COUNTRY : MADAGASCAR

PROJECT NAME : AMBATOVY NICKEL PROJECT

SECTOR : Mining

CONTRIBUTION OF ADB: US DOLLAR 150 MILLION

PROJECT DESCRIPTION: The Project involves the development of an open pit mine, an ore slurry preparation plant at the mine site, a 220 km pipeline to move the ore slurry to the coast, a pressure acid leach processing plant, a metals refinery, and all the necessary infrastructure, including water, power and steam generation, acid production, tailings disposal, and port facilities. The project will produce approximately 60,000 tonnes per annum (TPA) of London Metal exchange (LME) deliverable nickel, 5,300 TPA of cobalt, and 186,000 TPA of fertilizer-grade ammonium sulphate. The mine site is near Moramanga town in the central highlands of Madagascar while the coastal facilities (processing plant, metals refinery and tailings facility) are located in the industrial zone near the port of Toamasina on the Eastern coast of Madagascar. The ore bodies are just few kilometers off Route Nationale 2, the main road that runs between Antananarivo and the country’s principal port of Toamasina.

PROJECT BENEFITS: The Project will bring short, medium and long-term economic and social benefits to Madagascar’s economy. The project will generate significant employment of about 3,800 jobs (2,000 during construction and 1,800 during operations). Wages to be paid to local workers over the project life amount to USD 256 million. It will also yield significant benefits that will accrue to the GOM through: (i) corporate tax of USD 897 million over the life of the project; (ii) royalty of USD 185 million; (iii) withholding on dividends of USD 766 million; (iv) indirect taxes of USD 2,202 million; (v) local taxes of USD 462 million; (vi) personal income taxes of USD 169 million; and (vii) import duties of USD 43 million.

The project will create opportunities for local enterprises, including SMEs for providing goods, works and services. The total value of purchase orders and contracts to be awarded to local enterprises is estimated at USD 3,360 million over the life of the project (USD 362 million during construction and USD 2,998 million during operations). Infrastructure built by the project (port upgrade, roads, bridge, railway, and excess power generation capacity) can be used by the public during the project operations and after closure of the project, and will bring significant long-term benefits.