



**HIRKO & ASSOCIATES (HALO)
LEGAL UPDATE:**
Addis Ababa's Comprehensive Framework for
Construction Mineral Extraction
Directive No. 191/2018 | September 2026



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Addis Ababa, Ethiopia | September 2026

Addis Ababa Introduces a Comprehensive Licensing Framework for Construction Mineral Extraction

Directive No. 191/2018 | Addis Ababa City Administration | September 2026

1. Introduction

On 6 July 2026, the Addis Ababa City Environmental Protection Authority issued Directive No. 191/2018 (the “Directive”), establishing a comprehensive regulatory framework for the licensing, administration, production, and oversight of construction minerals within the jurisdiction of the Addis Ababa City Administration. The Directive was registered with the Ministry of Justice and published on the Authority’s website, becoming effective upon publication.

The Directive represents a significant regulatory development for Addis Ababa’s construction mineral sector. It seeks to bring the extraction and supply of construction minerals within a more structured licensing and monitoring framework, while strengthening environmental protection, land-use controls, transparency, reporting, and accountability.

The Directive is issued pursuant to the authority granted to the Addis Ababa City Environmental Protection Authority under Article 16(2)(e) of Proclamation No. 84/2016 and operates within the broader framework of the Mining Operations Proclamation No. 678/2010, as amended, and the Mining Operations Council of Ministers Regulation No. 423/2010.

2. What Does the Directive Regulate?

The Directive applies to individuals, associations, private companies, government institutions, and other entities engaged or intending to engage in the production, lifting, utilisation, or related activities involving construction minerals within Addis Ababa.

The regulated minerals include black basalt stone, gravel, red sand, red soil, white masonry or chipped stone, river sand and gravel, as well as other similar construction minerals. The breadth of the framework means that the Directive is relevant not only to commercial mining operators, but also to government development projects, public development enterprises, cooperatives, landholders, and businesses involved in the supply chain.

3. Licensing Is Now Central to Construction Mineral Production

One of the Directive’s most significant features is the establishment of a structured licensing regime. It recognizes different categories of licenses depending on the nature and purpose of the activity, including production and sale, production and utilization for government development projects, product lifting, and machinery installation.

Accordingly, persons or entities intending to commercially extract and market construction minerals must operate within the applicable licensing framework. The Directive also introduces a separate mechanism for

temporary lifting of previously produced or accumulated minerals and regulates the installation of stone-crushing machinery associated with licensed mining operations.

This framework effectively moves the sector toward a more formalised system in which the legality of the underlying land, environmental conditions, production activity, and associated machinery are considered as part of the licensing process.

4. Environmental and Land Requirements Become Key Licensing Conditions

The Directive places substantial emphasis on environmental protection and responsible land use. Applicants are required to provide land ownership documentation or an appropriate contractual arrangement concerning the proposed site, together with the relevant environmental approval.

More significantly, licensing requires an approved environmental impact assessment, a financial guarantee intended to address potential environmental damage, and a rehabilitation and restoration plan. The rehabilitation plan must be submitted before obtaining the license and annually thereafter. These requirements demonstrate that environmental responsibility is not treated merely as a post-operation obligation but as an integral component of the licensing process itself.

For investors and operators, this means that securing an appropriate site and demonstrating environmental compliance should be considered at the outset of any proposed construction mineral project.

5. Where Extraction Is Restricted

The Directive introduces specific geographical restrictions intended to protect residential areas, infrastructure, waterways, cultural heritage, and environmentally sensitive areas.

Licensing is restricted within specified distances from residential villages, industrial parks, infrastructure utilities, electricity transmission lines, and riverbanks. Extraction is also prohibited in areas such as cemeteries and religious sites, pre-historical heritage sites and national monuments, areas reserved for infrastructure networks, environmental protection areas, and national parks, subject to the limited exceptions recognized under the Directive.

These restrictions have important practical consequences for quarry operators and prospective investors because the availability and legal suitability of land must be assessed before significant investment is committed to a proposed extraction site.

6. Licence Duration, Renewal and Continued Compliance

The duration of a licence depends on the type of mineral and activity involved. A licence for black stone or basalt mining may be granted for up to five years, while licences relating to aggregate, sand, and white stone may generally extend for up to two years. Product lifting licences are limited to three months, while machinery installation licences correspond to the duration of the relevant mining licence.

Renewal is not automatic. Licence holders must demonstrate continued compliance with the applicable mining laws, the Directive, and the licence agreement, together with the submission of relevant professional and operational reports. The Directive also introduces advance renewal timelines, requiring renewal requests to be submitted 180 days before expiry for black stone licences and 90 days before expiry for aggregate licences.

This places an ongoing compliance obligation on operators rather than limiting regulatory attention to the initial licensing stage.

7. Expansion and Machinery Installation Are Also Regulated

The Directive permits expansion of an existing licensed area, but only where specified conditions are satisfied. Among other requirements, the proposed expansion must be adjacent to the existing licensed area, the operator must have utilised more than 70 percent of the allocated area, and the operator must have fulfilled its obligations under the existing licence.

The Directive separately regulates the installation of stone-crushing machinery outside the licensed production area. Such an arrangement is permitted only where there is insufficient space within the production area and remains subject to the duration and other requirements applicable to the underlying mining licence.

8. Transfer of Mining Licences: Greater Formalisation

The Directive also provides a formal mechanism for transferring licences. Transfers may arise through inheritance, sale or assignment, or pursuant to a court order. The parties must satisfy prescribed legal and administrative requirements, including demonstrating that the relevant applicant is free from outstanding debt and submitting appropriate corporate, tax, registration, power of attorney, and performance documentation.

Importantly, the transferee is generally not required to prepare a new feasibility study or environmental impact assessment where the previously submitted studies remain applicable. However, transfers are restricted in circumstances such as bankruptcy with unpaid debts, dissolution, fraudulent conduct or the submission of false evidence, and where the relevant organization lacks legal personality.

9. Reporting and Rehabilitation Are Continuing Obligations

The Directive introduces continuing reporting obligations for license holders. Operators are required to submit quarterly overall performance reports and monthly income reports in the prescribed format. Rehabilitation and restoration planning is likewise an ongoing requirement, with the relevant plan required before licensing and annually thereafter.

For government development projects and public development enterprises, the compliance framework contains additional obligations, including production licensing, monthly production reporting, and payment of royalties based on the prevailing market price of the production.

These requirements indicate a shift toward continuous regulatory oversight of the sector, with operators expected to demonstrate compliance throughout the life of their operations.

10. Non-Compliance May Put the Licence at Risk

The Directive provides the Authority with grounds to cancel a licence in circumstances including the expiry of the underlying land arrangement, repeated unlawful conduct, failure to comply with the Mining Operations Proclamation, Regulation, Directive or licence agreement, government requirements for the land for other development purposes, unsuitability of the remaining land for continued operation, and exhaustion of the mineral resource.

The regulatory consequences therefore extend beyond administrative penalties. Continued non-compliance may ultimately result in the loss of the right to conduct the licensed activity.

The Directive further empowers sub-city environmental offices to monitor compliance, take measures against illegal mining activities, and report violations to the central Authority. Violations may also attract civil and criminal liability under the applicable mining legislation.

11. What This Means for Operators, Investors and Developers

For existing and prospective operators, the Directive creates a more demanding compliance environment. The legality and suitability of the proposed site, environmental approvals, financial guarantees, rehabilitation arrangements, reporting systems, and continuing compliance with licensing conditions must all be considered as part of the business model.

For investors and developers, regulatory due diligence should therefore extend beyond commercial and financial considerations. Before acquiring, financing, partnering with, or investing in a construction mineral operation, it is important to verify the status and scope of the underlying licence, the legality of the land arrangement, environmental approvals, compliance history, outstanding obligations, and the transferability of the licence where relevant.

The Directive is equally significant for government development projects and public development enterprises because the framework expressly subjects such activities to production licensing and reporting requirements, together with applicable royalty obligations.

12. A Move Toward Digital, Transparent and Sustainable Regulation

Beyond licensing requirements, the Directive introduces digital licensing and record-keeping mechanisms and strengthens the role of sub-city environmental offices in monitoring and enforcement. Existing operators are also required to align their activities with the new regulatory requirements.

Taken together, these measures indicate a broader policy direction toward formalising Addis Ababa's construction mineral sector, improving regulatory visibility, strengthening environmental safeguards, and promoting more accountable management of construction mineral resources.

13. Conclusion

Directive No. 191/2018 marks an important development in the regulation of construction mineral extraction in Addis Ababa. Its significance extends beyond the introduction of licences: it establishes a broader compliance framework covering land suitability, environmental protection, financial guarantees, rehabilitation, reporting, operational oversight, licence transfers, geographical restrictions, and enforcement.

For businesses operating in or considering entry into the construction mineral sector, regulatory compliance should therefore be addressed at the planning and investment stage rather than after operations have commenced. Proper legal and regulatory due diligence can help operators identify licensing, land, environmental, contractual, and operational risks before they develop into regulatory or commercial liabilities.

Disclaimer

This legal update is provided for general informational purposes only and does not constitute legal advice. The application of the Directive may depend on the specific circumstances of an operator, project, land arrangement, or transaction. Professional legal advice should be sought before undertaking construction mineral extraction or related activities.

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