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**Ethiopian Extractive Industries Transparency Initiative (EEITI) work Plan for the Year 2017**

**November, 2017**

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**Introduction**

Empirical evidence suggests that some countries with abundant natural resources, specifically mineral and oil & gas have lesser development outcomes than resource poor countries. This phenomenon – popularly known as the “resource curse” or the “paradox of plenty”– issued to describe and narrate the development path of many countries that are rich in natural resources but experience poor development outcomes. However, empirical evidence also suggests that natural resource abundance does not *ipso facto* lead to poor development outcomes.

Ethiopia is at a critical juncture in its development path. During the past decade, it has registered strong economic growth. With an annual GDP growth of about 11 percent, Ethiopia is one of the fastest non-oil exporting economies in the world. Whilst the extractive sector is still in its infancy, the increasing importance of the mining sector and probability of oil discovery has heightened focus on government interventions and actions in the extractive sector, cognizant of the tragic experiences of other countries that have suffered from the resource curse.

Government has initiated strong policy and institutional reforms to evade the resource curse. Principal amongst these reforms are efforts aimed at improving: mining revenues and mineral rents management; geological and mining information systems; building human and institutional capacities; artisanal and small scale mining; mineral sector governance; research and development; environmental and social issues; linkages and diversification and mobilizing mining and infrastructure investment. The reform process has made some solid progress, especially in improving transparency and accountability in the sector and public financial management is strong.

The regulatory framework has evolved and its evolution has been shaped by different realities and development philosophies. With the change of government in 1991, a fundamental shift began in policy from command economy to a free market economic policy. Accordingly, the Mineral Operations Proclamation No. 52/1993, the Mining Income Tax Proclamation No.53/1993, and the Mining Regulation No. 182/1994 were enacted to attract private investment in the sector, to guarantee the rights of the private national and international investors, and to administer and regulate the mineral operations in Ethiopia. The Petroleum Operations in the country are administered by the Petroleum Operations Proclamation No.295/1986, and the Petroleum Operations Income Tax Proclamation No. 296/1986. Proclamation No. 651/2009 was also promulgated to promote and regulate the transactions of precious minerals. The role of government is restricted to regulation and promotion, including the provision of basic geo-science information and reconnaissance exploration data to assist investors and other development programmes.

Basically, mineral industry is administered at two levels (federal and regional). The Federal Ministry of Mines is mandated to issue and administer minerals operation licenses for foreign investors and those under joint venture. Large scale mining operations by local or foreign investors, except for construction minerals, are under the jurisdiction of the ministry. All petroleum operation licenses are issued and administered by the ministry.

The Geological Survey of Ethiopia, a semi- autonomous institution under the Ministry of Mines, is responsible for basic data generation and as a repository for geosciences data in the country. The National Regional States’ Mines Bureaus/Agencies are responsible for issuing and administering artisanal mining, small scale mining, and large scale mining for construction minerals, prospecting and exploration license for national investors.

Operations in the extractive industry that require environmental studies and management plan are processed and evaluated according to the Environmental Impact Assessment (EIA) Proclamation No. 299/2002 and guidelines of the Ethiopian Environmental Protection Authority. The EIA proclamation encourages public participation on EIA studies before it is approved. Environmental impact assessments serve to bring about administrative transparency and accountability, as well as to involve the public and in particular, communities in the planning and decision taking on development projects which may affect them and its environment. The Environmental Protection Authority – restructured in 2013 to become the Ministry of Environment and Forests – or the relevant regional environmental agency shall approve or refuse the project after evaluating the environmental impact study report, taking into account any public comments and expert opinions.

Even though the mineral industry in Ethiopia is not yet well developed and its contribution to the GDP still remains below 2%, the extractive sector is playing a key role in poverty reduction and is making significant contribution to the country through foreign currency earnings (export), job creation and contribution to the livelihood of citizens in artisanal and small scale mining. Based on the licenses issued and administered by the Ministry of Mines, Petroleum and Natural Gas, the mining sector has made the following contribution to the economy:

* + According to data obtained from the Ethiopian Investment Agency, the stock of investments capital in operations and implementation in the mining sector during the 1st GTP reached Birr 916 million;
  + According to a recent audit report government collected Birr 549 million during 2009 and 2010 in the form of taxes and royalties from the mining sector;
  + Income tax paid by the sector has reached 322.8 million birr a year (July 8, 2009-July 7, 2010);
  + The current report produced on the sector showed that, more than half a million people are engaged in the artisanal mining sector in Ethiopia. The artisanal mining sector, which was an illegal operation prior to 1991, is becoming a means of livelihood for more millions people after its legalization;
  + Foreign currency earnings from the export of gold, tantalum and gemstones have reached about USD 584 billion during fiscal year 2012/13 & 309 billion in 2015/16.

**Background**

Recognizing the importance of improving transparency and accountability in the extractive sector, the Government of Ethiopia has recently made efforts to join and implement the Extractive Industry Transparency Initiative (EITI) - a global coalition of governments, companies and civil society working together to improve openness and accountable management of revenues from natural resources. In March 2014, the international EITI board accepted Ethiopia’s application for EITI candidature. As a candidate country, Ethiopia has at least two years to fully implement the EITI standard including recommendation given by the firm undertaken the first EEITI reconciliation **for the year ended 7 July 2014**(2006EFY).

Since the initiative was established, a lot of efforts has been made through the active engagement from the ministry including custodians represented from different constituencies and thereby, selective capacity building for government, civil society groups, Medias, communities living around the mining site and producing valuable documents has been made. In doing these all endeavors, financial and technical **support provided by development partners (MDTF) through World Bank and UNDP** for the last few years was the very key for our success. However, there is still high gap to address the basic problems associated with extractive sector. Of course, currently, the issue of strengthening good governance through establishing transparency & accountability has been given considerable attention. Mining proclamations call for the disclosure of proceeds and the ministry has undertaken a Business Process Re-Engineering Study aimed at giving efficient and effective service to the investors and is already under implementation. As per the study, prospecting and exploration licenses are issued with in less than five days and mining licenses with in less than twenty days after receipt of application.

In fulfilling all the requirements set out at international level, the capacity of the National Secretariat staff and relevant stakeholders including NSC is quite important. However, we have a serious capacity challenges at all levels (by the custodians and the (EEITI) Secretariat. Basically, the challenge of the capacity is not limited to the EEITI secretariat, but, the Ministry has also similar challenges to effectively manage the mining governance because of the complex nature of observing and monitoring both the down- and upstream activities in the sector.

Therefore, it is important to improve the governance of the extractive sector of the entire country because of the fact that, with serious capacity constraint and weak public financial management and institutional follow up mechanisms to ensure transparency and accountability, natural resource abundance might lead to poor development outcomes and even leads to rents that weakens state institutions and seriously affect the social accountability that should be taken in to account.

To bring dramatic change in the extractive sector and maximize its contribution in the economic growth of the country and to address all the existing gaps to reach to the demand of the citizens, Synergies between the Regional and Federal government entities that have direct and indirect relation with natural resource governance and relevant stakeholders is very vital. To this end, Ethiopian EITI has intended to develop a one year comprehensive work plan through the consultation of the relevant stakeholders by identifying and setting basic National priorities, objective, out puts and main activities to be delivered within the year 2017.

**National Priorities Identified:-**

* Enhance the **Capacity of the regulatory bodies** found at federal & Regional level to review the legal frames, mining & related data generating & administering,Reporting, Monitoring and Evaluation of mining sector business;
* Undertaking intensive **communication work** through different access able communication means’s which includes tripartite discussions, public dialogues, Dissemination of EITI reports, etc to widen the awareness of the stakeholders at large;
* **Mainstreaming** EEITI implementation process in the Government and private extractive sector governance.;

**Mission, Vision and Objectives of the EEITI**

**Mission**

EEITI is to provide strategic, transparent and applicable framework where Government, Private Sector and Civil Society groups work together capably to ensure that, the natural resources and related revenues generated are used judiciously to the benefit of the Ethiopian people, so that the negative consequences of Extractive Industries are avoided; and then these aims are achieved through the application of the EITI principles, improving public awareness to encourage public monitoring and participation.

**Vision**

To see that the natural resource wealth of Ethiopia becomes an engine for sustainable development and poverty alleviation through the institutionalization of transparent, accountable and effective management of resources generation and utilization.

**General Objectives:**

The general objective of the Ethiopian EITI is to **optimize the benefits** of the extractive industries in order to transform the human development path of Ethiopia. Specifically, it proposes interventions that seek to mutually ***encourage greater citizen involvement while at the same time improving the capacity of federal and regional institutions for accountable and responsive governance***. In doing so, the financial and technical support we look for will also enhance the **capacity of the EEITI Secretariat & tripartite** groups to work towards fulfilling Ethiopia’s commitments under EITI candidacy status and ensure the country becomes compliant with the EITI standard by 2018.

**Specific** **Objective:-**

* + Enabling the country (i.e. Ministry of Mines, Petroleum,, Revenues & customs Authority, Finance & Economic Cooperation including Regional Bureaus with the similar structure ) to design, improve and implement their legal, regulatory and policy frameworks to effectively govern the extractive sectors by **addressing the capacity constrains** through delivering trainings and workshops at least three times in a year for all selective stakeholders including Civil Society Groups;
  + To facilitate formal and informal participatory decision-making processes through the **monthly effective communicational and promotional activities and strategic platforms** created two times a year to institutionalize representation of local communities, women’s organizations and indigenous people in the governance of extractive industries and thereby avoiding violent conflicts, mistrusts;
  + To systematically and strategically **mainstream**, strengthen EEITI implementation process and **assess the impact** against the natural resources governance once in a year;
  + To develop study based or investigative document to access the citizens’ with relevant information on the extractive sector transaction and related business which includes annual based EEITI report, EEITI impact assessment, natural resource governance system against the Corporate Social Responsibility & mining community;

## Expected Outputs

The following expected outputs should be seen as interlinked interventions to increase all stakeholders’ capacities for policy dialogue in the extractive sector. The principles of transparency and accountability imply that – at the federal, regional and local level government and local authorities have responsibility to inform citizens about transactions done in the mining industry. Non-state actors, on the other hand, need to have the skills and capacity to access and evaluate the information provided, to hold public and private stakeholders accountable to their commitments, and to advocate for ways in which improvements in the extractive sector can facilitate sustainable development pathways for Ethiopia.

The identification and prioritization of outputs, after wider consultations between various stakeholders, are informed by the need to build on some of the established gains on improving transparency and accountability. Full detailed information with more measurable and tangible outputs with its associated activities will be described in the full-fledged results and resource framework.

### Output 1: Strengthened institutional capacity of the EEITI secretariat, MSG and regulatory bodies to facilitate multi-stakeholder oversight of the implementation of the EITI standard.

Transitioning from EEITI candidacy to EEITI compliance requires effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the government, companies, and the full, independent, active and effective participation of civil society. The Government of Ethiopia has demonstrated its commitment to this process by establishing the EEITI Secretariat, hosted in the Ministry of Mines, petroleum and natural gas and by setting up a multi-stakeholder National Steering Committee for the EEITI. The EEITI secretariat leads with the elaboration of an agreed work plan with clear objectives for EITI implementation, and a timetable that is aligned with the deadlines established by the international EEITI Board for compliant status.

* 1. Therefore, capacitating of the EEITI secretariat to implement its ambitious mandate need to be strengthened. This requires training and peer learning but also strengthened capacities to facilitate cross-sectoral collaboration, particularly with regard to improving weak data management on the extractive sector. The EITI process requires that the Government makes available necessary data on a timely basis, produces reports on EITI implementation, and facilitates public debate and participation – at the federal, regional and at local levels.
  2. By strengthening the institutional capacity of the EITI secretariat, the intension of this year plan can also give the impetus to strengthen the **capacity of regulatory bodies at deferent institutional level** and policy framework for regulating the extractive sector, thereby facilitating federal and regional responses to ensure that data management problems, environmental issues around mining and natural resource conservation in the extractive sector are fully addressed, and to safeguard rights of the communities, indigenous people and minority groups through the active participation of Civil society organizations expected to provide essential support to the EITI through their advocacy, training, monitoring and facilitation efforts as stakeholders in the extractive industries;

### Output 2: Strengthened communicational and promotional work of the federal, regional and local authorities to advocate/facilitate policy dialogue and community participation in decision making toward natural resource managements;

The federal, regional and local authorities will play an increasingly important role in increasing awareness on the extractive sector and contribute to improving non-state actors and communities' understanding. They can use the information accessed from the EEITI reports produced and disseminated and from all communication and promotional efforts made. This requires additional training and institutional strengthening to federal & regional and local authorities to actively advocate for citizens’ and community-based organizations’ engagement in the process.

### Output 3: Mainstreamed EEITI in the Natural Resource governance Process;

Mainstreaming EEITI is one of the basic parameter to check whether the implementation process is adopted or not in the frontline organizations expected to play pivotal role for transparency. Transparency can only lead to accountability, if there is understanding of what the figures mean and public debate about how Ethiopia’s resource wealth should be managed. Public reports need to be comprehensible and contribute to public debate. Non-state actors, on the other hand, need to have the capacity to access and interpret publicly available information/data and to engage in policy dialogue on how to translate results in the extractive sector into sustainable development gains for the country as a whole.

**Out Put 4: Secured well organized and effective Reporting, Monitoring and Evaluation process;**

The implementing Secretariat, will submit quarterly narrative and financial reports to the EEITI National Steering Committee and development partners committed to allocate financial support for EEITI implementation Project in an agreed format. The annual progress of the process and financial reports will also be part of the report disclosed with all challenges and measures taken so far;

**Major pillars of the work plan**

**Capacity building**

* Strengthen capacity of the secretariat and MSG through brief trainings and study tours to widen the implementation process among all constituencies to develop their own work plan and to execute accordingly;
* Undertake extensive capacity building activities for federal, regional and local regulatory bodies on the legal and policy frames of the natural resource governance, data generating and managing systems,Reporting, Monitoring and Evaluation process of the extractive industries activities;
* Identify and capacitate/train target groups of the civic societies i.e. local communities, indigenous people, media institutions, associations, cooperatives …through brief workshops and **intra-regional knowledge exchange** programs to have clear insight of the country`s natural resource management and level of its contribution in the growth of the national economy and its impact against the environment and interest of the citizens from the point CSR, job opportunities…;

* Undertake integrated extensive promotional activities using accessible communication mean`s which includes, publication of monthly fliers, TV`s, panel discussions, social medias, dissemination of the EEITI document produced etc to create conducive environment or opportunities for public engagement;
* Produce EEITI & progress report in accordance to the EITI rules & principles which reveals the contextual information of the legal frames set for extractive industries under the physical regime;
* Undertake Monitoring, Evaluation and Impact assessments toward Implementation of EEITI process to ensure that EITI requirements are met and mining operation and its value/return benefiting the interest of the citizens and comply with mining laws;

**Financial management**

A budget of **627,648USD** is required for the implementation of EITI in Ethiopia for the year 2017. The budget will be covered jointly by the Government and MDTF organized by the World Bank.

In addition, the Government of Federal Democratic Republic Ethiopia will cover all the administrative costs to host the implementation secretariat including salaries for full time personnel and costs related to the meetings held by ENSC. Additionally technical and other assistances are also expected from the EITI International Secretariat, Extractive companies operating in Ethiopia and other development partners.

**Conclusion**

Natural resources wealth can lead to the well prosperous and lift up the life of the citizens to the better life standard if and only if the resources will be managed cooperatively and strategically by the government. Up on this, the role of stakeholders including civil society should not be denied in supporting and awe ring the local communities living in the areas where the mining operation is going on to enforce mining companies to comply with all mining laws and communities’ interest. To these end, to secure transparency and accountability in the natural resource governance, the role from government (Regional & Federal) will remain high.

**EEITI Work plan for 2009 EFY**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Major Pillars** | **Objectives/Goals** | **Activities** | **Expected Out Come** | **Delivery Period (Quarter)** | | | | **Responsible body** | **Budget (USD)** | **Source** |
| **1st** | **2nd** | **3rd** | **4th** |
| **1.**  Capacity building | To Maximize the insight of the secretariat and MSG to enable them carry out and lead the whole implementation process effectively through training & study tour | * Training to secretariat staff * Training to NSC members * Study tour both by secretariat And NSC members at least three times | Increased knowledge of Mining sector management  Gained best practice of the other countries |  | X | X | X | IS | 15000  15000 | UNDP  WB |
| **2.**  Capacity building | To enhance the effective governance of the extractive sector by addressing the capacity constrains to selective Federal & Regional Government stakeholders or regulatory bodies | -Training for 36 expertise in Addis  -Training for 120 expertise in the Region | -Enabled management capacity of EI;  -Increased knowledge of EITI implementation process & benefit of transparency in the EI | x | X  X |  |  | IS & NSC | 36727 | WB |
| **3.** Capacity buildin | To create an awareness for media institutions & Journalists on EEITI implementation process through workshop | Deliver workshop for 83 participants from Regional & Administrative Cities | promoted EEITI process & got more media coverage | x |  |  |  | CSO&IS | 10,000 | WB |
| **4.**  Capacity building | To create an awareness & boost debating capacity of representatives or target groups from Civic societies including local communities, Women associations, cooperatives, elders, youth associations, NGOs & professional associations; | Work shop for at least 450 selective people`s from all regions targeting miners and regulatory bodies including administrative Cities once a year in the region | Increased information and maximized engagement of free, active and independent Civil Society groups  Created debate on natural resource governance | x | X |  |  | CSO in the NSC & IS | 35,000  33000 | WB  UNDP |
| **5**.Capacity building | To enhance capacity & knowledge of CSO representatives to oversightEEITI implementation process throughOrganizing training | Conduct Training to CSO representatives | Increased Capacity and knowledge on EITI oversight | X |  | X |  | CSO NSC | 5000 | WB |
| **6.**Capacity building | To capacitate & ensure CSO- EEITI members engagement through sharing views & collect valid input on the action plan through discussion | Workshop & consultation meeting on CSO charter for EEITI CSO members/constituency | Increased active engagement in the EEITI implementation process | X | X |  |  | CSO NSC | 5000 | UNDP |
| **7.**Capacity building | To increase concerns & ownership of natural resource management among relevant stakeholders through interface& consultation meeting | Conduct interface & consultative meeting among selective companies, CSOs, communities and government stakeholders once a year | Dialogue sustained among stakeholders |  |  | X |  | CSO NSC | 2000 | UNDP |
| **8.**Capacity building | To enable all relevant tri-partite groups to have clear understanding & contribute of EEITI Act through brief consultative meeting & discus. | Stakeholder consultative meeting(from **parliamentarians, Justices, CSOs …)** on Act (100 participants) | Produced, agreed and well commented EEITI Act | X | X |  |  | NSC & IS | 4000 | WB |
| **9.**EEITI  Reporting | To produce comprehensive reputable EEITI report for 2014/15(2007EFY) | **-** Floating tender  - Recruit reconciler  **-** Deliver workshop for reporting entities on template & report requirements  **-** workshop on the scoping produced for NSCs | Increased better understanding among EEITI stakeholders & Citizens on the natural resource management & its economic contribution to the Country | x | X | x | x | NSC & IS | 1000  150,000  7000  300 | Gov.  WB  Gov.  Gov. |
| **10.** Reporting | To enable the stakeholders to access EI governance system & review the outcomes as well | Develop & publish annual progress report for the year 2016/17 (2009 EFY), | Developed stakeholders’ insight on the EEITI implementation |  |  |  | X | IS | 3000 | GoV. |
| **11.**Communication | To rise up CSO understanding on EITI through annual meeting & refresh their representatives in the larger NSC/MSG | Arrange CSO annual general Council assembly | -Present CSO/MSG annual report  -Refreshed CSO NSC |  |  |  | X | CSO | 1600 | WB |
| **12**.Communication | To strengthen Company & Government engagement in EEITI process through discussions & refreshing representatives | Hold Company and Government annual conference of EEITI members & stakeholders | Ensured commitment & heard annual report  -refresh representatives in the NSC/MSG EEITI |  | X |  |  | Champions &IS | 1600 | WB |
| **13.**Communication | To Ensure adequate representation and serve as a code for principled engagement of CSO stakeholders. | Develop, publish and disseminate a CSO charter. | One charter developed, published and disseminated |  |  | X |  | CSO | 5000 | UNDP |
| **14**.communication | To increase awareness of EEITI report & its findings | -Launch & Disseminate 2nd EEITI report including summary document  -Conduct workshop on the findings of 2ndEEITI report to EEITI association | Transmitted EEITI report findings & contextual information to the public  Debate on the report |  |  |  | X | CSO | 20000 | GOV. |
| **15.**communication | To maximize the understanding of better natural resource Governance & EEITI implementation best practice from different Countries | Participate on the Regional and International meeting | Gained best practices  understood global EITI status |  | X |  |  | IS &NSC | 20,000 | WB |
| **16.**communication | To increase transparency on the beneficial ownership by declaring real live owners of the license | -Make consultative meeting with relevant organization to internalize  beneficial ownership Roadmap | -Identified real live owners of licenses & to fight corruption | X | X |  |  | NSC & IS | 5,000 | WB |
| **17**.communicatio | To promote EEITI implementation process& encourage transparency | Undertake EEITI promotion through TV, community Radio and apply open data policy as a package | Increased public awareness on EEITI |  | X | X | X | IS | 15000 | WB |
| **18.**Communication | To avail adequate number of EEITI report copies for the year 2014/15/ (2007EFY) to the wider stakeholders | Publish 1000 EEITI report copies  Publish 1000 EEITI report summary document | Availed & distributed comprehensive EEITI documents to citizens |  |  |  | X | IS  IS | 10000  12000 | WB  GOV. |
| **19.**Communication | To encourage stakeholders engagement in the EEITI process through public dialogue. | Undertake panel discussion once a year | Increased public debate |  | X |  | X | IS | 1000  15000 | UND  WB |
| **20.**Communication | To Increase EEITI promotion | Plant EEITI billboards, comic figures, posters etc | Increased public awareness on EEITI |  | X |  |  | IS | 5000 | WB |
| **21**.communication | To exchange & gain experiences & best practices among National EITI Coordinators & NSC as well | Arrange National EITI Coordinators 5th Regional conference  Participate in the conference | Shared values & best practice |  | X |  |  | NSC & IS | 18500 | WB |
| **22**.Communication | To Increase stakeholders awareness on the EEITI implementation process through publication and dissemination of EEITI documents. | -Produce 2009(EFY) progress report  -Publish 2000 EEITI document copies which includes, EEITI Act, CSOs effort and progress report | Increased access of information about the status of mining sector & EEITI | X | X |  |  | IS | 30,000 | UNDP |
| **23.**Communication | To aware communities on the mining companies contribution | Produce action oriented research document on the Extractive sector. | Aware community to ward companies effort |  |  | X |  | IS | 30000 | WB |
| **24.**  Communication | To oversee the real situation on grassroots level of mining operations understanding of the Group visa vis companies operation & relationship with local communities | Arrange Mining site visit for NSC/MSG-EEITI,IS & other stakeholders including local community, companies & local administrators  Create discussion & debate among stakeholders at grass root level | Identified strength & weakness of companies operation & community relationship  Created smooth operation & relationship of companies, communities, administration | X |  |  | X | NSC & IS | 9000 | UNDP |
| **25.**Operational | To oversee & decide on the all EEITI implementation process, & timely work reports | -Hold regular & urgent EEITI NSC/MSG meetings every quarter | Implemented EEITI principles and requirements | X | X | X | X | NSC & IS | 15000 | WB |
| **26.** perational | To improve mining and revenue data accessibility both at federal and regional level | Undertake data E-monitoring activity  Bi-annually | Available data |  | X |  | X | IS | 5000 | GOV |
| **27.**Operational | To collect recent and updated mining license & revenue data from all regions & Adm. Cities | Implementation Secretariat staff business trip to Regions and administrative Cities | Collected recent data on the license allocation & revenue collected |  |  | X | X | IS | 11000 | Gov |
| **28.**Operational | To build capacity of IS with adequate man power & to enable the IS to operate fully & independently | Hold IS exisisting staff | Performed effective & efficient task | X | X | X | X | Ministry | 12721 | Gov |
| **29.**Operational | To build capacity of IS with adequate man power & to enable the IS to operate fully & independently | Recruit procurement expertise | Fulfilled necessary professional & expertise of IS |  | X |  |  | NSC & IS | 8200 | WB |
| **30.**Operational | To build capacity of IS with adequate man power & to enable the IS to operate fully & independently | Recruit Finance expertise | Fulfilled necessary professional & expertise of IS |  | X |  |  | NSC & IS | 6500 | WB |
| **31.**Operational | To maximize communication effort  through accessible means | Recruit Communication expertise | Fulfilled IS with qualified professional & expertise |  | X |  |  | NSC & IS | 6500 | WB |
| **32.**  Operational | To prepare reviewed & extracted document from the 2015/16 (2007EFY) EEITI report in E &Am. | Recruit consultant/firm | Increased knowledge of the results or findings of the second EEITI report |  |  |  | X | NSC & IS | 30000 | WB |
| **33.** Operational | To develop confidence & Commitment to own the transparency & accountability in EI | Managing Membership fee | Increased all-round EITI effort in the EI |  |  |  | **x** | NSC | 10000 | WB |
| **34.**  Operational | To audit & ensure the transparency, effectiveness and appropriateness of the budget utilization of EEITI | Recruit consultant/firm | Independently certified financial & performance report |  |  |  | X | IS | 2000 | WB |
| **World Bank ---451,627**  **UNDP ----------100000**  **Government ---76021**  **G.Tota ---------627,648** | | | | | | | | | |  |

**Components & Amt. budget**

* **Capacity Building--- 159727USD**
* **Reporting-------------165300USD**
* **Communication----204700USD**
* **Operational---------97921USD**

**Annex 3. Situation Analysis**

The Oil, Gas and Mining Sector is growing at a fast pace in Ethiopia, with an intensive exploration activity that is already delivering results, with reserves being confirmed in gold deposits and gas. As of Dcember15, 2015 there are 167 mining license at exploration and 78 licenses under operation of the mining activities, and about 15 licenses are engaged in the oil exploration field. Out of these, 40 mining companies holding different licenses are joined EITI on a voluntary basis till now period. A number of development partners, including the World Bank are considering interventions that would improve the investment climate and regulatory framework so as to ensure positive outcomes for the country from the extractive industries sector.

The political leadership is committed to an inclusive development of the sector and wants to avoid the negative side effects that have given a bad name to the mining and oil related development in several African countries. EITI is perceived as “the solution” that will ensure a transparent financial and contractual environment, will be a shield from undue corruptive pressures, etc.The commitment of the policy makers to the EITI standards remains strong and similarly, the dedication from Ministry also strong and cooperative to lead the initiative. Legislation making the EITI process mandatory for companies has passed the Parliament and will now be enforced.

A significant number of private sector companies are favorable towards EITI. On one hand, they see EITI as a powerful honest broker that provides a third party testimonial between the company and the community. Community relations in this country play an important role. On the other hand, EITI can also serve as a shield from undue demands and corruptive behaviors.

**SWOT analysis**

This analysis regards strictly the implementation environment and related aspects.

**Strengths:**

* An existing functional Secretariat, that has already delivered several trainings and communication products.
* The existence of a core group on which implementation capacity can be built – the Secretariat and the NSC.
* The NSC is coherent and motivated.
* The Press is favorable to EEITI, which can expect favorable coverage.
* Ethiopian CSOs are favorable to EEITI, are motivated to make it go and can be counted on to provide support to the operations with minimal costs;
* The Ethiopian Constitution supports and encourages transparency;
* The Ethiopian government has declared the new Mining proclamation;
* Mining companies have a positive attitude regarding the Ministry of Mines, petroleum & Natural Gas and Government of Ethiopia and appreciate the willingness of the government to encourage investments;

**Weaknesses**

- There is less capacity to implement. The present staff doesn’t have adequate training necessary to carry out its day to day activities.

- weak data management in government entities and extractive industries;

- Lack of providing the necessary available data on a timely basis;

- The business environment is rather unfriendly to mining and oil industries that are very time sensitive;

**Opportunities**

* The recent acceptance of EEITI as candidate has raised its visibility and position for the moment and this sudden elevation needs to be exploited, momentum must be maintained for as long as possible;
* As a candidate country, EEITI will enjoy more attention and support from the donors;
* There are a number of companies that now will start mining, raising the scope of EITI;
* Government’s commitment to implement EITI;
* The World Bank applauded the step, Ethiopia has taken to engage on transparency issues;
* Stakeholders are highly committed to implement EITI in Ethiopia;

**Threats**

* There is a potential risk that rent-seeking groups (that are looking for undue rents, or bribes) from the extractive industries companies create political obstacles to EEITI;
* The Human rights watch & other right based organizations miss-understanding to the Ethiopia charities and societies proclamation that will reflect on EEITI even if there is no direct connection;
* Lack of sufficient logistics and budget;
* The perception of Corruption may lag effective implementation of EEITI;