development
- Contribution to local economy through infrastructure

Goal: Fully functioning Resource Corridors



Important Issues

- Increased local private sector competitiveness
 - Clear up issues related to Regional and Federal responsibilities
 - Fair distribution of benefits within country and communities
 - Cross ministry collaboration
 - Capacity building of NGO & CSO & traditional organizations
-

Concluding remarks

Ethiopia is at an early stage of its mining life cycle, with ample time to develop a sustainable sector

Ministry of Mines currently working on issues highlighted in this report

This project identified broad issues and areas for further initiative and development



Thank You

