



<b>SUBJECT</b>	<b>CANADIAN INTERNATIONAL RESOURCES AND DEVELOPMENT INSTITUTE (CIRDI) – ETHIOPIA SUPPORTING THE MINISTRY OF MINES (SUMM) PROJECT</b>
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<b>MEETING DATE</b>	<b>APRIL 14, 2016</b>
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Forwarded to the Board of Governors on the Recommendation of the President

**APPROVED FOR SUBMISSION**

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Martha C. Piper, Interim President and Vice-Chancellor

<b>DECISION REQUESTED</b>	<b>IT IS HEREBY REQUESTED that <i>the UBC Board of Governors approve the execution by UBC of a contribution agreement with Global Affairs Canada for CIRDI to undertake the project: Supporting the Ministry of Mines in Ethiopia provided such agreement is in a form approved by the Office of the University Counsel.</i></b>
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<b>Report Date</b>	April 1, 2016
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**Presented By** John Hepburn, Vice-President Research & International

**EXECUTIVE SUMMARY**

The Canadian International Resources and Development Institute (CIRDI, formerly CIIEID), headquartered within the Faculty of Arts, affiliated with the Liu Institute for Global Issues, and including Simon Fraser University (SFU) and École Polytechnique de Montréal (EPM) as coalition partners, has been selected by Global Affairs Canada to implement a contribution agreement, supporting the Government of Ethiopia to develop a transparent and sustainable mining sector. Through the contribution agreement, the “Supporting the Ministry of Mines” (SUMM) project is a five-year (2016-2021), CAD\$15 million engagement designed to strengthen the capacity and organizational management of Ethiopia’s Ministry of Mining, Petroleum and Natural Gas at operational and strategic levels. The SUMM project focuses on three key areas: (1) improving the efficiency, transparency and accountability of the licensing, management and geo-data systems, including related social and environmental standards, (2) strengthening human resource management to create opportunities for gender-sensitive professional development and employment, and (3) improving the Government of Ethiopia’s ability to promote domestic and foreign investments in its mineral sector.

**INSTITUTIONAL STRATEGIC PRIORITIES SUPPORTED**

- ✓ Learning
- ✓ Research
- ✓ Innovation
- ✓ Engagement  
(Internal / External)
- ✓ International

or  Operational

**DESCRIPTION & RATIONALE** As the Canadian Executing Agency for this project, CIRDI, through UBC, and in partnership with Simon Fraser University and École Polytechnique de Montréal, will be contributing to the building of capacity to support the Government of Ethiopia’s national priority of having the mineral sector’s contribution strengthen the economy, and reduce poverty.

**Description of Activities:**

- Provide training to government personnel on extractive resource management.
- Coordinate in-country dialogues with multi-stakeholder representation to identify local context and needs and contribute to inclusion and gender equity.
- Design, review and conduct needs assessment to enhance capacity of the Geological Survey of Ethiopia staff to generate and utilize geosciences data.
- Deliver technical assistance to the Ministry to design and disseminate Model Mining Agreement guides for local communities.
- Conduct a diagnostic review of mine licensing, existing cadastre system and regulatory frameworks and a SWOT analysis of the Geological Survey of Ethiopia laboratory.
- Design and conduct an institutional gap analysis.
- Deliver technical assistance to establish an inter-ministerial working group to provide oversight on sustainable mining in Ethiopia.

**BENEFITS** Funding for this project contributes to CIRDI’s long-term sustainability by providing not only an additional source of funds but also extending funding beyond CIRDI’s initial contribution agreement end date of July 2018.

Learning, Research,  
Financial,  
Sustainability &  
Reputational

Additional benefits include:

- Providing research opportunities for UBC and coalition faculty and graduate students including undertaking baseline studies in Ethiopia, technical expertise (geoscience, chemistry) and delivery of training programs.
- Enabling CIRDI through UBC, SFU and EPM to support innovative interdisciplinary solutions to complex global extractive sector issues facing Ethiopia and other developing countries.
- Expanding CIRDI’s and UBC’s global network by providing opportunities to engage with CIRDI’s current partners as well as broker new relationships including with the World Bank, the African Mineral Development Centre, the Canadian Executive Services Overseas (CESO), the Geological Survey of Canada and regional governments.
- Reputational benefits will lead to new opportunities in Ethiopia and the region of East Africa for CIRDI and more broadly UBC.

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- Increasing participation and experience of UBC faculty, staff and students in international development projects.
  - Raising CIRDI's and UBC's profile as a capable Canadian Executing Agency (CEA) that embraces best practices in delivery of large mineral-focused development projects.
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**RISKS**  
Financial, Operational  
& Reputational

A detailed risk registry has been developed by CIRDI, as required by Global Affairs Canada. A summary of risks most relevant to UBC are listed below. Detailed mitigating strategies have been developed, outlined below major risks.

*Operational:* Performance Management: risk of delays in project implementation due to overly complex management structure of the Project under the CIRDI coalition of three universities (UBC, SFU, EPM).

*Mitigation Strategy:* Ongoing consultation and engagement within CIRDI coalition to ensure timelines for the legal and executive review do not delay project inception and implementation.

*Financial:* The Ethiopian birr is overvalued and any devaluation to boost export revenue and accelerate economic growth may impact project finances where initial allocations may not be commensurate to funds transferred.

*Mitigation Strategy:* CIRDI will monitor exposure to foreign exchange risk continuously, and quarterly to determine optimal times for transfer of Canadian funds to Ethiopian accounts in-country. Financial risk assessments will be conducted to monitor and anticipate potential exchange rate fluctuations. Sub-contracts with set prices and delivery dates will be monitored in tandem with foreign market trends and exchange rates to minimize fiscal losses through foreign and domestic currency transfers. The project Steering Committee will make program adjustments as needed.

*Reputational:* If perception of the benefit of the project is low, a negative impression of GAC, CIRDI/UBC and the SUMMPNG project may be developed by Ethiopian stakeholders or Government of Ethiopia officials and the Ministry's capacity to meet its mandate.

*Mitigation Strategy:* While it is unlikely this risk will materialize, the Organization will provide regular updates on progress to Global Affairs Canada, and consult with various stakeholders to ensure that issues and constraints that arise are addressed promptly and in a consultative manner. The Organization will ensure that all Project-related committees or working groups are kept informed and are engaged in identifying and addressing any Project implementation risks.

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<b>COSTS</b> Capital & Lifecycle Operating	UBC/SFU/EPM: \$364,000 ‘in-kind’ over 5 years (Faculty/Staff time, office space, & overhead).
<b>FINANCIAL</b> Funding Sources, Impact on Liquidity	<p>Global Affairs Canada: \$15M CAD over 5 years (2016-2021) through contribution agreement (CA)</p> <ul style="list-style-type: none"> <li>• 30% allowance for sub-contractors (i.e. topic experts and specialists)</li> <li>• \$3M CAD for procurement</li> <li>• 12% overhead (\$1.28M CAD)</li> <li>• Additional in-kind of \$386,000 from strategic partners, including the Government of Ethiopia (office space, materials, use of facilities, etc.)</li> </ul>
<b>SCHEDULE</b> Implementation Timeline	<p>April 2016 – signing of contribution agreement. Project is formally established.</p> <p>April-September (150 days) – project inception phase</p> <p>July 2016 to September 2019 – implementation phase</p> <p>September 2020 to June 30, 2021 – project conclusion</p>
<b>CONSULTATION</b> Relevant Units, Internal & External Constituencies	<p>The draft agreement is in a near final draft stage. It has been reviewed by the Office of the Vice President Research and International, the Office of the University Counsel, CIRDI Management, the CIRDI Finance and Audit Committee (including a representative from UBC), the and CIRDI Advisory Board .</p> <p>The CIRDI Advisory Board has been engaged regularly on project proposal development since April 2015, and has recommended approval. CIRDI has been in consultation with Global Affairs Canada regarding this project since October 2014. In November 2014, CIRDI’s Executive Director undertook a scoping mission to Ethiopia, and engaged broadly with stakeholders in Addis Ababa. Internally, CIRDI has consulted with the UBC Dept. of Earth, Ocean and Atmospheric Sciences (EOAS), the Norman B. Keevil of Mining Engineering, the Mineral Development Research Unit (MDRU), the Liu Institute of Global Issues, and the Vice-President, Research &amp; International. Externally, CIRDI has consulted with the Canadian Executive Services Organization (CESO) and Natural Resources Canada (NRCan), among others. CIRDI has also been in regular communication with its coalition partners (SFU and EPM) regarding the development of the project proposal. Most recently, CIRDI management has met with Senior Ethiopian officials during the Prospectors and Developers Association of Canada (PDAC)’s annual conference in Toronto.</p> <p>It is expected that further consultation will take place across UBC and the coalition universities during the inception phase of the project.</p>