

Islamic Republic of Afghanistan

Ministry of Mines

Directorate of Policy

**Artisanal and Small scale Mining Policy**

Hoot 1390

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## **ACRONYMS**

ASM	Artisanal and Small scale Mining
AGS	Afghanistan Geological Survey
MOCI	Ministry of Commerce and Industries
MOF	Ministry of Finance
MoLSAMD	Ministry of Labor, Social Affairs, Martyrs and Disabled
MOM	Ministry of Mines
NEPA	National Environmental Protection Agency
EISA	Environmental Impact and Social Assessment
EMP	Environmental Management Plan

## DEFINITIONS

**Artisanal Mining:** artisanal mining refers to mining by individuals, groups, families or cooperatives with minimal or no mechanization, often in the informal (illegal) sector of the market.

**Illegal Mining:** The absence of land rights, mining license, exploitation, mineral transportation permits or of any document that could legitimate the on-going operations.

**Quarry.** It is a type of open-pit mine from which minerals are extracted.

**Formalization:** The extent to which work roles are structured in an organization, and the activities of the employees are governed by rules and procedures.

**Exploitation:** Any activity by means of which pre-production development and extraction of minerals takes place from an identified deposit by means of surface (open pit) and/or underground operations from a Deposit or an Artificial Deposit for its processing, using or selling.

**Exploration:** An activity carried out to discover minerals in order to demarcate the quality and quantity of the reserves contained within it, or to evaluate the possibilities of its exploitation.

## **1. Preamble**

Afghanistan is host to vast mineral resources, a lot of which are extracted on the basis of Artisanal and Small scale Mining (ASM) like gemstones, coal, constructional materials, dimension stones, gold and some of the industrial minerals such as clays, gemstone minerals (Corundum, Garnet, and Tourmaline etc), limestone, gypsum, mica, salt, talc and magnesite. In Afghanistan ASM is a poverty driven activity dominated by large number of people engaged in informal activities, bringing with it serious social, environmental problems and loss of revenue. There is no baseline study available that has determined the actual number of ASM active in various parts of the country, what mineral they are mining, the extraction and processing methods being used and exact types of ASM but mostly these are Traditional, which occur for many generations specially in gold and gem stone known areas, Seasonal, which is often used as a secondary means of livelihood support, tied into the agriculture seasons and Influx, when new mineral areas are discovered and the type of mineral lends to small scale excavation, transport and sale.

Afghanistan Government is committed to the protection of all domestic and international investments in the sector through effective regulations and facilitation that support prospecting, exploration, mining, quarrying, processing, and sale of minerals within and outside of Afghanistan.

The potential of the sector to contribute significantly to socio-economic development is great. Such contributions include the decisive role it can play in poverty alleviation, especially in rural areas, reducing rural-urban migration especially for the unemployed youth, maintaining the vital link between people and the land, creating alternative economic activities, contributing to national incomes and, contributing to state revenues.

The role of the State is to facilitate and regulate the exploration and quarrying and mining activities of investors and entrepreneurs and provision of infrastructure. The State reserves the right to treat quarries and mines that might have strategic importance differently.

## **2. Objectives of this Policy**

The objective of this policy is to formalize ASM sector, encourage private sector investment, increase government revenue and provide legitimate means of employment and contribute to poverty reduction. This policy also aims to encourage introduction of new technology to small scale mining in order to further develop the sector. Through this Policy and its supporting policies, Government seeks to develop mechanisms and approaches that will facilitate investment, build institutional capacity, safeguard Afghanistan's resources and improve the quality of life of community residents, the environment, local and national economy.

## **3. Rationalizing ASM**

The Government of Afghanistan recognizes the contribution of ASM sector to the economy which includes the discovery of mineral occurrences, mineral production and the creation of employment and incomes in the rural communities. In view of this, the Government is committed to supporting the ASM sector by facilitating the transformation of the present ASM activities into more organized and modernized ASM, and by promoting modalities of mineral marketing which encourage transparent business transactions and discourage smuggling.

## **4. Legal and Regulatory Framework**

Pursuant to the Afghan constitution and Afghan Mining Law all naturally occurring minerals and artificial deposits of minerals on surface or subsurface of the territory of Afghanistan or in its water courses are the exclusive property of the state. Mining/Quarrying operations will be conducted in Afghanistan either by the state or by the authorized individual or company who have obtained license from Ministry of Mines. A license holder can do mining/quarrying activities and have control over the minerals and minerals substance produced. According to the National Mining Policy, artisanal mining activities shall be available for license only to Afghan citizens and small scale mining licenses shall be open for national and international investors. These licenses shall

be granted on application basis provided that the license holder meets the necessary permitting requirements.

## **5. Key Institutional Players**

The following government organizations are responsible for the administration, oversight, regulation, fiscal management, revenue collection, environmental management, human resource development, beneficiation, trade and contract evaluation of the ASM resources.

- Ministry of Mines (MoM)
- Ministry of Commerce and Industries (MOCI)
- Ministry of Finance (MoF)
- National Environmental Protection Agency (NEPA)
- Independent Directorate of Local Governments (IDLG)
- Ministry of Labor and Social Affairs, Martyrs and Disabled (MoLSAMD)

## **6. Survey, Prospection and Exploration for ASM**

The Afghanistan Geological Survey (AGS) is the principal agency for geological mapping and assessment of regional minerals resources in the country. It is responsible for creating action oriented plans to achieve these goals in close cooperation with all its stakeholders.

While AGS will continue to perform the tasks assigned to it for exploration and survey, the private sector would in future be the main source to conduct exploration. The AGS will continue its exploration and survey tasks in areas where private sector investment is not forthcoming.

## **7. Exploitation**

The ASM Activities shall be conducted only by legally-licensed operators that are in compliance with the terms and conditions of their mining and quarrying license. Exploitation activities shall proceed with legally-required permits and certifications issued according to the relevant Laws of Afghanistan that include but are not limited to the Mining Laws and Regulations and The Environmental Law.

Environmental and social safeguards apply to such small scale mines and quarries, as do legal requirements for the payment of taxes and applicable royalties.

## **8. Illegal Mining**

This policy strictly prohibits illegal mining and quarrying in Afghanistan. Where illegal mining and quarrying is discovered appropriate legal action shall be taken to bring such operations into compliance with the Mining Law.

## **9. Formalization of ASM**

Formalization will give ASM miners an access to capital and will emphasis on the coexistence of large scale mining and ASM. In order to bring illegal ASM to a legal chain government of Afghanistan shall provide baseline study on ASM, political coordination between ministries, incentivize unlicensed ASM to apply for mining rights, get suitable royalties from Licensed ASM, establish an effective monitoring system for ASM, provide technical and financial resources to MoM, to provide licensing, monitoring and management system at provincial MoM level, develop documentation tracking schemes to address weaknesses in the trading phase of the mineral value chain.

## **10. Research and Development**

Research and development in the small scale mining has to cover the entire range of activities from geological survey, exploration, mining and quarrying, health and safety, processing and trade. As a result of these research and development modern technology and safe mining and quarrying methods will be introduced to small scale mining. This



policy encourages the development of training programs for artisanal mining and quarrying technicians and workers about safeguards and environmental protection. Government encourages the development of domestic-based production of equipment, machinery, supplies and materials for mine and quarry operations.

### **11. Technical Operations of ASM**

In accordance with Mining Regulations, prior to mining or quarrying, each small scale mine or quarry developer shall prepare and submit a Mine Development Plan, Mine Closure Plan, Health and Safety Plan and Environmental Impact and Social Assessment to the MoM and NEPA to avoid or mitigate future social and environmental damages, and all other documents deemed relevant to mine and quarry operations during the requested license term, while these plans are not required for artisanal mining but government shall provide some training to inform artisanal miners about health and safety and environmental issues.

The policy strictly prohibits suboptimal and unscientific methods of mining and quarrying such as blasting and encourages the use of modern technology for upstream and downstream processes in small scale mining. Suitable and acceptable mining and quarrying technology and proper methods should be utilized during exploration, exploitation and processing for maximum recoveries / production and to minimize environmental impact and safe transportation of the mineral products.

### **12. Financial Aspects**

All ASM operators in Afghanistan will be responsible for the timely payment of applicable business, rental, royalties and other taxes. Government is committed to the development of a competitive royalty regime.

Government is committed to establish a mineral development fund that can act as a loan facility for ASM, when ASM is profitable, the loan can be paid back and government shall establish or work with NGOs, small banks, financial institutions or other organizations to set up micro financing facilities that can be accessed by ASM. Government encourages the provision of microfinance loans to ASM by existing local

institutions. Government shall facilitate the establishment of mineral buying centers in each province so that miners can take their product to an area close by, sell at globally set prices and the mineral buying centers would be responsible for identifying a market and transporting it (either locally or internationally).

For mining and quarrying revenue management Government of Afghanistan intends to establish a “Mining Revenue Fund” within its single treasury account. Based on the experience of countries that have performed well in terms of economic development, revenues should be invested in such a manner that addresses the immediate and future needs of Afghans in a transparent manner.

Prices of minerals which are extracted by ASM should reflect their value and the royalty structures should be designed to ensure that the producer earns and the consumer pays the true value. Royalties should be adjusted to make the sector more competitive in the international markets.

### **13. Equipment, Machinery and Supplies**

This Policy encourages the importation of new technology, mining and quarrying equipments, machinery and supplies that will improve the efficiency, safety and productivity of small scale mining. Where possible, small scale mining companies may take advantage of existing reductions in customs duties for the importation of new equipment and machinery. The Mining Regulations will provide guidance on the procedures to be followed

### **14. Relief & Rehabilitation of Displaced and Affected Community**

Large scale mining operations often involve acquisition of land held by individuals including those belonging to vulnerable local communities. Although such situations are not envisioned for the small scale mining as they are mined and quarried on small scale basis but if there are such cases a social impact assessment will be undertaken to ensure that suitable relief and rehabilitation packages are evolved. The owner of the private land will be compensated in accordance to Land Acquisition Law. Appropriate compensation forms an important aspect of the Social Policy Framework. So far as the local populations

are concerned the framework incorporates models of stakeholder interest in the mining and quarrying operation.

### **15. Environmental Management for Small scale Mining**

Mining or quarrying operations may be conducted in all areas of the country except those places that are identified as ecologically fragile, biologically rich eco-systems, and/or national heritage areas. The small scale miners are required to prepare an Environmental Management Plan (EMP) which will address solid and liquid waste management, water and soil pollution mitigation and abatement, impacts of removal of overburden, and deforestation. The Government shall demonstrate and encourage the utilization of environmentally sound technologies and to provide environmental information through leaflets in national languages and improve awareness through the media.

### **16. Health and Safety**

Small scale mining related companies are required to conduct mining and quarrying operations in a safe and productive manner and to comply with all appropriate laws and regulations related to occupational health and safety in all areas of their business activities. Government shall provide training, to both artisanal and small scale miners that will aim to reduce hazards and minimize the risk of accidents, injuries, and diseases and create a safety-conscious environment. Mining sites will be inspected on regular basis by mine inspectors. In the instance of violations, penalties will be levied.

### **17. Mine or Quarry Closure**

Once the process of economical extraction of small scale mining is completed, miners should ensure the proper and scientific mine closure which will not only restore ecology and regenerate bio mass but also take into account the socio-economic aspects of such closure.

### **18. Co-operation between Small and Large-scale Miners**

This policy encourages the co-existence of ASM and large scale miners. Such co-operation creates a conducive mining environment for large-scale companies and it allows small-scale miners access to appropriate technology, markets and training.

### **19. Processing and Value chain**

The Government strongly encourages in-country value-addition of mineral products, as well as export of these commodities to traditional and new markets. The government reserves the right to offer financial incentives, including but not limited to exemption of export duties on value-added minerals, reduction of taxes and/or royalties to support in-country beneficiation or value-added processing. Government will continue to support research with a view to developing new or improved beneficiation techniques and to developing new applications for locally produced ASM products.

### **20. Effectiveness of ASM Policy**

This Policy is effective as of its approval by the Cabinet and is deemed to be the foundation document on which the Afghanistan ASM Sector will operate and from which relevant legal and regulatory acts and other supporting policies may be developed. The policy shall be reviewed from time to time by Ministry of mines to take the cognizance of changes in the standards, technology, market and any other matter that may arise from its implementation.