

H.E Clare Short

Chair of the EITI Board

**London**

**Subject: Request for EITI candidacy Membership**

Dear Madam,

We understand that, today EITI is becoming increasingly important in diverse fields or processes. The government of Ethiopia has been working enormously and with firm stand over the last three years with a view to adapting the practice of EITI worldwide and maximizes the role of extractive industry in the country's economic development and ensures that the people of the country benefit from it.

So far, the government has set up a national steering committee comprising representatives of the civil society, private companies and that of the government. Significant effort has also been made to popularize the EITI process through a series of trainings and seminars.

It is our belief that we have gone far enough to comply with first requirements listed in EITI rule and started the second stage or phase by way of meeting the rules of EITI. we have already given extensive trainings for civic societies, extractive companies & government entities to build up their capacities and make them play their own role in the initiative.

In addition, currently, 32 Extractive companies have joined the initiative. Out of these, the National Steering Committee has selected 16 companies for reconciliation of their 2009/2010 extractive income. UK registered Hart Group called INDEPENDENT AUDIT FIRM has also done the reconciliation of their income and the result is compiled and attached to the document as an appendices We are still actively working on the issue and would like to be part of the EITI process not just because we simply want to find ourselves in the system, but rather because Ethiopia is committed to promote transparency in the sector.

Despite all these developments and useful measures taken, the Board has not yet admitted Ethiopia.

The reason that the Board has preferred to differ /pend our first application relates to the Ethiopian charities and Societies legislation.

As a matter of fact, the purpose of the legislation is nothing but to:

- Fill the gap in the Lack of the comprehensive legal framework to administer the charity and society;
- support & facilitate the charities and societies in the overall development of the Ethiopian people;
- To create transparency and accountability in the activities of charities and societies;
- Allow charities and societies to be engaged in income generating activities;
- Define what should be the relation charities and societies have with the sector Administrators.

The law does not prevent Ethiopian resident or foreign charities from receiving development funds if they desire to be engaged in development or charitable activities like the alleviation or relief of poverty or prevention of disaster, the advancement of the economy, and social development and environmental protection, the advancement of animal welfare, the advancement of education, the advancement of health or the saving of the lives, the advancement of amateur sport and the welfare of the youth, the relief of those in need by reason of age, disability, financial hardship or other disadvantaged, the advancement of the capacity building on the basis of the country's long term development direction.

Therefore, in our view, the proclamation is not meant to restrict the operation of the civil society, rather to create conducive environment for their activities as well as ensure transparency and accountability, establish a legal framework for their operation.

In case there is anything to be discussed in the implementation of the legislation, the government is always ready to address challenges. The government of Ethiopia also realizes that through further dialogue, the legal environment will improve. The desire of the government of Ethiopia is always to make sure that Charities and Societies operate in the interest of the people of the country.

Accordingly, the positive response from the Board will add much value to our joint effort with relevant stakeholders to meet the basic objective of EITI and promoting transparency, which is possibly the concern of the Board as well.

We understand that, the construction sector transparency (CoST) success achieved under the guidance of Ethiopian Ethics and Anti-corruption commission is our benchmark. The positive experience gained in this area will certainly serve our purpose.

In addition to the effort made, the law which enforces every Mining company to be a member of the EEITI and to disclose to the public the amount it paid to the Government is included in the Mining operation proclamation amendments. This is one of the effort that the ENSC took jointly to resolve obstacles and the others will continue step by step based on the investigation take place by the implementation secretariat.

Generally, evaluating what has been done in our efforts, we understand that the initiative has a great value to our Extractive Industry. We also assure that the program will continue in the future with great support and help. Therefore, considering our efforts, and observing the rules of EITI for candidacy membership, we kindly request the Board to accept Ethiopia's application for the membership.

Please find attached the necessary documents (NSC Memorandum of understanding, public statement, agreed work plan, ToR for NSC, contact address of the custodians , Reconciliation result & attached reflection of the ENSC and details of activities so far done in relation with sign-up requirements) with our application letter.

Sincerely,

**EITI CANDIDATURE**

**APPLICATION**

**FORM**

EITI CANDIDATURE APPLICATION FORM

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## 1. Introduction

Ethiopia is located in East Africa occupying a land area of 1.14 million km with a population of over 80 million. Geographically the country is located between latitudes of 3 N to 15 N and longitudes of 33 E to 48 E and bounded with Kenya to South, Djibouti & Somalia to the East, Sudan to the West and Eritrea to the North.

Ethiopia has adopted federal administrative system with nine National Regional States & two City Administrative Councils. Addis Ababa is the capital city of Ethiopia having about 3 million residents and is the center of business & Industry. The head quarter of African Union (AU), the United Nations Economic Commission for Africa (ECA) and other International Organization are located in the capital.

The main economic basis of the country is Agriculture. Over 80% of the population is engaged on Agriculture & related activities. The major export of the country also comes from this sector. The mining sector is becoming a significant source of foreign currency earnings. Gold, tantalum, gemstones and dimension stones are the export minerals of Ethiopia.

After a major policy change in 1991, the government adopted a free market economic policy, limiting the role of the public sectors in economic activity. In accordance with the new economic policy, mining proclamations are promulgated to permit & encourage the investment of private capital in the development of the mining sector. Growth rates of double digit are recorded for the past couple of the consecutive years.

Geo-scientific works for academic and mineral prospecting purposes in Ethiopia began in the late 1890's by foreign scholars and private companies. Until the Mid – 1960s most of the exploration activities were conducted in different parts of the country in a generally unorganized manner. Modern and systematic mineral exploration started in 1968 with the establishment of the Ethiopian Geological Survey as a department within the Ministry of Mines. Since the establishment of the geological survey, various geological mapping and mineral exploration projects have been undertaken in different parts of the country with the aim of discovering mineable mineral deposits and upgrade the geo-scientific information. UNDP Mineral Survey in two selected areas (1967-1971), Omo River project Ethio Canada (1976-1978), Bulbul-Ageremariam-Moyale Mineral Exploration Project (Ethio-Soviet), Bure-Aberegete Mineral Exploration Project, Asosa-Kurmuk Mineral Exploration Project Guba-Oda Godre Integrated Mineral Exploration Project, Adola Gold Exploration Project (Ethio-Soviet), Bure-Aberegele Mineral Exploration Project, Asosa-Kurmuk Mineral Exploration Project, Guba Oda Godre Integrated Mineral Exploration Project, Adola Gold Exploration Project- AGEP (1985), UNDP- Training for Mineral Exploration Project (1984-1994) and Western Tigray Mineral Exploration Project. Ethio-Nor Mineral Exploration

Project are worth to mention. Most of the exploration works for petroleum were conducted by private petroleum companies except the Soviet Petroleum Exploration Expedition in the Ogaden Sedimentary Basin.

51% of the landmass of the country has been covered by basic geological mapping at a scale of 1:250,00 and about 20% by geochemical Survey in the search for minerals and to support development activities in other sectors with basic geosciences information. Ethiopia is underlain by geological formations that range in age from Precambrian to recent. 25% of the country's land is occupied by Precambrian metamorphic rocks, 25% by Mesozoic sedimentary rocks and 50% by Cenozoic volcanic & sediments.

Precambrian basement rocks outcrop in the northern, western and southern parts of the country comprising high grade genesis & low grade volcano-sedimentary rocks intruded by a range of pan-African granite and syenite bodies and a number of gabbroic, nor tic and ultramafic intrusions. Paleozoic formations are poorly represented by some glacial deposits and some Permian to Triassic sediments occurring at the base of the Ogaden Basin and correlated with the Karoo sediments elsewhere in Africa. Mesozoic sediments outcrop over extensive areas mainly in Eastern Ethiopia overlaying Precambrian rocks. Tertiary volcanic rocks underlie the Rift Valley and much of the highland mainly in the South West, North West and Central parts of the country, Quaternary volcanic and sediments occur mainly within the Rift Valley.

The geological and mineral exploration activities undertaken have demonstrated that Ethiopia has a rich and diverse potential for mining. The geological setup of the country is favorable for the occurrence of metallic, industrial, and constriction mineral, dimension stones, and precious and various types of gemstones.

Even though, Ethiopia has a long mining history, the development of the mining industry and its contribution to the national economy stayed at lower level. The government led economic policy for about two decades and the existence of low level geological data have contributed for the under development of the mineral sector. The change in policy to market oriented economic policy has brought the promulgation of mining legislations aimed at promoting and attracting private investment to the mining sector of the country.

The private investment in the sector is rising from time to time and the sector's contribution to the national economy in the form of foreign currency earnings, revenue generation, job creation and input to the construction and other industries is also growing.

Mineral resources being non-renewable natural resources require sound systems of governance to bring sustainable development. It is also very important to establish transparency and accountability in the management of revenue generated by extractive industries through active

participation of stakeholders including civil society organization. Ethiopia is committed and has started a process to join the extractive industries transparency initiative (EITI), a global initiative that works to strengthen good governance by improving transparency and accountability in the management of revenue generated by the extractive industry. A National Steering Committee comprising representatives from government, company and civil society organizations was strongly working to oversee the implementation of EITI in Ethiopia and planning to join the World initiative and now forward an application for candidacy status to the EITI Board.

**APPLICANT COUNTRY INFORMATION**

**COUNTRY- ETHIOPIAN FEDERAL DEMOCRATIC REPUBLIC**

**NAME – W/ro SINKNESH EJIGU**

**TITLE – MINISTER & EEITI CHAIR PERSON**

**ORGANIZATION – MINISTRY OF MINES OF THE ETHIOPIAN FEDERAL  
DEMOCRATIC EPUBLICR**

**ADRESS – ADDIS ABABA (ETHIOPIA)**

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**Date of Application –1stOctober,2013**

# Ethiopian Extractive Industry Transparency Initiative (EEITI) Implementation Status against the Global EITI Rule for Candidate

## I/ Sign up Requirements

### EITI Requirement 1.1-1.4

#### 1.1 .1 Issue an unequivocal public statement by government

Understanding the significance of security transparency and accountability in the natural resource management, the Government of Ethiopia declares its intention to implement EITI in the country. Following its intention, the government had performed the following major activities in accordance to the Global EITI rule/requirements.

- 1.1.2 The Government has **delegated** a responsible government organ (Ministry of Mines) to lead the implementation of EITI and thereby, the Minister of the Ministry of Mines would be the leader & champion of the initiative assisted by the state Minister of Mines.
- 1.1.3 **Official calling** for Civil Society Organization, Government and companies for launching of EEITI Was made through Ethiopian Television on June.26, 2009 and posted on the Ethiopian Herald on June 27, 2009.
- 1.1.4 **EEITI launching conference** was held from July, 28-29, 2009 in Adama, Ethiopia in which more than 80 participants from CSO, Mining companies Government and World Bank expertise have participated.
- 1.1.5 EEITI National steering committee (**ENSC**) from tripartite group was established on the launching conference through open discussion made among each constituency.
- 1.1.6 **Public statement** of the Ethiopia`s intention to implement EITI was made at the launching conference through the formal delegated government organ (Minister of the Ministry of mines) and publicised through Ethiopia Radio and Television in Feb, 2009.
- 1.1.7 Government intention and commitment to join EITI was announced to the External world on the stakeholder`s forum made in Doha from Feb. 10-15, 2009.
- 1.1.8 Beyond the endorsement of the EITI, the government has established a fully staffed implementation secretariat in the Ministry in Feb.2009 to undertaken the day to day EITI activity.

- 1.1.9 Discussion and agreement was made a two year (20013-2015) work plan for implementing EITI was made by the established EEITI National steering committee (NSC)
- 1.1.10 Memorandum of understanding among multi-stakeholder group was designed and signed, and up loaded on the web site of the Ministry (<http://www.mom.gov.et>) including public statement and Civil Society calling document.
- 1.1.11 A copy of the whole document was well organized & sent to the EITI international secretariat.

Documents/annexes sent to the EITI international secretariat contain

- Public statement -2 pages
- Work plan for (2013-2015) - pages
- Memorandum of understanding -5 pages
- ENSC ToR
- Contact address of NSC members -2 pages

## **Requirement 1.2**

### **1.2.1 Commitment of the Government to work with civil society and mining companies on implementation of the EITI:**

- This Requirement is mainly needed for substantiate engagement of the CSO & Companies in the design, monitoring and evaluation of the EITI implementation process through the commitment of the Government
- Accordingly, the government jointly with NSC has made tangible efforts in order to realize the engagement of the CSO & Companies & its commitment to implement EITI in the Country as mentioned in detail under requirement one.

### **1.2.2 Stakeholders Engagement:**

- The engagement of the CSOs and mining companies has started since the launching of EEITI through their representatives and direct participation on the work-shop and training made for both CSO and mining companies. Stakeholder's involvement covers the designing of the action plan made for 2013-2015.
- Evaluation of the implementation of the EEITI action plan through the representatives meeting embraced in a quarterly based was the other major areas of stakeholder's engagement in the past 2-3 years.

- Mining companies were also communicated duly to join the initiative voluntarily; thereby, currently 30 mining companies have already joined the initiative and started to disclose their mining payment made to the government.

### **1.2.3 Government assessment if any obstacle that hinder the direct participation of stakeholder on the application of EITI in Ethiopia:**

In the Global EITI rule it is clearly mentioned that, EITI stakeholders are expected to participate in the implementation of Country's EITI through designing, monitoring, evaluation, debating and accessing or aware ring the community those who are affected by or influence the implementation of EITI positively or negatively. These all tools used to realize the participation of stakeholders had been practiced in the efforts made in the EEITI process.

Contemporary to these realities, a mission came from the global EITI board in 2009 to identify that, Ethiopian government is activated for EITI activities. Of course, the board was cited that, proclamation No.621/2009 will affect CSOs participation in the implementation of EITI in Ethiopia. However, as we clearly explained to the board, unless the board defines it differently, the proclamation is not a matter or an obstacle for CSOs to participate in the application of EITI rules in Ethiopia. Basically, the proclamation was enacted considering the following major issues. These are:

- To create transparency and accountability on the activities of charities and societies.
- To define what should be the relations charities and societies have with the sectors of administrators,
- To allow charities and societies to engage in income generating activities, etc.

### **1.2.4) Enabling framework for CSOs & Mining companies**

The Ethiopian Government is following a free market economic policy in which different private sectors are encouraged to invest in the country to contribute for the wellbeing of the citizens. Being one of the developing countries, we are following the principle of agriculture lead Industry in which Industrial development will take over the engine of our economy at the end of the day. To ensure this reality we clearly have identified that the contribution of mining companies are vital to be a backbone of different industries.

As the mining sector is economic sector & closely related to environmental issues, it is very sensitive to the rising of conflict of interest, corruption, mismanagement of the revenues generated from the natural resources etc.

The best tool to handle all these & other related problems for the sustainable development & to enhance the mining contribution in the country's economic growth, establishing an enabling framework for the clear participation of stakeholders are crucial.

Accordingly, Ethiopia has clear, supportive and constructive ground laid to be used as an enabling framework for Civil Societies and companies to play their role in the implementation of EEITI. To mention some of them are: Government commitment, delegation of government organ to oversee the implementation of EEITI, establishment of MSG, Implementation Secretariat, MoU signed by the MSG, Mining and other supportive laws agreed EITI action plan and interest of the multi-stakeholders to participate in the initiative.

#### **1.2.5) Creating Conducive Environment for Public debate**

Based on the delegation given from the government, Ministry of Mines has established a multi-stakeholder working group or National steering committee from each tripartite group to handle and run EITI implementation in Ethiopia. Accordingly, the custody of the initiative was made different workshops and trainings for stakeholders to enable them to speak freely on transparency and natural resource governance issues without any restriction, and tried to cope up their understanding to use their right to communicate and cooperate with each other to talk about the natural resource issue boldly on the large EITI meeting & else- where.

### **Requirement 1.3**

#### **Appointing a senior Individual to lead the Initiative**

As explained under requirement one, the government has appointed or established the EEITI implementation secretariat with full staff members and has provided any necessary logistics that enables to successfully execute the day to day actions of the NSC.

Accordingly, the Implementation secretariat is working hard to put into action all the discussed and agreed NSC action plan and made effective communications with different internal and external partners to pull or attract financial & technical support for better implementation of EITI in Ethiopia.

## **Requirement 1. 4**

### **Establishing Multi-stakeholder group to oversee the implementation of EITI**

- 1.4.1 The government through the delegated government organ (Ministry of Mines) has established multi-stakeholder working group or National steering committee (NSC) comprising an appropriate private and/or state owned company, civil society and Government organ or ministries.
- 1.4.2 The National steering Committee (NSC) was represented from each constituency equally through clear and open discussion made among each group during the launching of EEITI.
- 1.4.3 Ethiopian National Steering Committee has enacted and signed a memorandum of understanding that enabled them to operate freely without hold back, restraint or coercion including by liaising with their constituency groups.
- 1.4.4. The representation from the government entities were made with peculiar attention to involve the relevant government ministries and to draw the right and capable senior officials that contribute meaningful work for the implementation EITI in Ethiopia.

## **Requirement 1.5**

### **Preparation of agreed work plan**

- 1.5.1 The National Steering Committee comprising tripartite groups has produced agreed work plan and endorsed as a guiding pillar and put direction to be revised in an annual base.
- 1.5.2 The work plan was prepared containing measurable targets and time tables for implementation and incorporating an assessment of capacity constraints.
- 1.5.3 The Government in collaboration with National Steering Committee has allocated adequate budget for staff salary and other administrative costs annually to meet all work plan designed by NSC.

## II. Works undertaken by EEITI NSC Out of the Sign up requirements

EITI implementation requirement for candidate application are clearly stated under sign up requirements. Considering those requirements, implementing countries are expected to address all but not limited to the global EITI rules.

Even though, Ethiopian application with regard to the communicated EITI sign up was differed or pended by the board, the government through the custody of the initiative is sustainably performing to attain the maximum privileges of the initiative. Some, but very significant activities made out of the sign up requirement are stated as follow:

- Persuading Mining Companies to join the initiative was made & thereby, currently 32 Mining companies are secured their commitment to join the initiative through formal letter and started to disclose payments made to the government.
- Reconciliation was conducted against the payment made by the Company & Revenue received by the government for the year 2009/2010.
- Based on the reconciliation conducted, the government through the Ministry of Mines would be able to produce the first EITI (ERT) report by the firm (Hart Group) hired from UK through the official tender made jointly with World bank.
- Extensive stakeholder workshop & forums was made for about four times including mining companies, government entities and civil society organizations in which more than 400 participants have attended.
- An enforcement law/regulation to underpin the implementation of EITI is also under way
- Further to the EITI flyers distributed to the customers in a quarterly base, the first EEITI hand book that enables any interested stakeholder to know the status of EEITI was prepared and distributed to CSOs & other stakeholders on the extensive EEITI workshop held from 15-17 May,20013.



## Ethiopian Extractive Industries Transparency Initiative (EITI)

### Implementation Strategy and Work Plan (2013- 2015)

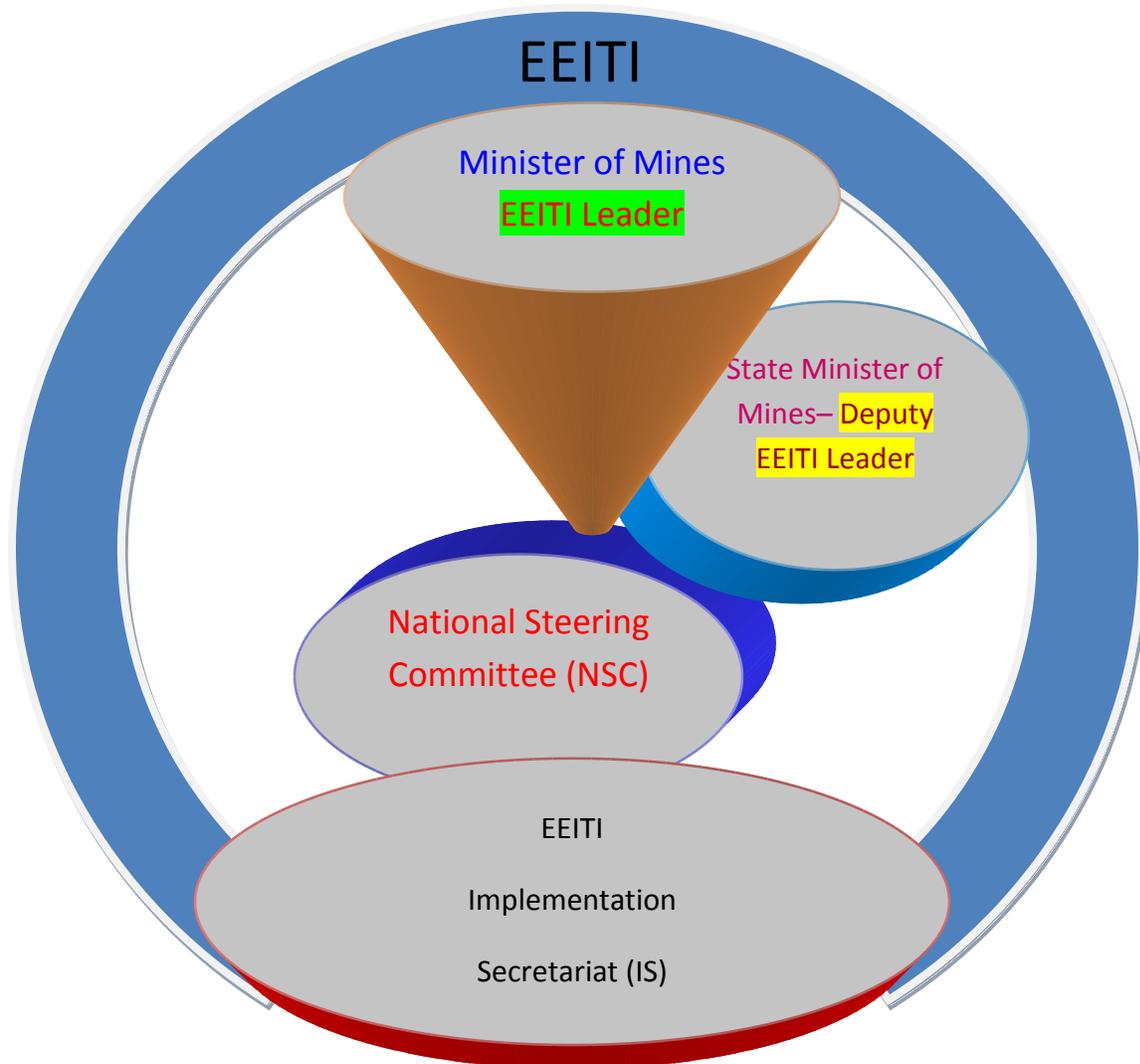


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## **1. Introduction**

The Extractive Industries Transparency Initiative is a global initiative launched by the then PM of U.K. Mr. Tony Blair in 2002. It is an International multi-stakeholders initiative of governments, companies and civil society working to strengthen governance by improving transparency and accountability in the extractive sector. EITI involves a process by which the payments made by companies and revenues received by governments are published in independently verified reports. The process is overseen and governed by a multi-stakeholders working group represented from government, civil society organizations and extractive companies.

Implementing EITI will help countries to efficiently collect the revenue generated from the extractive industry, supports anti-corruption and good governance agendas of countries and establish citizen trust in public institutions and extractive companies. Citizens would be able to hold government accountable in the use of revenues collected from the extractive companies. A transparent system will bring conducive investment climate and attract more direct foreign investment.

The government of Ethiopia has recognized the contribution of EITI to reduce poverty, fight corruption and establish good governance, transparency and accountability in the country, and has decided to join and implement the extractive industries transparency initiative. The government is also committed to work with the stakeholders for the development of the mining industry and bring sustainable development.

## **2. Mineral Industry in Ethiopia**

Ethiopia is endowed a large number of mineral resources and has a historical mining activity, especially traditional gold mining. The geological setup of the country is favorable for the occurrence of metallic, industrial, and construction minerals, dimension stones, and precious and various types of gemstones. Gold, platinum, tantalum, potash, salt, limestone, marble, granite, iron, bentonite, diatomite, phosphate rock, coal, gypsum, clay, opal, mineral water and construction minerals are the major minerals identified through exploration works carried out so far.

Despite the huge mineral occurrences the mining industry in Ethiopia is still at infant stage. The government led closed economic policy of the country for about two decades had its contribution to the poor geological data and low level of the mineral development in the country.

The change from government led economic policy to a free market economic policy has resulted in attracting a number of investors in the mineral and oil and gas exploration and development. Currently about **265** National and international companies have hold prospecting, exploration and mining licenses for hard minerals. Couple of International oil companies has signed production share agreements with the government of Ethiopia to explore for oil and gas in the vast sedimentary basins of the country. One company has been licensed an exploitation license to develop the Calub- Hilala Gas Field in the eastern Part of the country.

Even though the mineral industry isn't yet well developed; it is making significant contribution to the country through foreign currency earnings. Gold, tantalum, platinum, gemstones (opal, sapphire, emerald and peridot) and dimension stone are the major export minerals of Ethiopia. The industrial, construction and dimension stones that are input to the local industries especially the construction industry include salt, limestone, marble, granite, soda ash, kaolin, feldspar, quartz, silica sand and aggregates. Minerals like potash and coal are at the development stage. A gas condensate field has been also defined in the eastern part of the country and is under development.

### **3. Objective of Implementing EITI in Ethiopia**

- To establish a system through which companies and government disclose the payments and revenues generated from the extractive sector in Ethiopia
- To carry out reconciliation and/audit of the disclosed statement of companies and government by independent administrator
- To develop a mechanism through which the citizens of Ethiopia access all the information regarding the extractive industry
- To establish a forum under which all the concerned parties; the government, the civil society and extractive companies work together for the development of the mineral industry of the country and bring sustainable development,
- To establish transparency and accountability in the management of mineral resources including oil and gas and to foresee the minerals development of Ethiopia play a major role on the socio economic development of the country for the benefit of Ethiopians.

### **4. Structure of EITI in Ethiopia**

The Ministry of Mines is the government organ that is responsible for the implementation of EITI in Ethiopia. The Minister of the Ministry of Mines is the leader and chairman of the multi-stakeholders "National Steering Committee - NSC" assisted by the state minister of the Ministry of Mines.

#### **National Steering Committee (NSC)**

The National Steering Committee has 17 members represented from the three multi-stakeholder groups; the government, the civil society and Extractive companies. It includes the Minister and State Minister of Mines who are the chairperson and deputy chairperson of the committee respectively. The NSC is the governing body of the Extractive Industries transparency initiative in Ethiopia.

The EITI Implementation Secretariat (IS) is established and hosted in the Ministry of Mines. The secretariat is responsible for the day to day activity of EITI and will assist and support the NSC.

The members of the National Steering Committee and the structure are given below.

## **Political Leadership**

1. H.E. W/o Sinknesh Ejigu Minister for the Ministry of Mines (MoME) EEITI, Leader and Chairperson
2. H.E. Ato Tolessa Shagi State Minister & vice-chairperson of EEITI,

## **Government Organization Representatives**

1. Ato Kokeb Misrak- Ministry of Finance and Economic Development (MoFED)
2. Ato Tadilo Chokol- Office of Auditor General
3. Ato Zeferu Kassa- Revenue and Customs Authority
4. Ato Teketsel Tsige- Mineral Licensing and Administration Core Process, Ministry of Mines and (MoM)
5. Dr. Ketsela Tadesse, Petroleum Licensing and Administration Core Process, Ministry of Mines and (MoM)

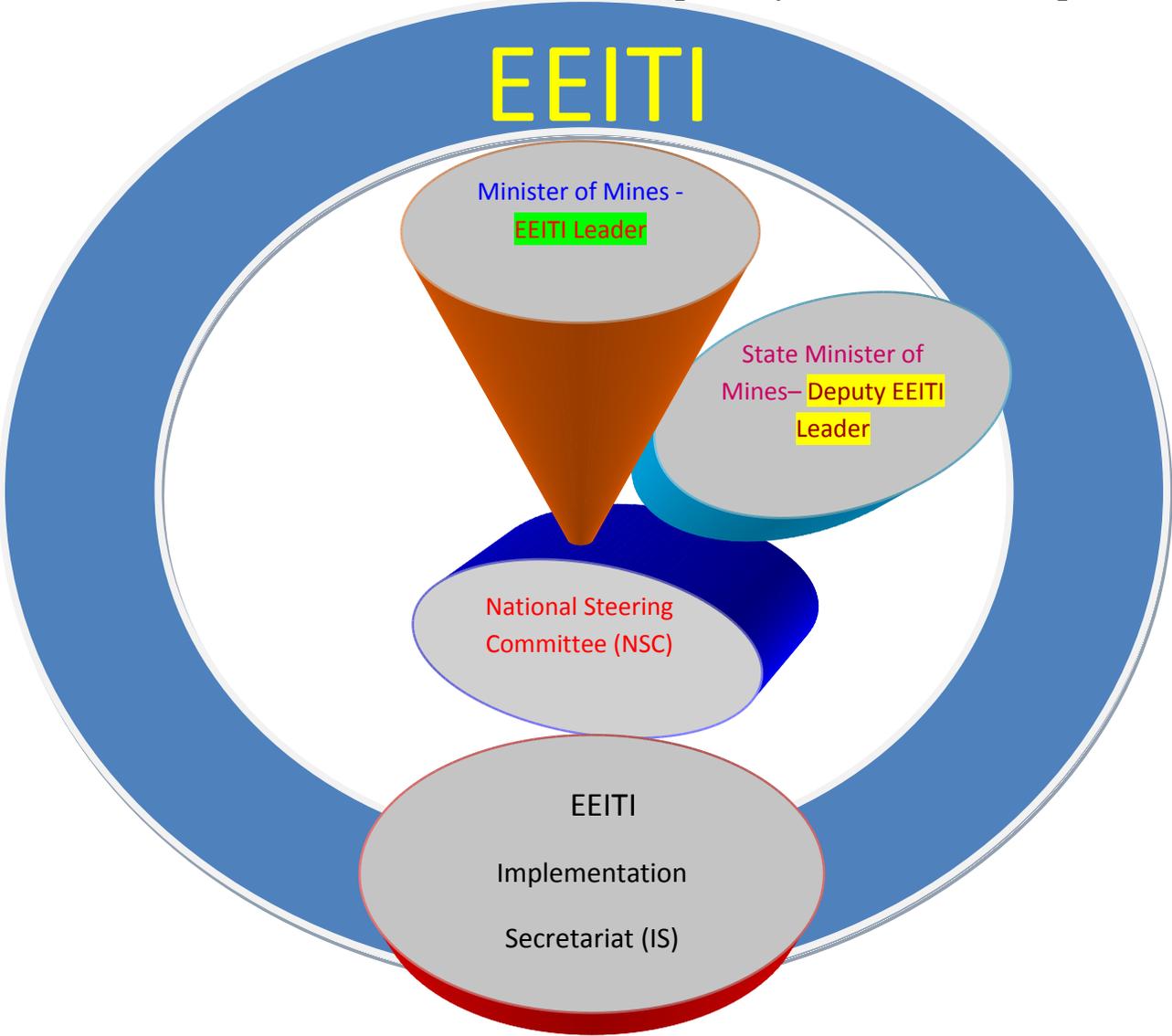
## **Civil Society Representatives**

1. Ato Eyasu Yimer- Transparency Ethiopia
2. Ato Anteneh Abraham- Ethiopian National Journalists Union
3. W/rt Tsigereda Zewudu- Ethiopian Youth Federation
4. Ato Melaku tadesse- Consortium of Christian Relief and Development Association
5. Ato Kasahun Yibeltal- Ethiopian Federation of National Associations of People with Disabilities

## **Extractive Companies Representatives**

1. Ato Desu Antawi- National Mining Corporation
2. Ato Abraham Tadesse- Afdera Salt Producers Mutual Support Association
3. Ato Gebre Blacha- Eastern Industry Zone Plc.
4. Ato Phawulos Hailu- Debre Birhan Natuarl Spring Water Plc.

# Structure of Extractive Industries Transparency Initiative in Ethiopia



## 5. Implementation Strategy and Work Plan

The following strategies would be employed for the implementation of EITI in Ethiopia;

- Appoint a credible and independent administrator to conduct reconciliation and/ audit of payments and revenue disclosed by companies and government
- Hold periodic workshops to create awareness and build capacity of extractive companies Civil society and government agencies in handling and reporting payment and revenue data
- Disseminate EEITI information and the status of the initiative to the public and international community taking into account the degree of access of the public to different Medias.

A two year work plan divided into four parts has been developed;

- Part 1. Complete the sign up process
- Part 2. Capacity building
- Part 3. Implementing EITI in Ethiopia
- Part 4. Validation of EEITI

### Part 1. Complete the sign up process

The four sign up indicators; Issue public statement, commit to work with all stakeholders, appoint implementation leader and compose, agree and publish fully costed work plan needs to be fulfilled by countries to be accepted as **EITI Candidate** country. The government of Ethiopia has delegated the Ministry of Mines and the Minister of Mines as the responsible government body and leader for the implementation of the initiative in Ethiopia respectively. The Minister has announced the government's decision and commitment to implement the initiative and work with stakeholders to Ethiopian Radio and Television in February 2009. The Minister has also announced the government's commitment and decision to join and implement EITI on the 4<sup>th</sup> global EITI meeting held in Doha, Qatar from February 16-18, 2009. An implementation secretariat has been also established and hosted in the Ministry of Mines. The fourth sign up indicator; the implementation work plan is developed and agreed upon on the launching conference for implementing EITI in Ethiopia held from July 28-29, 2009 in Adama, Ethiopia.

## **Part 2. Capacity Building of EEITI**

The capacity building component focuses on strengthening of the secretariat and the National Steering committee technically and materially. The current knowledge of the National Steering Committee and the Implementation Secretariat on EITI and how it works is very limited. Short term trainings and experience sharing with EITI implementing countries are very important for the members of NSC and the IS. Developing the web site for the initiative is also part of the capacity building program since it is among the communication Medias to be used in communicating the implementation of EITI in Ethiopia. The government agencies responsible for revenue collection and the extractive companies need to be capacitated in terms of handling and reporting of the revenue and payment data. A number of workshops shall be organized in order to obtain the required result. The identification of obstacles in the mining law, regulation and agreements to the implementation of EITI and amendments thereof shall also be considered as capacity building. The material and equipment requirements for effective implementation of the process include vehicles, photocopy machine, fax machine and laptops for the secretariat is also important for the day to day activity of the initiative.

## **Part 3. Implementing EITI in Ethiopia**

The implementation part will start with the identification of the operations, revenue types, companies and government agencies that should be included in the initiative and declare the payments and revenues.

A credible administrator will be appointed by the NSC to reconcile and/audit the declarations made by companies and government institutions responsible for revenue collection. Disaggregated disclosure of information will be employed in the process. Biannual declaration of payments and revenues shall be made and the reconciliation and/audit and reporting will also follow the same trend. The first report will be expected in **July, 2014** which would be followed by approval, publishing and dissemination of the approved report to the public and the international community. Radio and Newspapers and published materials will be widely used to disseminate reports and EITI information to the public since the access to other modern communication media is very limited. Modern communication Medias such as web page of the Ministry and hopefully of the initiative will also be used to reach the international community and those that have easy access.

## **Part 4. Validation of EEITI**

Countries must undergo validation process to achieve **EITI compliant** status. The validation process involves an independent assessment of the progress achieved and is meant to provide an absolute assessment of whether a country is or is not compliant with the EITI principles and criteria. It is carried out by an independent validator selected by the NSC among the validators that have got recognition by the international secretariat. The validation of EEITI implementation would be expected during the last quarter of 2014 if the candidacy level is obtained in September 2013. According to the criteria of the global EITI the cost for the validation shall be covered in accordance to the global EITI rule. The

process to hire the international validator that has been recognized by the global EITI shall start during the first quarter of 2014 and is expected to be completed in July 2014.

## **6. Conclusion**

A budget of 604,000 USD is required for the implementation of EITI in Ethiopia for the two years period. Out of the total budget, 51% of the cost for the validation will be covered by the government of Ethiopia. In addition, the Government of Ethiopia will cover all the administrative costs to host the implementation secretariat including salaries for 5 full time personnel. The National Steering committee shall hold at least one ordinary meeting during each quarter and the costs related to the meetings would be also covered by the government. It is hoped that the financial requirement indicated on the work plan except the 51,% of the budget in USD which is the government's contribution for validation shall be supported by the World Bank administered EITI Multi- Donor Trust Fund.. Technical and other assistances are also expected from the EITI International Secretariat, Extractive companies operating in Ethiopia and other development partners.

