

REPUBLIC OF RWANDA  
MINISTRY OF FINANCE AND ECONOMIC PLANNING



# The Mining Sector

<b>1. <i>The mining sector in Rwanda</i></b>	<b>2</b>
1.1. Background	2
2.2. The minerals of Rwanda	3
<b>2. <i>Privatisation and the mining sector</i></b>	<b>4</b>
2.1. Redemi	4
2.1.1. The concessions of Redemi	5
2.1.2. Production	5
2.1.3. Turnover, sales and net result	6
2.1.4. Fixed assets	6
2.1.5. Work force	7
2.1.6. The privatisation process	7
2.2. The Lime Project at Ruhengeri	8

## 1. THE MINING SECTOR IN RWANDA

### 1.1. Background

Mining activities in Rwanda started in the 1920's, when the first geological missions carried out their research. The mineral deposits discovered at that time were exploited by companies such as Minetaïn, Georwanda, Somuki, Corem, and colonials like Marchall, Stinglhamber, Geens, Cardinal, De Borshgrave and others.

In May 1971, most of the ex-colonials withdrew from mining. In February 1973, *Somirwa (Société des Mines du Rwanda - Rwandan Mining Company)* was established, in order to create a structure disposing of the technical and financial capability to manage mining in a rational way, through efficient investment. But the old sores - timeworn mining equipment, lack of spare parts, mining infrastructure in a bad shape -, which existed already before the creation of Somirwa, remained, and the anticipated results weren't reached. The construction of the tin-smelting factory of Karuruma, officially opened in 1982, weighed heavily on the investment capacity of Somirwa. The company went bankrupt in 1985.

After the liquidation of Somirwa, the Rwandan State had to take over its concessions and the infrastructure, for a total of Frw 779 million (*US\$ 8.7 million at the time*). From September 1986 until December 1988, the Rwandan State had to take care of these concessions.

However, the expenses for maintenance for one year, which

amounted to about Frw 100 million, could cover the cost of establishing a structure which could continue the exploitation of the mining concessions of Somirwa. This led the Government to establish the Public Office for Exploitation and Development of Mines (*Régie d'Exploitation et de Développement des Mines - REDEMI*). It started its activities in January 1989, with a start-up capital of Frw 97,225,000 granted by the Rwandan Government.

Today, *Redemi* dominates the mining sector in Rwanda. There are also some private companies operating.

### *1.2. The minerals of Rwanda*

Cassiterite, wolfram and colombo-tantalite (coltan) are the minerals most exploited in Rwanda. But the country disposes of numerous others minerals, the reserves of which vary: gold, beryl (smith's work, metallurgy), amblygonite (pharmaceutical applications, production of industrial salts), iron, ruby/sapphire, chiastolite (jewellery, decoration), amethyst (jewellery, precision mechanisms), marble, dolomite (metallurgy, glass industry), laterite (road construction), quartzite (construction, paving), siliceous sand (glass industry, construction), quartzophylade/slate schist (paving), granite/migmatite, amphibolites (decorative stone, construction), clay, kaolin (paper, plastics, paint), talc, pouzzolane (cement, construction), volcanic rock, travertine (cement, agriculture, paint), diatomite (filtering additives, soft abrasives, paint), gypsum.



## 2. PRIVATISATION AND THE MINING SECTOR

In the mining sector, privatisation concerns two companies: *Redemi* and the *Lime Project* at Ruhengeri.

### 2.1. REDEMI

*Redemi* was established by Presidential Decree N° 508/08 dated 05/09/88. It has its headquarters in Karuruma and holds the mining concessions of Rutongo, Gatumba, Musha, Rwinkwavu, Rutsiro-Sebeya, Bugarura, Bijyoyjo, Bisesero, Ntunga, Kuruti, Bibare, Gifurwe, Nemba, Rugendabari, Mbuye and Bashyamba, as well as the mine of Nyakabingo.

*Redemi*'s mission consists of:

- Exploitation of mining deposits
- Research and development of mining
- Processing of minerals
- Buying, transport and marketing of minerals, as well as all related operations.

During the tragic events of April 1994, *Redemi* incurred important human and material losses. Buildings were seriously damaged, mining equipment was destroyed, material was pillaged while minerals in stock and spare parts were stolen. A big number of the technical staff and the supervisors died, which made efficient exploitation difficult.

These factors combined have led to the low level of production of *Redemi*, from the moment it restarted its activities until today.



### 2.1.1. The concessions of Redemi

Redemi has the following concessions:

Concession (province)	Surface (ha)	Mineral
Bisesero (Kibuye)	15,087	Cassiterite
Mara (Kibuye)	497	Cassiterite
Rutiro (Kibuye)	12,500	Coltan + Cassiterite
Bijyojo (Kibuye)	4,345	Coltan + Cassiterite
Sebeya (Gisenyi)	6,462	Coltan + Cassiterite
Giciye (Gisenyi)	10,025	Coltan + Cassiterite
Gatumba (Gisenyi)	9,290	Coltan + Cassiterite
Rugendabali (Gifaranga)	7,224	Coltan + Cassiterite
Gifurwe (Ruhengeri)	802	Wolfram
Rutongo (Rural Kigali)	943	Cassiterite
Nyakabingo (Rural Kigali)*	321	Cassiterite
Musha (Rural Kigali)	3,006	Cassiterite
Ntunga (Rural Kigali)	648	Cassiterite
Nemba (Rural Kigali)	3,290	Cassiterite
Nsinda (Rural Kigali)	718	Cassiterite
Bugarura (Byumba)	10,169	Cassiterite
Bibare (Byumba)	3,707	Cassiterite
Kurui (Umuhanga)	4,318	Cassiterite
Rwinkwavu (Kibungo)	4,833	Cassiterite
Mbuye (Kibungo)	1,568	Coltan + Cassiterite

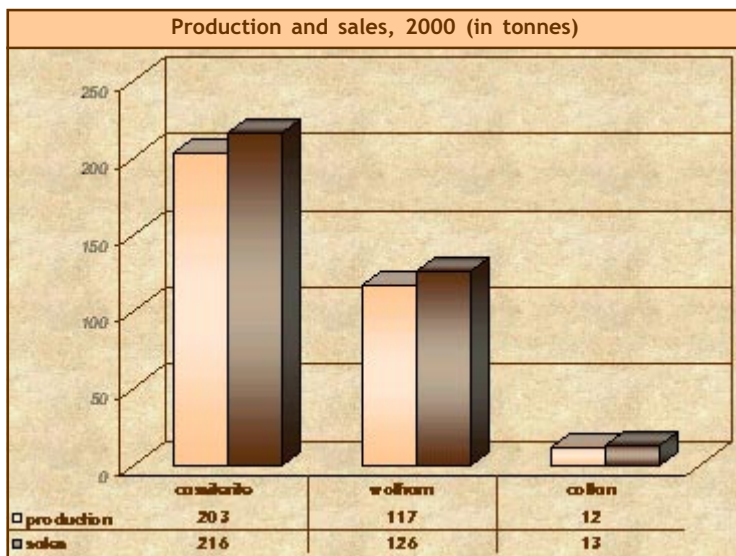
\* The mine of Nyakabingo doesn't constitute a mining concession. It is legally governed by a licence for research.

### 2.1.2. Production

In the year 2000, Redemi's production was as follows: 203 T of cassiterite, 12 T of colombo-tantalite (coltan) and 117 T of wolframite.

The provenance of this production was (in kg):

Mining sector or production unit	Cassiterite	Coltan	Wolfram
Rutongo	132,756	-	-
Gatumba	28,801.5	9,493.5	2
Rutiro	2,621	2,600	1,342
Bisesero	6,912	12	-
Rwinkwavu	4,942	48.5	-
Musha-Ntunga	34,007	4.5	139
Nyakabingo	-	-	37,038.2
Gifurwe	-	-	70,832
Other provenances	1,059.3	145.9	7,779



### 2.1.3. Turnover, sales and net result

In 2000, the turnover of *Redemi* amounted to Frw 555,628,392 (*USD 1,292,000*). Sales (exports) and revenues were as follows:

cassiterite	216,000 kg	Frw 346,532,563 ( <i>USD 806,000</i> )
wolfram	126,000 kg	Frw 128,206,347 ( <i>USD 298,000</i> )
coltan	13,000 kg	Frw 196,025,469 ( <i>USD 456,000</i> )

The company closed the year with a profit of Frw 67,542,976 (*USD 157,000*).

### 2.1.4. Fixed assets

The fixed assets of *Redemi* consist of:

- Mining equipment and infrastructure.
- Washing plants and refining factories.
- Garages and workshops.
- Administrative buildings and houses.
- Land and woodlands.
- Mining waste.

At the end of 2000, *Redemi's* fixed assets were worth Frw 479,925,560 (*USD 1,117,000*).

### 2.1.5. Work force

In 2000, *Redemi* had a workforce of 493 agents. During this year, the company also employed 212 temporary labour workers (on average).

### 2.1.6. The privatisation process

#### Reasons for the privatisation of *Redemi*

Due to the fact that *Redemi* is a viable company that makes considerable profit, people often wonder why it should be privatised. It should be remembered, though, that the Government, in establishing its economic policy, has opted resolutely for the liberalisation of the economy and the promotion of the private sector, while itself pulling out of its commercial and industrial activities. As a consequence, not only the weak companies are privatised, but also the more thriving enterprises are transferred to private investors.

Moreover, it should be noted that the mining sector in Rwanda - which is after all of small importance on a global scale - needs major investments to be competitive. Not only financial investment to rehabilitate and modernise the infrastructure, but also input of know-how and experience. Which requires private investors.

It should also be remembered that Rwanda will all the more benefit from a strong and competitive mining sector, due to fiscal revenue.



### State of the process

A steering committee for the privatisation of *Redemi* was established at the end of 2000. It was recommended that the tin-smelting factory of Karuruma should be privatised first. In a second phase, the remaining patrimony will be privatised. This will require a detailed evaluation of the assets of *Redemi*, and the exact delimitation of the concessions. In the meantime, the legal framework will be adapted to suit the new situation.

On December 12<sup>th</sup>, 2001, the smelting factory of Karuruma was attributed to Niobium Mining Company (NMC), a German company based in London, which offered USD 300,000 for the foundry. NMC has presented a 3-year businessplan which is worth USD 4 million, and which comprises the creation of 100 direct and 100 indirect jobs, intensive training for the employees, the creation of a modern laboratory which would be unique in Central Africa, as well as investment in education, culture and sports.

### 2.2. The Lime Project at Ruhengeri

The Lime Project in Ruhengeri was transferred to the *Limestone Development Project (Projet de Valorisation des Calcaires, PVC)* which offered Frw 110m. PVC extracts travertine and transforms it into lime (an average of 300 tonnes per month), which is sold mainly to *Electrogaz*.

PVC, together with some other companies, is currently the object of a careful follow-up by the Privatisation Secretariat, as the company has not respected its financial commitments; until now, it only paid Frw 15m, or 14% of the offered price.



## PRIVATISATION SECRETARIAT

*Department for Information and Public Awareness*

PO Box 4731 Kigali – E-mail: [pvs@rwandatel1.rwanda1.com](mailto:pvs@rwandatel1.rwanda1.com)

Tel: (250) 57 53 83 • 57 09 91 • 57 09 92 • 57 09 89

Fax: (250) 575384