

# **ASM SECTOR AND SUSTAINABLE DEVELOPMENT IN ETHIOPIA**

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# Flow of the presentation

1. Back ground on ASM Sector.
2. Gold supply chain in Ethiopia
3. Importance of ASM.
4. Challenges of ASM in Ethiopia.
5. Measures taken to improve ASM challenges in Ethiopia
6. Formalization of ASM communities.
7. Result obtained.

# 1. Background on ASM

- Ethiopia is Endowed with different mineral resources.
- Most of the Minerals are Mined by Artisanal Miners.
- It is estimated more than one million People are engaged in ASM Activities. Miners who are engaged in gold and gemstones are estimated from 300,000-350,000. Indirectly beneficiaries are estimated from 5-7 million People which covers 5-7% of the total population of the country.

# Mineral types

## Emerald



# Ethiopian Opals



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# Value added Opals



# Gold Panning



# Gold panning





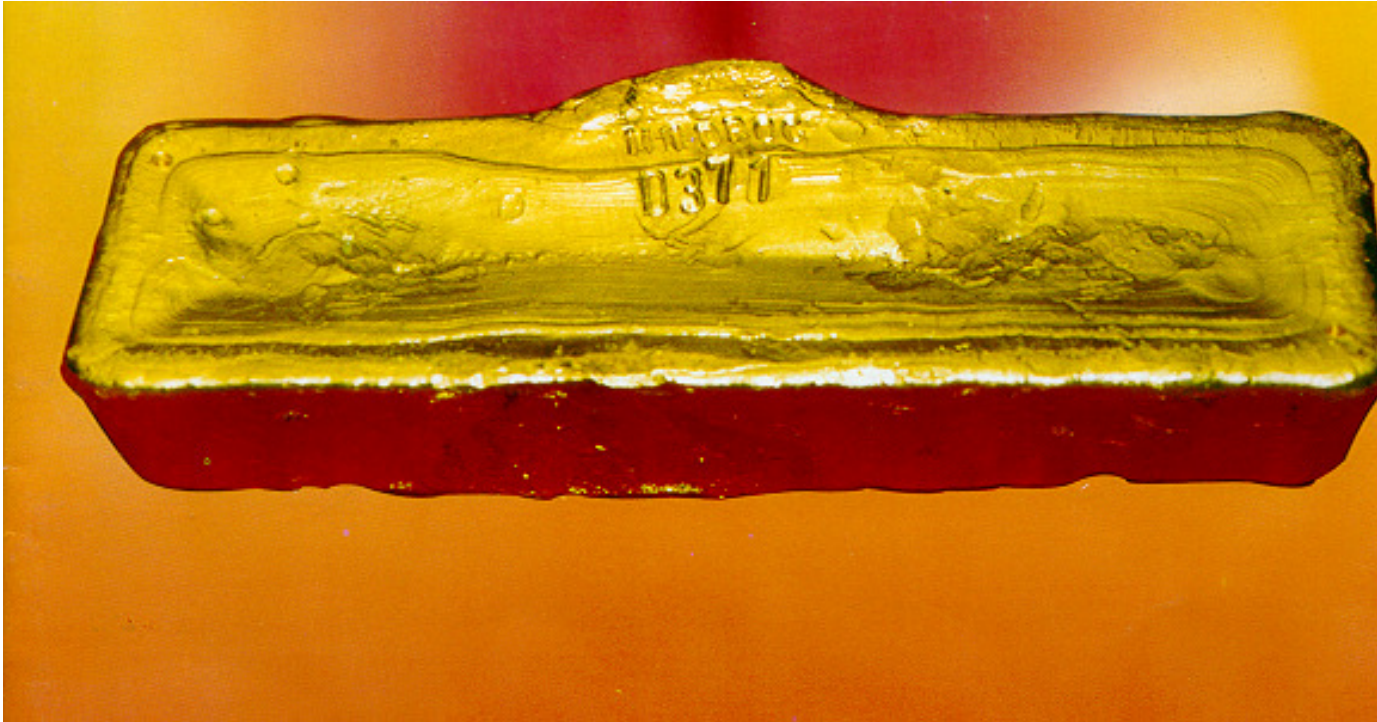
# Gold panning



# Placer gold production



# Gold Dore



# Tantalum production



# Gold trading in the mining site



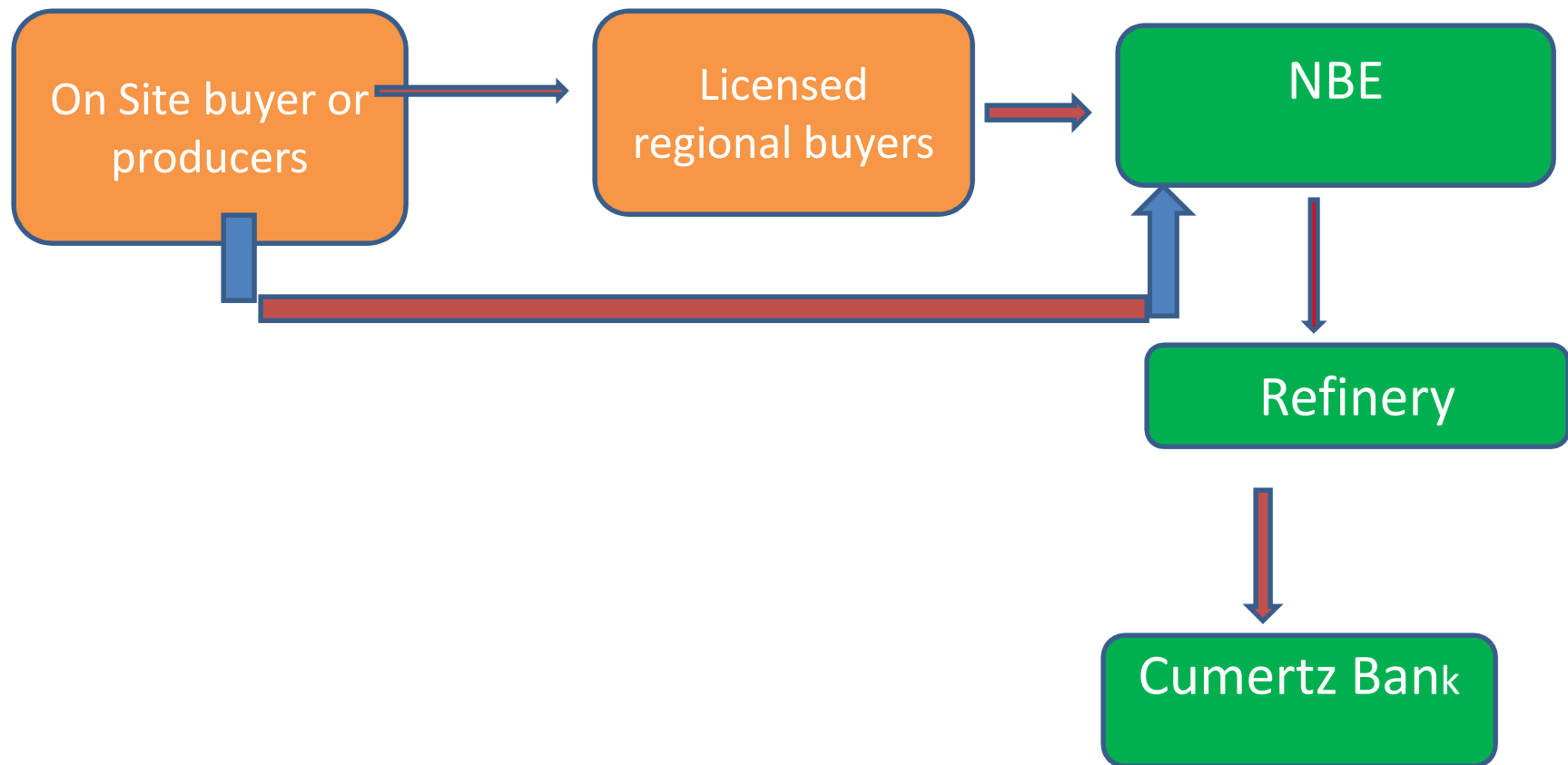
# Background contd./legal frame

- **Artisanal mining** means a mining operation carried out by individuals or small and micro enterprises which is mostly of manual nature and does not involve the engagement of employed workers;
- **Special small scale mining** means mining operation of gemstones or placer resources of gold, silver, platinum or tantalum of which the annual run-of-mine does not exceed the limit stated in paragraph (a) of sub-article (35) of this Article, which is carried out by individuals of small and micro-enterprises who were the holders of artisanal mining license and have sufficient financial capacity to employ modern machineries and equipment in such operation.

# Background Coned....

- **Small scale mining** means any mining operation of which the annual run-off mine ore does not exceed.
  - Regarding gold, platinum, silver and other precious and semiprecious minerals:
    - 100,000 m<sup>3</sup> for placer operation;
    - 75,000 tons for primary deposit mining;
- ASM communities who are engaged in gold are estimated from 300,000-350,000.
- ASM activities carried out in all regions of the country.
- No mercury or other chemical are used in Ethiopia.
- Gold from Ethiopia is Conflict free.

## 2. Gold supply chain in Ethiopia





## Because of this supply chain;

- Traceability /origin/ of the gold is easily identified, because each step of supply chain is documented.
- Origin of suppliers and gold is easily known.
- Money laundering is not so far encountered.
- No conflict in the supply chain.
- No terrorist financing in the supply chain.
- No human right violation.

# Supply chain contd.

- The ASM sector specially artisanal gold mining activities are Audited by **ARGOR HERAEUS** refinery representatives of Switzerland in **OECD due diligence Guidance** for responsible supply chain of Minerals from conflict affected and high risk areas.
- After Audit is carried out by **ARGOR HERAEUS** refinery representatives in the gold purchase centers, the mining sites, cooperatives , legal frame works and interview to the concerned stakeholders we received an approval of shipment of gold to ARGOR refinery to Switzerland,

# 3. Importance of ASM

- Job Creation
- Income generation, and stimulates other economic sectors. Like Agriculture, services, transport and infrastructure etc.
- Foreign exchange earnings.
- Curbing Rural Urban migration.
- New discoveries of Mineral Deposits.
- To control the origin of gold (contraband) or illegal transaction



## 3. Challenges of ASM in Ethiopia.

- High Mobility of Miners.
- HIV/AIDS and other communicable diseases.
- Environmental impacts.



## 4. Measures taken to improve ASM challenges in Ethiopia

### 1. LEGISLATIVE

- High political will of the Government.
- Mining license for AM cooperating issued by regions
- ASM is incorporated in the Mineral policy.
- ASM is recognized in the Mining law.
- ASM is incorporated in poverty reduction strategy of the country.
- ASM is incorporated in GTP/ Growth and Transformation Plan of the country/
- Mining proclamation is revised in favorer of AM
- Proclamation to promote and transaction of precious metals No 651/2009 is enforced.
- Proclamation to amend the NBE establishment No 591/2008 is enforced.
- A number of directives on gold foreign currency purchase are enforced.

# Measures. Coned....

## 1. Administrative

- The government established a Directorate under the organization of the Ministry to administer all matters pertaining to ASM in the country. And also Gold trade and value chain Directorate is established to facilitate the gold transaction.
- Decentralization of gold purchase center to regions.
- Incentives to gold traders. Payment 5% premium for each gram of gold
- Formalization of ASM communities conducted.

# Measures. Coned....

## 3. Extension services to ASM

- ASM communities are offered extension services by various stake holders in terms of ;
- legal and regulatory requirements;
- Value additions
- Technical and Material support.
- Training to increase productivity.
- Training to utilize improved mining technology. Introducing new technologies.
- Training on Environment and safety.



# Dry washing plant





# Metal detector



## Measures. Coned....

- Developed Training manuals
- Conduct awareness creation through consultation and National Experience Sharing conference.
- Demarcating mining areas for ASM.



# Measures. Coned....

## 4. Financial support

- The government established Microfinance institutions in all regions to issue soft loans to formalized miners.
- The government is supporting formalized miners through a World Bank program.

# 6. Formalization of ASM

## Importance of formalization

- Easy to provide extension services.
- Easy to give loan and saving services.
- Easy to provide social services, infrastructure, health and build schools etc.
- **Helps to stabilize peace and stability of the mining area.**
- Increase the government revenue.
- Decrease gold smuggling.
- **Stimulate other economic sectors.**
- Enhance the development of the mining areas.
- Helps to rehabilitate environmentally degraded areas .

# Who will be organized?

- Miners who wishes and will to be organized. No obligation .
- Miners who have permanent residence in the mining locality.
- Miners who are above 18 years old./both male and female/
- Miners who are not disabled.
- Miners who have good behavioral attitude.
- Priority to Jobless youth.
- Ethiopian National.

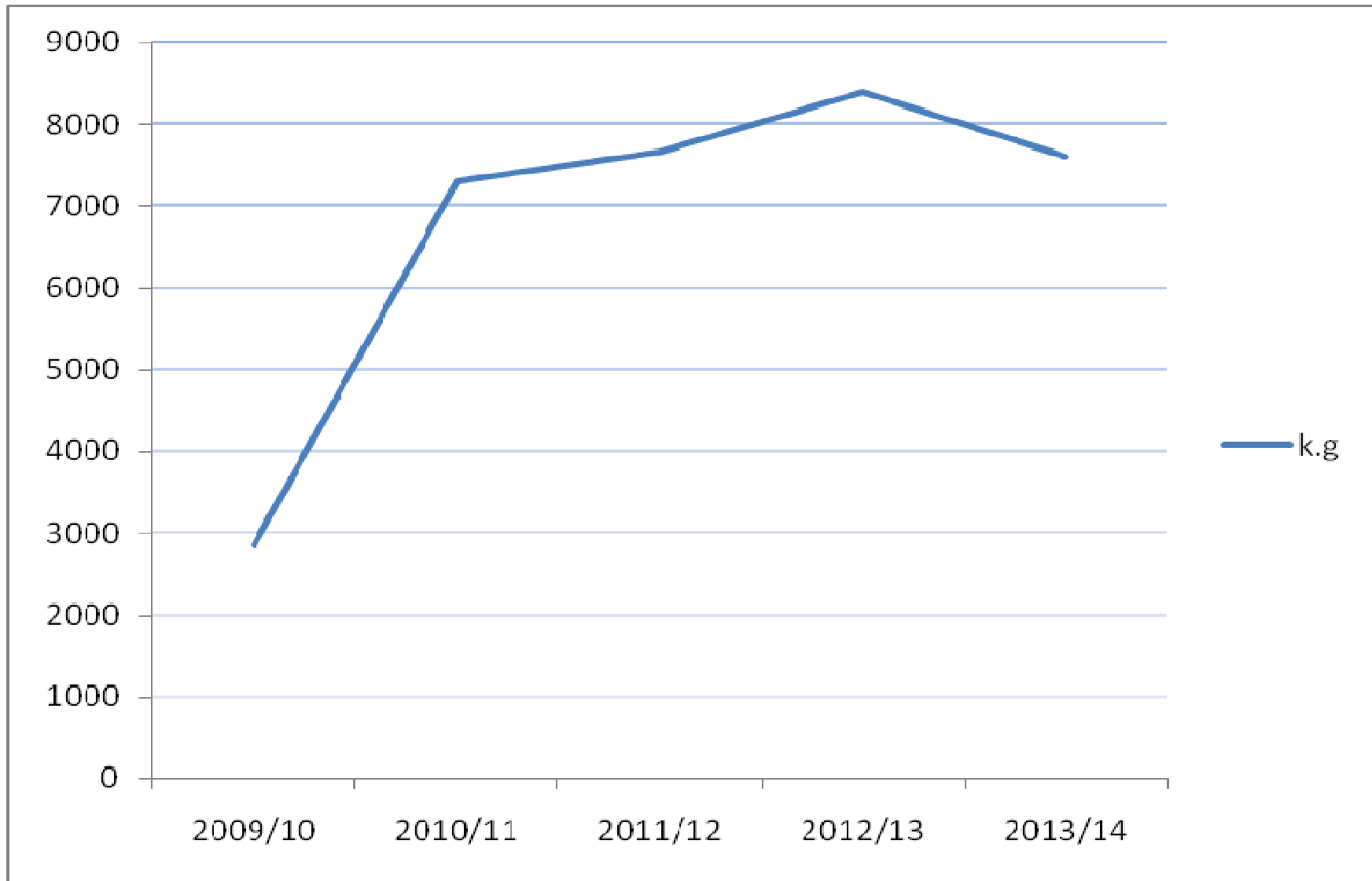
# Stake holders in formalization process.

1. Ministry of Mines
2. Regional Mining agencies.
3. Federal and Regional cooperative agencies.
4. Local administration.
5. Micro and Small scale enterprise agency.
6. Local administration Audit.
7. National Bank of Ethiopia.
8. Geological Survey of Ethiopia/GSE/
9. Ministry of Trade.

## 7. Result obtained

- More than 100,000 miners are organized in to cooperatives all over the country
- More than 50,000 miners are organized in to Micro and small scale miners all over the country.
- The amount of gold purchased by NBE/ National Bank of Ethiopia/ increased from 735kg in 2009 to 8386 kg in 2013.
- Other economic sectors in the mining areas are stimulated .
- In many ASM community areas **food security** is ensured.
- Enrollment of school age children highly increased and dropout fall down to the minimum level.

## Gold purchased by NBE from ASM communities





# Invitation

You all are invited to attend the fifth Annual ASM conference which will be held in Amhara Regional State Dese Town from Jan 24-26/2015.



Statue of Gold  
panner In Oromiya  
regional state  
Shakiso  
Administrative ,  
Ethiopia

THANK YOU