



**OPPORTUNITIES AND CHALLENGES FACED BY FOREIGN MINING
INVESTORS IN ETHIOPIA: LIST OF CORRECTIONS**

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D.G

- **Examiner 1 and 2:**

Cover page and declaration

Check cover page requirements: Cover page updated according to style guide for theses and dissertations

Declaration: Replaced Master of Mineral Economics with Master of Science in Engineering

Abstract:

Doesn't need to be in the abstract if you want to include it, summarise it: Removed the methodology of the study

Grammar corrected on page ii and iii

On Keywords: Added Ethiopian Investment, African Investment, Ethiopia

Table of contents, Tables and Figures

Corrected page numbers

Contents, Table and Figure on their own page

The standard is to insert the Source separate to the figure or table and when updating the TOC etc the source does not pull through: Changed and references separated from the figures and tables

Could be written as Chapter 8: References to be consistent with style of earlier chapters: Addressed

References as Chapter 8

List of abbreviations and Units:

Abbreviations here below to be sorted in alphabetical sequence: Arranged in alphabetical order

Added UNCTAD, GDP, USA, NBE

Removed WIPO, PESA, ICL and PPP

Added kilometres, tonnes and Briman

Chapter 1:

- **Examiner 1:**

Grammar corrected on page 2-4

Check indents of bullets, increase indents: Indents of bullets increased

Research objectives heading removed and now part of research aim and objectives

Avoid back or forward slashes with the exception of quoting of legal articles: Back or forward slashes(/) removed between words and years

All direct quotes must be written in italics: Direct quotes are written in italics

Inserted 1.5.2 Reliability and Validation of the data

Outline of chapters:

Added new paragraph before chapter 2 and 5

- **Examiner 2:**

Foreign Direct Investment (FDI); to write lower case d and i is not correct: Corrected

What part of centralised policies is bad? Many countries with 5+% growths have centralised policies: addressed

“In the first 5 years after the introduction of centralised policies, the country experienced 0.3% Growth Domestic Product (GDP) growth rate and negative growth rate in GDP per capita”

Dilution of government's own ownership? Do you mean semi-privatizing or outright privatizing of major industries? Your writing is a bit vague: Addressed

“Despite the government’s effort to revive the economy by attracting foreign investors, political instability and civil wars discouraged investors, resulting in the dissolution of government in 1991 (Woldekidan, 2005)”

The use of the word 'sound' suggests that you agree the policies were sound. But do not show your bias so early that you, as researcher, is in favour of something. I would suggest removing this word: Sound removed

This must be referenced. Whenever you say something is 'researched' or 'studies show' then it must be referenced. Done

“The mining sector in Ethiopia is underdeveloped however, research has shown that it is rich in minerals and government would like to ensure it contributes to the GDP (EEITI, 2018)”

Not good form to call out a group like this. A phrase like 'agricultural groups' or 'tribal authorities in the east of the country', or 'cattle herding groups in the south'. To say it this way shows the writer is at risk of bias:

Oromo tribe replaced by: largest tribe in the central of Ethiopia

Sentence seems incomplete: Reliability of validation of the data

Chapter 2:

- **Examiner 1:**

No need to re-introduce chapters: Introduction removed

Grammar addressed and corrected in page 9,12

Remove shadows and make figures bigger: Shadow removed in all the figures

All figure and tables should be referenced like this, the reference should not be part of the caption: References in all the figures and tables separated from the heading

Bold figure border replaced with ¼ point border

Look for year: Salmon Valley Business and Innovation Centre, 2011

2.2 Influence on economic development:

It's not good to directly quote so much info in an academic post grad paper. Re write all bullets in own words and reference:

Bullet points on economic development paraphrased and not directly quoted

Find year: The Mining, Minerals and Sustainable Development, 2011- date found

Bullet points on Indicative challenges faced by a country willing to develop its mineral sector paraphrased and no longer directly quoted

2.3 Factors influencing Global FDI

Write out UNCTAD: UNCTAD written in full

Paragraph 1 and 2 combined

Figure 2.3 mentioned in the previous paragraph

Grammar addressed and corrected on page 16 and 17

2 more paragraphs on summary added

- **Examiner 2:**

Which five years? You need to write it out for example 2012-2016 or similar. A 2018 report, referring to 2017 aged data means that 'the past five years is actually not the past five years:

“On average FDI accounted for 39% of external funding for the past five years from 2012, however there was a decline in 2017”

Grammar addressed and corrected on page 8-9

Labour is not skills. This is therefore possibly incorrect. They go where labour is cheap if it is an unskilled part of the value chain, such as mining, and where labour is skilled if it is skilled workers which are required, such as mineral processing and manufacturing:

Replaced labour available with cheap labour

Why do you believe it is relevant when the study was conducted? It adds no texture so must be avoided if it does not bring weight to the section: corrected

“The United Nations Conference on Trade and Development (UNCTAD) carried a survey of the top executives of MNCs to evaluate the macroeconomic, external, and corporate factors that can influence the growth of FDI in the future”

Have you thought why this would matter in a mining sector? Why would a large population attract foreign miners to invest in a country? This comment may not be relevant to mining matters which your thesis is focused on:

Size of the domestic market also influences FDI removed

Page 12, removed “if the volume of foreign ownership is excessively high, the repatriation of profits will leave the local economy improved”

Chapter 3:

- **Examiner 1**

Introduction moved to summary and rephrased

3.1. Factors influencing mining investment decision

Grammar addressed and corrected on page 23, 24, 27

Moved Table 3.1 to the paragraph before the World Bank’ survey

3.2. Risks in mining investment:

World Bank (2018a): “a” added

3.2.3. Economical risk

Foreign reserves- Foreign currency reserves

Explain how this is a risk? An explanation was given

An example of Ethiopia was given as the research is about Ethiopia instead of Zimbabwe

3.4 Investors’ perception of global mining markets

Factors that policy makers and private investors have to take into consideration are listed in bullets

Fraser Institute Report replaced by Green and Stedman as the authors

Facts in relation to the figures were rephrased and moved around to make the report flow

Cross referencing was done

General comments on global IAI and PPI removed

3.5: Global exploration investment trend

Grammar addressed and corrected on page 34-35

3.6. Mining policy trends and evolutions

Policy definition in italics

DEMUR written in full- Department of Energy and Mineral Resources

Mineral policy in italics

Mention these economic blocks before explaining them: Economics blocks are mentioned before they are explained

Remove heading, just make it bold (economics blocks): heading removed

Economics blocks from third decimal point numbering to alphabetical numbering

Avoid 4th decimal point numbering: Countries from 4th decimal point numbering to bullet point

USD \$ to Canadian dollars (C\$)

Figure 3.12 not clear: Figure 3.12 removed- Figure was not clear

Figure 3.13 removed, not clear

c. Developing economies:

Give an example of previously colonised countries: Rephrased the first paragraph and combined paragraph 1 and 2

“Many developing countries had underdeveloped mining operations due to a lack of investment in the mining industry and many of these are now experiencing resource nationalization”

Which colonized era are you referring to? And which countries?

“Between 1960 and 1970, during the colonial era, the number of state owned mining companies increased due to high mineral prices. Countries like Zambia, Ghana, Peru, DRC and Chile nationalised their mines and during this period the environmental protection was not a priority (Otto, 1997).”

All bullets, write them in your own words, don't cut and paste so much: Bullets are paraphrased

Grammar addressed and corrected on page 45 and 46

South Africa:

Mineral royalty definition in italics

China:

Figure 3.16 removed was not clear

Summary:

Put your introduction in paragraph here on summary and talk about your chapter focused on; Done

1 more paragraph has been added

- **Examiner 2:**

3.2 Factors influencing mining investment decision:

What investment are you referring to? The benefits of minerals in the host country can only be realised if the mining investment has been made

What did Otto find? Otto's findings on Table 3.1 and moved before the World Bank's findings to flow better

Prospective geology ranked no 1 for the exploration phase not mining phase: From those findings one can conclude that a country with prospective geology during exploration phase

World Bank recommendations, you do not say why the recommendations were made: To attract investment

Did the study perhaps rank these to do first, up to do last? No

3.2.1. Political risk:

This is fine but as this thesis looks at Ethiopia, it could have been better presented to indicate instances where in Ethiopia government cancelled contracts and renegotiated these: Case of Ethiopia was discussed in Chapter 5 under political risk

Replaced greed with change in legislation

When you build a mine, it takes long time to do so, it is not easy to just withdraw the investment: Removed foreigners can respond to risk by withdrawing their investment since it is not linked to mining FDI

DRC is one of the African countries with the largest mineral endowment

Replaced punish with compelled

How many people provided inputs? It cannot be reliable if 50 or 100 people responded: Figure 3.1 (Political Risks are prevalent and discourage FDI) removed and related paragraphs

3.2.2. Social risk:

The proximity of this reference to terrorism to “social licence to operate” is something that you may be conflicting”: Removed “The risk associated with terrorism is now becoming a huge concern and can negatively affect investment in a country or a specific mining jurisdiction)

3.2.3. Economical risk:

Statement not referenced: According to Abate (2009), most of the economic risks are directly linked to social and political risk

Shortage of “foreign currency reserves” inserted

3.3. Investors’ perception of global mining markets

2018 figures have been added on both Figures and Tables (PPI and IAI)

3.5. Mining policy and trend:

Consequently removed before DEMR definition

DEMR in full

Corrected numbering system

Canada:

Diagram not readable: Figure 3.12 (major mining project in Canada) removed

Australia:

Grammar addressed and corrected on page 42

Developing countries

Number system is faulty: corrected

South Africa:

Mining charter to Mining Charter

Why is this written in two sentences: removed full stop after MPRDA

Constitution does not permit the DMR to levy royalties, only National Treasury: National Treasury to levy Royalties

Royalties do not have to be beneficial to both parties, only government need to benefit: Royalties benefits the government only

China:

Removed figure 3.16

Chapter 4:

- **Examiner 1:**

Introduction not necessary, move this to summary: Introduction moved to summary

References in Figure and Tables separated

Figure 4.2 and 4.3 bigger and added currency

4.2. Top FDI recipients:

In some places you write number and in other places you spell it out, choose one and stick to it throughout: Numbers written in numeral and not spelled out

What declined? The \$381 bil? Specify: China's 2017 decline was the first decline since 2003.

Grammar addressed and corrected on page 56

Moroccan to Morocco's

4.3. FDI flow Africa:

Paragraph 1 and 2 rephrased

4.3.1. GDP growth rate in North Africa:

From which number and in which years: The country's FDI declined by 26% to \$1.2 billion in 2017 from \$1.6 billion in 2016.

4.3.2. West Africa:

Again between which years? The flow of FDI into West Africa declined by 11% between 2016 and 2017

4.3.2. Central Africa:

When did it decline? 2017? The Central African region was the 4th highest FDI recipient in Africa in 2017 although investment declined by 22% in 2017

Change second to 2nd

Reference: The FDI was boosted by the investment into the cobalt and copper mines in line with the change in technology in cars (battery cars) and with Glencore mine purchasing two mining assets in the country (World investment Report, 2018a).

Grammar addressed and corrected on page 61 to 62

Summary

Introduction added on summary

- **Examiner 2:**

4.3.1. FDI in North Africa

North to north

4.5. Investment attractiveness in Africa:

In contrast, Central Africa allocates about 20% of its budget to transport infrastructure, which is the reason why this part of the continent is less paved

Chapter 5

- **Examiner 1:**

The chapter was introduced in Chapter 1: Introduction removed

It would have been nice to see a location map: Location map of Ethiopia added and replaced Figure 5.8

5.1. Economic overview of Ethiopia:

GTP 1 and 11 to GTP I and II

GTP in full

What does GTP stand for? Growth Transformation Plan

Grammar addressed and corrected on page 67-68, 71-73

GTP objectives moved from Paragraph 4 to 2

Removed back slashes

Figure 5.2- Replaced by GDP growth rate with 2019 figures

GTP II objectives replaced by GTP II aims and referenced

But if you take that 33.7% and deduct 8.1% you don't get a single digit: Addressed

“However, due to political instabilities and shortage of foreign currency, the inflation in 2017 went back to a double digit of 10.7% and further deteriorated to 13.8% in 2018 (Trading Economics 2019)”

5.2.1. The pre 1991 period:

Divided paragraphs into two

Insurance companies: Private land ownership ceased to exist and in addition, the government nationalised all medium and large enterprises which included insurance companies and banks (Woldemeskel, 2008).

5.2.2. Post 1991 period:

EPRDF write out in full: The Ethiopian People Revolutionary Democratic Front

Numbering changed from 4th decimal to alphabetical numbering

Reference: done

“The government focused on improving human capital by introducing macroeconomic stability and eliminating structural distortion that hindered economic growth (Woldemeskel, 2008)”

Explain that birr is the local currency: done

“Birr is Ethiopian national currency and currency symbol is birr”

Figure 5.4 and 5.5 added 2018 figures

FDI stock as a % of GDP figure removed

5.3. Mining in Ethiopia

Source: done

“The sector is undergoing a huge transformation as opportunities of investment have opened up (World Bank, 2018d)”

Find year: (Atlaw, Teklemariam, and Dong-Geun, 2014).

5.3.1. Mineral opportunities for investment

Reference: done

“Palaeozoic and Mesozoic sedimentary rock cover 25% of the land mass of the country whereas the Cenozoic volcanic and sedimentary rocks covered the remaining 50% as shown in Figure 5.8 (Bedassa, 2016)”

Grammar addressed and corrected on page 84-85

The description on Figure 5.9 is too long and detailed to be a figure caption: addressed

“Figure 5.1: Location of artisanal mines, prospects and major gold and copper deposits in Ethiopia”

Get a clearer and better quality picture: Figure 5.10 removed

5.3.2. Mineral legislations:

Grammar addressed and corrected on page 87-88 and 101, 106,109

Avoid 4th decimal numbering: Numerical numbering used

Back slashes removed

5.3.5. The mineral sector contribution to economy:

Figure 5.18: 2018 figure added

Gold mining:

Tons or tonnes: tonnes (t)

Rephrase: done

“Tulu Kapi was previously owned by an Italian company, Nyota Minerals Limited, which acquired the licence from 2009 to 2013 and previously it was owned by a Canadian company in 1996 to 1998 (Kefi Minerals, 2018)”

Historic what was the grade tha made mining almost uneconomic? Addressed

“The multiple ownership of the Tulu Kapi project was due to its modest historic grade of 2.73 g/t indicated and 2.03 g/t inferred resources that made mining almost uneconomic”

5.3.6 Potash mining:

Explain what halite is: halite (by-product of potash)

5.3.7= heading changed from Risk to investment and challenges in Ethiopia to **Investment risks and challenges in Ethiopia**

Economic risk:

What is NBE? National Bank of Ethiopia

Infrastructure risk:

What is VSAT? Very Small Aperture Terminal

5.3.8. Government interventions

I don't understand. So these obstacles resulted in a positive response or government actions towards this obstacle resulted in a positive response? Answered

“The government's actions towards infrastructure development resulted in a positive response from FMI”

Source: The program which was part of GTP I focused on the expansion of electricity capacity and distribution, road length, water and sanitation supply, and telecommunication services across the country (Henok et al, 2012).

Source: A rail network has also been established to connect markets within Ethiopia with other regions and the viability of regional routes is under consideration (National Planning Commission, 2016).

- **Examiner 2:**

5.1. Economic Overview of Ethiopia:

You do not require a reference for a geographic factor: Figure 5.1 added indicating location of Ethiopia

GTP I and II

What is GTP, explain who developed it? Is It's focus on the primary sector?

“GTP is a 5 year government programme developed to divert Ethiopian economic focus to other sectors other than the agricultural sector”

5.2.1. Pre 1991 period

Insurance companies: Private land ownership ceased to exist and in addition, the government nationalised all medium and large enterprises which included insurance companies and banks (Woldemeskel, 2008).

37 to 37%

5.2.4. FDI regulatory framework in Ethiopia

You are providing information but at some point the relevance of this kind of information must be demonstrated:

“Institutional framework to promote FDI and Investment Incentives have been combined, explained and summarised”.

How the mining sector is varies and treated better or worse: Addressed

For example some of the mining investment incentive includes:

- Exemption from import customs duty: 100% exemption from payment of import custom duties and other taxes levied on imports of capital goods;
- Exemption from paying export tax on export product. (Ethiopian Investment Commission, 2018).

All the naming named once no longer abbreviated ie WIPO

5.3. Mining in Ethiopia:

Gold is not a mineral, it is a commodity

5.3.1. Mineral opportunities for investment

Figure 5.10 location of industrial minerals in Ethiopia removed

5.3.2. Mineral legislations:

The ministry of mines to The Ministry of Mines

5.3.4. Ethiopian draft Mineral Policy:

Grammar addressed and corrected on page 87

Important to present this:

“The government’s main objective was to achieve more foreign earning currency through the mining sector and reduce poverty through job creation in the mining sector”.

Presented on 5.3.7 under Economic risk

Does not read correctly:

“According to the World Bank (2014), apart from the regulative system set to attract FMI, the policy also has other ways of making the sector attractive, such as the Mining Investment Promotion Strategy and Minerals Marketing Policy”.

Corrected

Tantalum mining

Unclear: Corrected

“In January 2018, the government announced a tender of the tantalum mine again in joint venture arrangements, whereby four large foreign mining companies showed interest”

What is the plan to deal with conflict between large mines and small scales mines?

Addressed on analysis and conclusions

Grammar addressed and corrected on page 111, 125

This is actually very small: corrected 300 000 t to 300 Mt

“The untapped deposit has the potential to produce 300 Mt of coal per annum for several decades (Assaba & Wakuma, 2016)”

Economic Risk

Which year? updated

“The Birr lost 98% of its trading value against the US dollar between August 2010 and February 2017, including 20% devaluation in September 2010 and thereafter 15% devaluation in October 2017”

Germfields corrected to Gemfields

Legal and environmental risks

It will cause conflict and not conflict of interest: corrected

“For an instance, if a large deposit is found by one explorer, others who may also be exploring that area for different minerals must be accommodated which may cause conflict”

5.3.8. Government interventions to attract investors

Can the Cargo transport gold? Comment removed since the papers did not specify

Will repeated cycles of devaluation not discourage investment? Addressed

“The inflation that spiral out of control increases costs and diminishes profit margins, therefore discourages foreign investment”

Chapter 6:

- **Examiner 1:**

Introduction removed

Grammar addressed and corrected on page 132-135, 138

- **Examiner 2:**

“A notable increase can be seen from both activities, with FDI increasing from \$221 million in 2010 to \$3.6 billion in 2017, placing Ethiopia as the second largest recipient of FDI in East Africa in 2017”

Source for Table 6.1: Source: (Statista, 2018; World Investment Report, 2018 and Trading Economics, 2018)

Chapter 7:

- **Examiner 1**

Grammar addressed and corrected on page 139-141

- **Examiner 2:**

This is risky to write conclusions from other organizations:

Conclusions from the World Investment Report and World Bank findings removed

This is an external factor, did you find the same? yes

“Geopolitical uncertainty is amongst the top factors that can deter the FDI inflow, whereas infrastructure development can influence the FDI inflow positively”

Grammar addressed and corrected on page 139 to 141

How does one mine with internet? Internet removed

“Since mining is a newly developed industry in Ethiopia, issues such as lack of skills and lack of infrastructure in mining areas have been a challenge to FMI”

Djobouti to Djibouti

Do tell us what you think? Your learning? Conclusion re-written to address Examiner 2 concerns

Poor syntax: addressed

“The attractiveness of mining in Ethiopia would be enhanced by the peace treaty between Ethiopia and Eritrea which would increase export volumes. As it is currently, the only viable export route is via Djibouti port which is far from where other mining activities take place”

Chapter 8:

Grammar addressed and corrected

Signature:.....

Signed at JHB on the 31th day of October 2019