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 የማዕድን ሚኒስቴር
 FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
 MINISTRY OF MINES

ቀን 07 SEP 2015
 Date

ቁጥር MA 233188
 Ref.No

United Nations Development program in Ethiopia

Addis Ababa

Subject:- Sending Activity Report

Dear Sir,

As you are aware of, Ethiopia is implementing the Extractive Industries Transparency Initiative principles since 2009 and now moving forward for attaining compliant status. For our many achievements in the implementation process, technical and financial support we obtained from the organization is unforgettable. Similarly, our national Steering Committee represented from government, CSO and Extractive Company have been visited in the selected mining site (i.e Laga Dambi Adola Gold mine, Kenticha tantalum, Muger chalo pumice and shala sodaash) in oromia region in the early of August, 2015. The visiting program was enables the team to have good insight of the mining operation status and communities' opinion toward all activities of the mining companies business. Therefore, here we send you the activity/performance report attaching with Funding Authorization and Certificate of Expenditure (FACE).

Sincerely,

Tolesha Shagi
 Minister



UNDP Registry Addis Ababa	
Received Date	
FILE	INFO
ACTION	
Shuels / Pmu	
ACTION COMPLETED	



1. Brief Report on the mining site visit made by EEITI National Steering Committee and Senior experts from MoM in the early of august,2015

Since March 19, 2014 Ethiopia is working to meet EITI requirements which enable to achieve its compliance status. In its two-year work plan, the EEITI NSC has incorporated visit programs to selected extractive industries representing large scale, small scale and artisanal mining sites. Accordingly, seven members of EEITI NSC, four EEITI Implementation Secretariat staff members, three concerned staff members of the Ministry of Mines, one representative from the World Bank and Oromia regional water, Mines and Energy Bureau vice head have conducted field visits on four selected mining sites from 7th-10th August 2015 in the Southern part of the country.

Members of the Team were:

1. Ato Abraham Tadesse- NSC member ;
2. Ato Dessu Antawi- NSC member;
3. Ato Habtu Hagos- NSC member;
4. Ato Tadilo Chekol- NSC member;
5. Ato Melaku Tadesse- NSC member;
6. Ato Ketema Fufa- NSC member;
7. Ato Anteneh Abraham- NSC member;
8. w/t Tsigereda Zewdu- NSC member;
9. Ato Merga Kenea- EEITI IS head;
10. Ato Tsehay Mulugeta- MoM;
11. Ato Kaleb Gebreyes-MoM;
12. W/r Lydia Mesfin- World Bank;
13. Ato Jarso Edema- oromia Regional Mines Burea vice head;
14. Ato kifle T/tsadik- EEITI staff member;
15. Ato Mohamedseid Hagos- EEITI staff member; and
16. Ato Daba Shoro- EEITI staff member.
17. Ato Feleke H/Georgis MoM

2. OBJECTIVES

The visit was conducted with the objectives of:

- Developing NSC's insight;
- Promoting EITI and creating EITI awareness of the companies, local communities and local administrations.
- Creating opportunity for dialog and discussion among the companies' management, local communities and local administrators.
- Enhancing positive relationship between the Extractive companies and the local communities living around the mining sites;



- Narrowing the gap between the community expectation and actual performance of the Extractive companies on community development issues; and
- Creating conducive working environment for Extractive companies.

3. Details of the visit:

3.1. Visit to Muger cement Chalo pumice site:

Muger cement Chalo pumice site is a large scale mining found in Eastern Shoa zone of Oromia Regional state.

On the visit made to Muger cement Chalo pumice mining site, Ato Afework Agonafir, the mining supervisor, has explained that on average 1500 ton pumice is mined from the site per day. The company is paying any form of payments as per the agreement made with Government; and also working in a close relationship with the community being engaging in the community development activities like:

- ✓ Construction of 30 kms road for the local communities;
- ✓ Construction of one primary school and four healthy posts;
- ✓ Creating job opportunities for about 1200 individuals particularly who were formerly engaged in unwanted activities in the community; and
- ✓ It is already in the process to solve the problems related to the provision of clean water.

Regarding the issues related to performing in an environmentally friendly approach, Ato Afework has stated that they have rehabilitated four hectares on their other pumice site near Nazareth. In relation to Dire Pumice site rehabilitation plan, we only heard from the Supervisor that they have requested the local Government authority to provide them any replacement land suitable to plant trees to compensate what is deforested by mining pumice. At the completion of mining operation, as issues related to reclaim the deep hole/gorge created in the process of mining is concerned, Ato Afework said that they need Government's support on providing the professionals who will assist them on technical matters.

Finally, Ato Jarso Edema, Oromia regional state Water, Mines and Energy Bureau vice head has confirmed the existence of good relationship with the local communities and the company's best practice even in their whistle blowing on illegal miners.

Lastly, the team commented the company to work on the environmental issues more than ever to meet the standard already set in their contractual mining agreement; and also to save community development fund for sustainable development.



3.2. Visit to Kanticha Tantalum Mining:

Kanticha Tantalum Mining is a state owned company located in Guji Zone of the Oromia Regional State which produces Tantalum. On the visit made on this site, Ato Tadesse Melesse (Administration department representative) and Ato Tilahun Kassa (Plant supervisor) explained that the company is a 30 years old mining company which produces on average 400 kg Tantalum per day. The company is paying the royalty as is set in the proclamation.

As the **community development activities** are concerned they reported that:

- ✓ They are providing free healthy services in their own clinic;
- ✓ Free electricity service;
- ✓ Ambulance service;
- ✓ Depositing 3-4 million amount of money for the community development services annually; and also
- ✓ Responding to any organized request that arises from the local communities through their administrators.

Regarding the environmental issues they stated that:

- ✓ No any environmental pollution is yet created as the company does not use any chemical;
- ✓ There is a gap on the usage of safety issues even though there are safety materials in the store;
- ✓ Environmental rehabilitation activities ever done are not as such satisfactory as they are waiting for the professionals' comment on whether the mineral is extracted fully or not.
- ✓ The visitors couldn't get concrete clarification regarding the issue of the presence of radioactive elements in the Tantalum concentrate.

Two representatives from the local Administrative body of the local community also stated that even though the local community is benefited from this company, there are still many issues that require to be improved. These include:

- ✓ The scarcity of clean water which is resulted from the mining activities carried out in the area;
- ✓ There is no any environmental rehabilitation activities ever done by the company;
- ✓ The administrative body of the company is not working to create good relationship with the community which created the negative attitude in the local community towards the company ;
- ✓ Construction of roads;



Comments given

After a wide range of discussion, the team has forwarded the following comments for the company:

- ✓ Even though the company has started good performance recently i.e. a year ago, still the company has to do more on community development;
- ✓ Integration and collaboration with parks around the site also requires to be improved; and
- ✓ Resolving the minor problem that the company faced by using the Gada system which the local community respects is a good idea that the company has to strengthen.
- ✓ There is no any tangible effort seen to compensate the water used from the lake and they don't have ESI study.

4. Out puts Gained from the visit

The following out puts were gained after the visit:

- NSC has developed its insight on how the mining activities are going on and the status of environmental rehabilitation as well as community development issues;
- Favorable conditions were created to promote a win-win approach between the Extractive companies and the local communities living around the mining sites;
- Enhanced collaboration and integration among the Extractive companies, the local administrations and the local communities;
- Bottlenecks to the mining activities were identified to be solved by the active participation of all concerned stakeholders;

5. Recommendations

The participants of the visit have come with the following recommendations:

- ❖ Even though this visit is the first in its nature, many issues which require immediate action from the concerned bodies were observed. For instance the relationship between the Extractive companies (Kanticha and MIDROC) and the local communities living around the mining sites is not to the extent that benefits both. This indicates the necessity of arranging a kind of forum where both will meet at the presence of NSC, concerned body from the Ministry of Mines and regional mines bureau, and zonal and woreda Administration to discuss on the issues in detail and come to the possible solutions;
- ❖ The visit is seen to be very important in promoting transparency and accountability in the extractive sector. Therefore, there should be continuity of



Funding Authorization and Certificate of Expenditure (FACE)

UN Agency: UNDP

15/9/2015

Country: Ethiopia

Project Code & Title: 00092081 Strengthening Accountability and Transparency in the Extractive Sector for Inclusive Growth

Responsible Officer (s): Ato Merga Kenea

Implementing Partner: EEJTI secretariat

Currency: In Birr

Type of Request:

Direct Cash Transfer (DCT)

Reimbursement

Direct Payment

REPORTING		REQUESTS/AUTHORIZATIONS						
Activity Description from AWP with Duration	Coding for UNDP, UNEPA and WEP	Authorized Amount	Actual Project Expenditure	Expenditures Accepted by Agency	Balance	New Request Period & Amount	Authorized Amount	Outstanding Authorized Amount DD-MM-YY
Action: (1.1.4)- Conduct visiting study in the selective Mining site to Strengthened the understanding of the institutional capacity of the EEJTI secretariat & NSC to oversee what is going on around the mining site & local communities in relation with EITI principles 7 environment as well.		32,441.15	36,787.24					
Grand Total		32,441.15	36,787.24					

CERTIFICATION

The undersigned authorized officer of the above-mentioned implementing institution hereby certifies that:

- The funding request shown above represents estimated expenditures as per AWP and itemized cost estimates attached.
- The actual expenditures for the period stated herein has been disbursed in accordance with the AWP and request with itemized cost estimates. The detailed accounting documents for these expenditures can be made available for examination, when required, for

Date Submitted: 15/9/2015

Name: Tolosa Shagi

Minister

NOTES: * Shaded areas to be completed by the UN Agency and non-shaded areas to be completed by the counterpart.

FOR AGENCY USE ONLY:

FOR ALL AGENCIES

Approved by:

Name:

Title:

Date:

For UNICEF use only		FOR UNFPA USE ONLY	
Liquidation Information		New Funding Release	
DCT Reference:	CRQ ref. no., Liquidation ref. no.	Activity 1	Activity 2
		0	0
DCT Amount			
Less: Liquidation Amount			
Balance		0	0
		Total	0