



Islamic Republic of Afghanistan
Ministry of Mines & Petroleum



REFORM STRATEGY: EXTRACTIVE INDUSTRIES

*A knowledge-based, sustainable, transparent, and efficient extractives sector
that supports Afghanistan's broad-based equitable development*



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ACRONYMS

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| AGE | Afghan Gas Enterprise |
| AGS | Afghanistan Geological Survey |
| ANDPF | Afghanistan National Peace and Development Framework |
| AOI | Area(s) of Interest |
| ASM | Artisanal and Small-scale Mining |
| BGS | British Geological Survey |
| CASA | Central-Asia-South-Asia Power Project |
| CBR | Capacity Building for Results |
| CSC | Civil Services Commission |
| CSO | Central Statistics Organization |
| DFID | Department for International Development |
| DM | Deputy Ministry/ Deputy Minister |
| EITI | Extractive Industries Transparency Initiative |
| EU | European Union |
| GDP | Gross Domestic Product |
| GIS | Geographic Information System |
| HEC | High Economic Council |
| IMF | International Monetary Fund |
| IPP | Independent Power Project |
| MoIC | Ministry of Information and Culture |
| MoMP | Ministry of Mines and Petroleum |
| NAPWA | National Action Plan for the Women of Afghanistan |
| NCE | North Coal Enterprise |
| NEPA | National Environmental Protection Agency |
| PPP | Public Private Partnership |
| SME | Small and Medium Enterprise |
| SOE | State Owned Enterprise |
| TAPI | Turkmenistan-Afghanistan-Pakistan-India pipeline project |
| USGS | United States Geological Survey |
| WB | World Bank |



The Ministry of Mines and Petroleum (MoMP) is committed to creating a conducive environment for facilitating the responsible, equitable and balanced development of Afghanistan's mining sector. Our long-term objective is to ensure that the benefits of the mineral resources exploitation serve the interests of the Afghan people for generations to come.

As a first step, the Mining Sector Roadmap was approved by the High Economic Council in January 2017. The Roadmap provides broad policy direction for mineral development, and guides the development of a comprehensive legal framework for the sector. The Roadmap stresses on strengthening the Ministry's role in fulfilling its core responsibilities.

As prescribed in the Roadmap, to efficiently fulfill its responsibilities, MoMP is gradually moving towards capitalizing on its core activities, and creating separate regulatory authorities for managing the sector. One of the examples of these initiatives include the creation of Afghanistan Oil & Gas Regulatory Authority (AOGRA), and the planned establishment of Afghanistan's Mining Regulatory Authority. These steps will strengthen the Ministry's ability in providing strategic leadership for the sector.

In addition, one of the key prerequisites for the successful development of this sector is the availability of validated and credible geological information. Thus, among other things, one of the key areas of focus in this document is the reform and upgrading of the geological surveying capacity of Afghanistan.

As stated earlier, this Reform Strategy will serve as a vehicle for implementing the Roadmap, rolling out sectoral reforms, developing a transparent and robust mining contract management system, combating corruption and ensuring transparency, and creating an enabling environment for the private sector to serve as the engine of growth for the years to come.

To produce this document, we have consulted the private sector, civil society organizations, government institutions and the donor community. This consultative process has ensured a participatory approach towards the development of this document; the end result, consequently, is a document on which every stakeholder's priorities are aligned, and where all the strategic initiatives for the sector converge. We are of the firm belief that the implementation of the Roadmap, the Reform Strategy and the availability of resources will lay the foundations for sustainable and balanced development of the extractives sector; a responsibility that we must fulfill for the next generations.

As a final note, we would like to sincerely thank H.E President Ghani for his visionary leadership, insightful guidance, and technical advice that went into the development of the Mining Sector Roadmap.

Nargis Nehan
Acting Minister of Mines and Petroleum

Afghanistan is endowed with substantial and diverse mineral resources.

The sector, however, has remained underdeveloped. In order to develop the sector and utilize the potential of Afghanistan's natural resources, the High Economic Council approved the Mining Sector Roadmap in January, 2018. The Reform Strategy has been developed to serve as an implementation mechanism for the Mining Roadmap, institutionalize reforms and develop the sector in a way that maximizes its benefits for citizens of Afghanistan in accordance with Article nine of the Constitution of the Islamic Republic of Afghanistan:

“Mines and other subterranean resources as well as historical relics shall be the property of the state. Protection, management and proper utilization of public properties as well as natural resources shall be regulated by law.”

With this in mind, the Ministry has outlined the following vision for the sector:

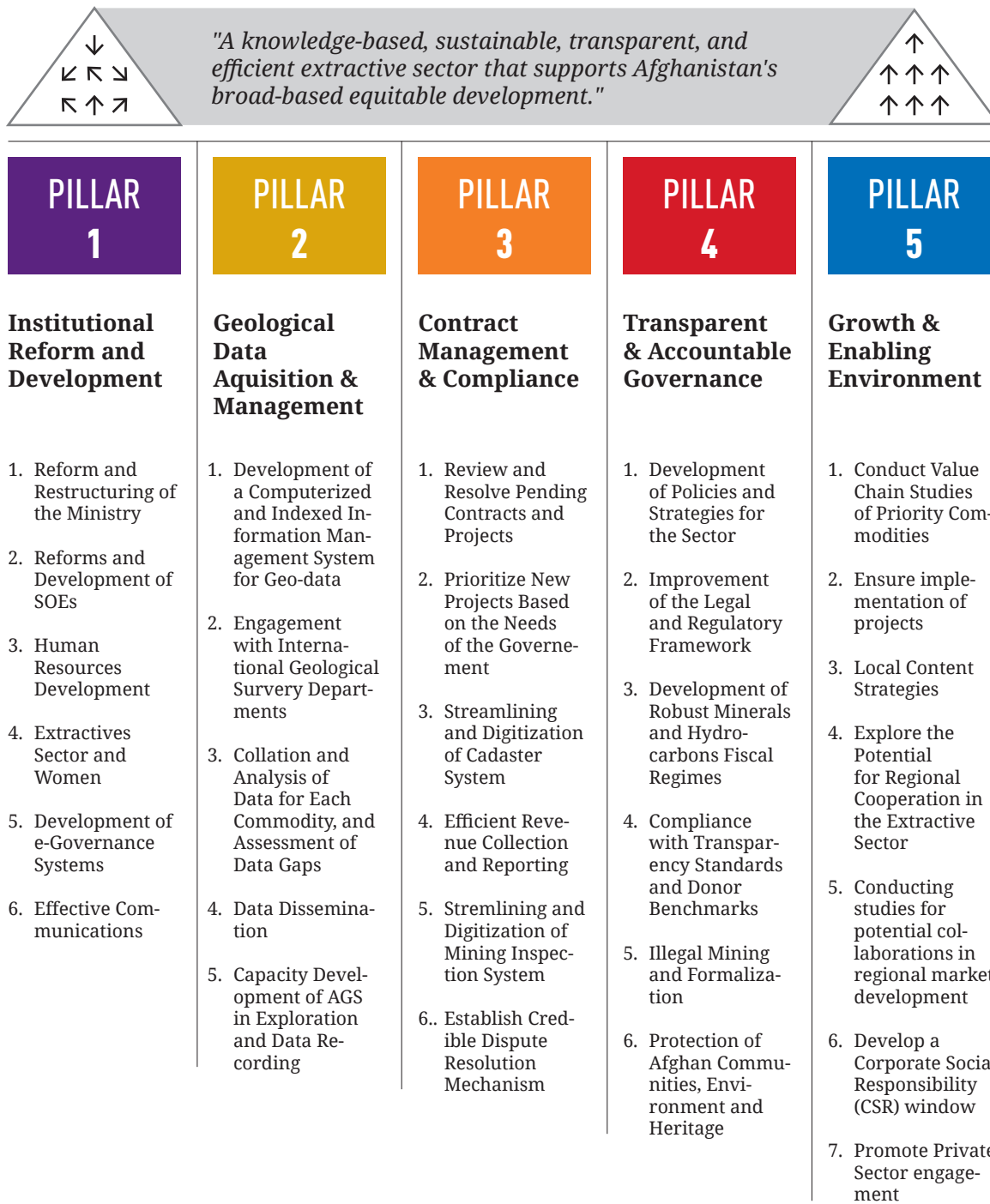
“A knowledge-based, sustainable, transparent, and efficient extractives sector that supports Afghanistan's broad-based equitable development.”

There have been several key internal and external challenges that have hindered the development of the extractives sector. These include the lack of a clear vision for prioritization of minerals, complex legal framework, limited capacity within the Ministry to govern the sector, weaknesses in the geological surveying capacity and a weak contract management and compliance function in the Ministry.

This document has been developed to provide a comprehensive Strategy for the next seven years to enable the sector to achieve sustainable growth and be an effective source of economic development and revenue for Afghanistan as it moves forward on its journey to self-reliance.

The Ministry has developed five core pillars that constitute the focus of the Extractive Industries Sector Strategy to address the existing challenges of the sector and the Ministry, and guide the sector to long term growth. Under each pillar a number of interventions are listed, along with a set of activities described in the Annex.

The pillars map specific activities in two phases: short-term (two years) and medium-term (five years). In the short-term, the emphasis will be on institutional development, enhancing the policy and regulatory frameworks, and improving the governance of existing activities in the sector. In the medium-term, the emphasis will be on carrying out institutional and sectoral interventions for the long-term development of the sector and the creation of wider economic linkages based on strategic choices in resource development.



The Strategy has identified a series of interventions to be implemented in partnership and close collaboration with other state entities as well as active engagement of private sector and civil society.

It is widely reported that Afghanistan has an abundance of natural resources; the exact scope and potential offered by this natural wealth is not fully known.

Hydrocarbons exploration and development operations have been conducted in Northern Afghanistan. However, more exploration will still be required in Western and South-Eastern parts of the country. Large and small scale mining operations have also been conducted throughout the country. On the minerals side, even as broad-based exploration is ongoing, the Government has identified priority commodities for strategic development.

In terms of contribution to the economy, the mining and quarrying sector contributed 0.07 percent to GDP in 2016. However, this is lower than the reported contribution by this sector in 2012. In value terms, the mining and quarrying sector contributed AFS10.2 billion to GDP in 2016 .

Nearly a quarter of this contribution to GDP came from reported profits in the Northern Coal Enterprise (NCE), a state owned enterprise. Beyond this, most other reported production is dominated by artisanal and small-scale mining (ASM) of construction minerals and dimension stone (marble) for domestic end-use markets.

In the light of information presented above, it is evident that the sector is largely underexplored and underdeveloped. Afghanistan's minerals sector is characterized by small-scale, labor-intensive and low-value operations. These activities supply limited, and sometimes illegal, export markets as well as local industries, such as coal for heating and cooking, and marble and stone for construction and road building.

Many of the reforms outlined in this strategy document are designed to bring informal mining into compliance to ensure broad-based and sustainable mineral development.

With regards to institutional framework, the Ministry of Mines and Petroleum is the apex body mandated with the task of managing the extractives sector in Afghanistan. The Ministry has begun to closely coordinate with other Government entities including Ministries of Finance, Interior Affairs, Public Works, Commerce and Industries, Labour and Social Affairs, Economy and National Directorate of Security, National Environmental Protection Agency to fulfil its mandate under the auspices of the Office of the President and the High Economic Council. In addition, the Ministry has also begun actively engaging with the private sector, including business chambers and industry bodies, as well as civil society organizations and the international community.

The Ministry also manages four SOEs involved in the exploration and production in this sector:

- Mazar-e-Sharif Fertilizer and Power Plant;
- North Coal Enterprise (NCE);
- Afghan Gas Enterprise (AGE); and
- Jabal-al-Saraj Cement Enterprise.

However, their operations are outdated and their contribution to general revenue is not clear since they are subsidized through a variety of mechanisms.

While the Ministry is committed to the development of the sector, it has been constrained in its ability to fully deliver on its mandate. Some of these constraints include lack of contiguous leadership, limited technical and managerial capacity and weak legal and regulatory frameworks.

In terms of systemic partnerships, the participation of the civil society so far, has also been limited to ad hoc interjections in raising awareness, policy initiatives and academic research. Going forward, the Ministry seeks active engagement from the civil society organizations in contracts monitoring, community engagement, combating corruption and illegal mining, sharing international best practices on sector development and being a key partner in observing the negotiation of large scale mining contracts.

Finally, due to limited financial and technical capability and unfavorable investment climate, the role of the private sector has historically been limited to execution of small scale projects in the extractives sector. However, the Ministry believes in a vibrant and thriving private sector as the engine of growth for the extractives sector. Under the National Unity Government, the private sector has invested in several Public Private Partnership projects such as Bayat and Ghazanfar IPPs.

The ongoing infrastructure projects and increased role of the private sector and the civil society will prove essential to capitalize on the full potential of Afghanistan's extractives sector and attract foreign direct investment.

⁶ These include barite, bauxite, carbonatite, celestite, clay, cloal, fluorite, gypsum, halite, limestone, magnesite, pegmatites, slat, sulfur, talc, and travertine.

The vision of the Ministry of Mines and Petroleum is to develop:

“A knowledge-based, sustainable, transparent, and efficient extractives sector that supports Afghanistan’s broad-based equitable development.”

The execution of this Strategy will set Afghanistan’s extractives sector on the right path to achieving this vision.

1. Knowledge-Based: The Government will work to establish certainty around Afghanistan’s mineral and hydrocarbon potential by gaining a well-informed understanding of resource endowments. Furthermore, the Government will promote and develop a knowledge-based industry, with a skilled workforce, professional SMEs and talented academics.

2. Sustainable: Afghanistan’s resources will be extracted in environmentally sustainable ways that embrace substantive and sustained engagement with local communities, and promote the development of linked sectors that will exist long after finite resources are depleted.

3. Transparent: The Government commits to fulfilling its role of promoting and regulating the extractives sector in a fully transparent manner by developing a clear and consistent governance framework for the minerals and hydrocarbons sector, taking steps to combat and prevent corruption, establishing clear and inclusive processes for communities to be engaged as a key stakeholder and embracing international standards.

4. Efficient: The Government will seek to maximize the potential of the sector by attracting and retaining responsible investment that will bring the most efficient technology and methods to the extraction of Afghanistan’s resources. The Government will draw as much value as possible from the extracted resources by promoting the development of economic linkages and value-added industries in the extractives sector.

5. Broad-Based and Equitable Development: The Ministry will ensure that Afghanistan’s resource endowment contributes to broader national development objectives by spurring infrastructure development, power generation, and opportunities in related sectors. As extraction and exploration progress, the extractives sector will provide much needed jobs and incomes ensuring Afghanistan’s broad-based development and fiscal self-reliance.

Achieving the vision of responsible development of Afghanistan’s extractives sector will require detailed planning and coordination.

To execute the Strategy, the Ministry will work in close collaboration with relevant Ministries and other stakeholders. The Ministry has identified certain key areas where the sector requires intensive support and cooperation from other Government of Afghanistan institutions:

■ **Energy:** In order to exploit the opportunities in the sector and successfully implement this Strategy, the Ministry requires energy and resources inputs such as electricity. The Ministry of Energy and Water will be a key partner in this regard.

■ **Water:** For developing the minerals and hydrocarbons sector, water remains an important commodity. To make sure there is a sustainable supply of water for mining projects, the Ministry will require the support of Ministries of Energy, Agriculture and Urban Development.

■ **Land:** Land is a factor with huge significance in the exploitation, production and processing of mineral and hydrocarbon resources. Afghanistan Independent Land Authority (Arazi) will be a key partner of the Ministry in providing industrial land for investors.

■ **Transport:** The successful exploitation of natural resources requires access to improved infrastructure, such as pipelines and railroads. Some of the relevant entities that will be central to the Ministry's efforts in this area are the Ministries of Public Works, Transport, Afghanistan Independent Civil Aviation Authority, and Afghanistan Railway Authority.

Security: In order to execute mining projects, prevent illegal mining and attract and retain private investment in the sector, the coordination of security apparatus of the Government is critical. The Ministry will closely work with the Ministries of Interior Affairs, Defense and the National Security Directorate (NDS), under the overall coordination of the National Security Council.

Other stakeholders pivotal to achieving the Strategy's vision include the private sector, civil society organizations and the international community. The Ministry will actively engage with business chambers (ACCI, ACIM, AWCCI, etc.) in order to seek their expertise in attracting investment and showcasing Afghanistan's potential to domestic and foreign investors. Moreover, the Ministry will closely work with research bodies, civil society organizations and the donor community to develop sector policies and regulations, and involve them in contract and community monitoring of mining projects.

The Ministry's implementation strategy for achieving its vision includes a series of interventions that are organized under the five core pillars of the Strategy.



The pillars draw on the foundation provided by the preconditions for success

Since each pillar includes activities that will be implemented in both the short term and the medium term, the alignment of reforms to specific timelines is important. While some activities can be undertaken independent of each other, others will be contingent on changes in some elements before they can be implemented.

The implementation of the Strategy is divided into two phases - an initial period of two years to reorganize the Ministry, deal with existing priority projects and establish the foundations for sustainable sector growth, and the second, five-year, phase, to build on the preliminary work, implement a more in depth plan capitalizing on the foundations laid out in the first phase, and accelerate the initiation of new mining projects.

PILLAR 1

INSTITUTIONAL REFORM & DEVELOPMENT

The core functions of the Ministry include geological data management, mining contract management and compliance, investment promotion, and extractives sector policy development. The organizational structure (*Tashkeel*) of the Ministry currently consists of the Office of the Minister, and three Deputy Ministries (Administration and Finance, Policy and Programs and Technical). There are over 2,200 employees within the formal structure of the Ministry. As envisioned in the Mining Sector Roadmap, “MoMP will retain and strengthen its policy-making role, while relinquishing its regulatory and operational roles.”

The structure and size of the Ministry is large as compared to other countries with significant mineral endowment. However, despite large human resource pool, the Ministry has not been able to deliver on its mandate due to limited internal capability, high employee attrition and structural inefficiencies.

EXTRACTIVE SECTOR REGULATION AND MANAGEMENT IN AUSTRALIA, CANADA AND MONGOLIA

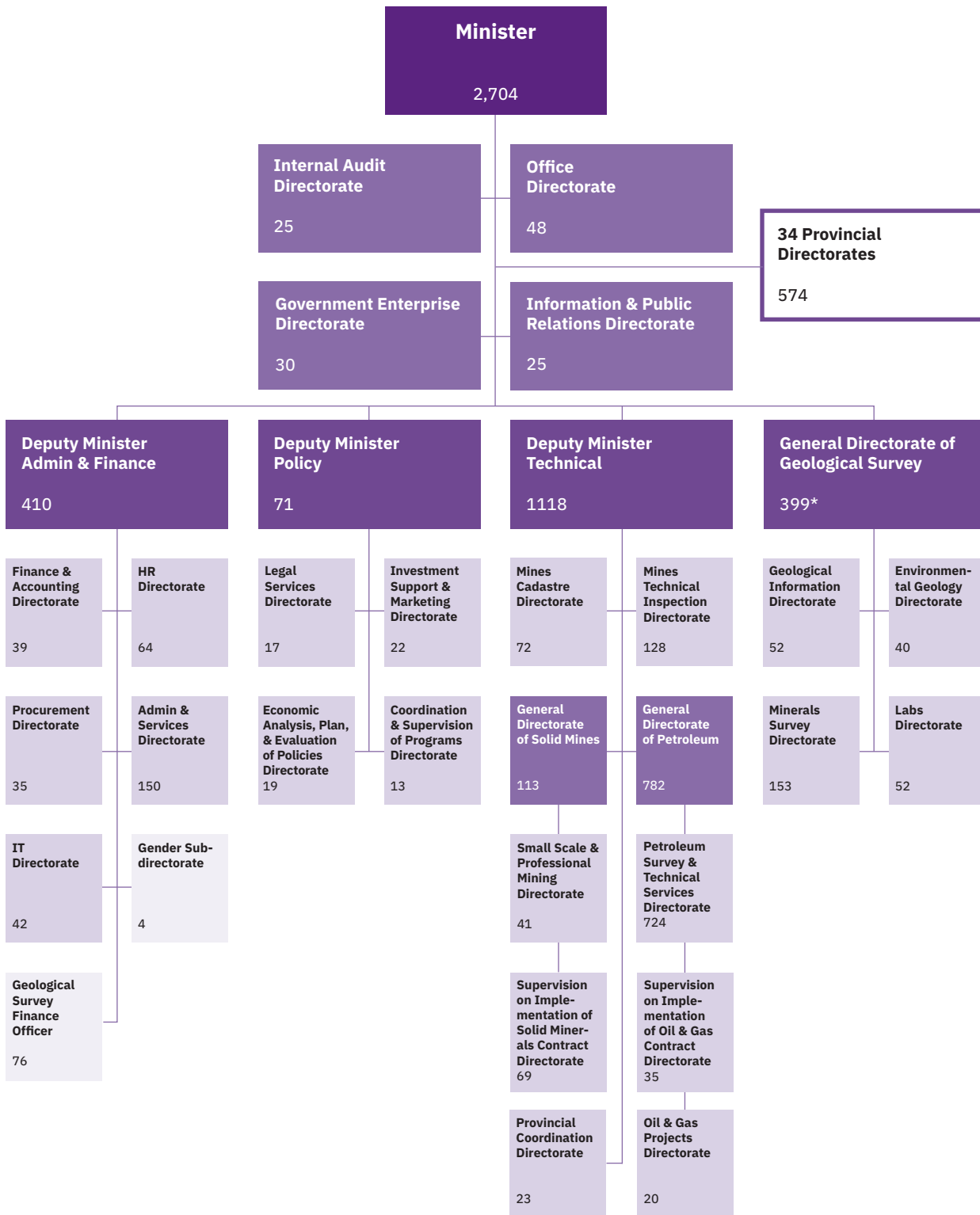
WESTERN AUSTRALIA: *Western Australia (WA) is the second largest iron-ore producer in the world (USGS 2014) and constitutes 46% of Australia’s total exports (Australia mainly exports mining commodities). This region hosted over 100 projects in 2016. The industry is regulated by Department of Mines and Petroleum of WA which has six divisions under it: (1) Mineral titles, (2) Petroleum, (3) Resources Safety, (4) Geological Survey of Western Australia, (5) Environment and (6) Strategic Policy. The department has a streamlined and small structure with about 200 employees working across six divisions, however, it is worth noting that there are no SOEs that need to be managed.*

CANADA: *The Ministry of Natural Resources of Canada is responsible for natural resources, energy, minerals and metals, forests, earth sciences, and mapping. Minerals, metals and other natural resources are owned and managed by the government of the province or territory in which they are located. Resources on federal lands, in offshore waters, and on the continental shelf are owned by the federal government. In spite of a large mandate, the ministry has 300 staff and is headed by a Minister who is assisted by parliamentary secretary and one deputy minister. There are 12 different departments within the ministry; there are no SOEs in the extractive sector in Canada.*

MONGOLIA: *A mining country where the extractive industry accounts for over 20% of the GDP and 89% of its annual exports. The extractive sector in Mongolia, is managed and regulated by “Minerals Resources and Petroleum Authority of Mongolia”. This authority, which has only 185 employees, serves as the lead agency for implementing state policy and guidelines in geology, mining, petroleum and heavy industry sectors. To make sure the country makes better use of its strategic mineral resources, the government has created 100% state owned Erdenes Mongol in 2007 that manage state-owned assets and engage in strategic investments. Erdenes Mongol manages state-owned assets and raises funds to invest in economic infrastructure. By establishing Erdenes Mongol, the country ensures the separation between the State’s role as a regulator and investor.*

ORGANIZATIONAL STRUCTURE OF THE MINISTRY

as of September 2017



1 INSTITUTIONAL REFORM & DEVELOPMENT

The Ministry plans to undertake institutional reforms to restructure the tashkeel, which in its current construct is complex and not aligned with the Ministry's mandate. This process entails a detailed assessment to determine the core functions of the Ministry, which functions to keep, how the regulatory and policy functions could be organized to ensure transparency and efficiency and transition to the two regulators that will be set up, reform and corporatization of the SOEs, as well as human and technical capacity building.

Some of the core functional areas of the Ministry that will see reform and restructuring include:

a. Afghanistan Geological Survey

The Afghanistan Geological Survey (AGS) is a Directorate General within the Ministry. Its role is to manage and gather geo-science data and to conduct exploration. The Ministry has identified that it will require significant capacity building in order to fulfill its function providing relevant geological data for the bidding and tendering processes. Due to its strategic importance, this is the subject of a separate Pillar in the Strategy. The Ministry envisions AGS as an independent technical agency in Afghanistan in the medium-long term.

b. Oil and Gas and Mining Regulatory Authorities

In order to increase efficiency, transparency and productivity, the Ministry plans to strengthen its policy-making role and gradually relinquish its regulatory role. The Afghanistan Oil and Gas Regulatory Authority (AOGRA) has already been established based on the newly amended hydrocarbon's law. In addition, the regulatory component of minerals sector will be given operational autonomy and over the next few years the Mining Regulatory authority will be established in accordance with the newly adopted Roadmap. This regulatory authority will be responsible all regulatory aspects of the mining industry that will include tendering processes. The establishment of these two regulatory authorities will help the Ministry concentrate on its core policy making roles

c. State Owned Enterprises

Redefining the status of SOEs, so that they respond to the needs of the sector, will be a critical task for the Ministry. Weak and bureaucratic governance, low capacity of SOE technical employees and lack of modern equipment, inherited from the 1970s and 1980s, are among some of the main issues facing these enterprises. As part of the Strategy, the Ministry adopts a stronger institutional and governance framework for their management. The Mining Roadmap stipulates all the four SOEs to spin off as state corporations

INTERVENTIONS

The following interventions have been planned to achieve the goal of institutional reform and restructuring of the Ministry.

1. Restructuring of the Ministry

Reform and redefining the roles and mandates of the Ministry and all its directorates and restructuring the Tashkeel is essential to achieving the vision articulated in this Strategy. Establishing a new organizational structure will enable the Ministry to efficiently and effectively manage Afghanistan's minerals and hydrocarbons resources, and to guarantee sustainability with regards to organizational management and development. The aim is to create a small and professional Ministry that is primarily tasked with managing the sector.

2. Reforming State Owned Enterprises

Afghanistan has four state owned enterprises (SOEs) operating under the Ministry: (1) Mazar-



e-Sharif Fertilizer and Power Plant, (2) the North Coal Enterprise (NCE) which owns four coal mines in Northern Afghanistan, (3) Afghan Gas Enterprise, headquartered in Jawzjan, and the (4) Jabal-al-Saraj Cement Enterprise.

Despite generating some revenue, these four SOEs operate with huge deficiencies in their management, operational and financial capacities.

The Ministry shall proceed with reforming SOEs, to improve the productivity of SOEs in terms of efficient extraction and utilization of their resource assets. Reform will encompass management, technical, operation and financial aspects of the SOEs. The reform package will also include annual audits of the SOEs by international audit firms and publishing of the audit reports on the SOEs' and the Ministry's websites. The eventual aim of MoMP is to corporatize the SOEs into functional state corporations with MoMP holding an ownership stake.

3. Human Resource Development

Despite some progress, the Ministry still lacks legal, financial, managerial and technical expertise (including monitoring, reporting and compliance). This has led to the failure in successfully negotiating large scale mining contracts. In the past, capacity building activities have not addressed the Ministry's needs.

The Ministry will pursue a new approach in coordinating with donor programs, to mix building and buying capacity. International technical experts will be twinned with national consultants and Ministry staff, and will work within the relevant directorates. In this manner, the skills and knowledge of the Ministry's staff will increase, and they will receive on-the-job training. These efforts will be augmented by formal scholarships, trainings and exchange programs. The capacity building of the Ministry will also tap into the potential offered by the Afghan diaspora.

4. Extractives Sector and Women

The Ministry recognizes that women are often disproportionately and negatively affected by mining and oil and gas sector activities, and that employment and promotion opportunities within the Ministry itself are less than those offered to men. The Ministry commits to developing a gender mainstreaming policy to ensure fair participation of women in the extractives sector, and increasing the role of women in the Ministry and SOEs to 30% as prescribed by the National Action Plan for Women in Afghanistan (NAPWA).

5. Development of E-governance Systems

E-governance systems provide a strategic platform for transformation of management practices, improving the quality of services provided by the Ministry to the sector and improving the day to day functionality. The Ministry will introduce e-governance systems to improve efficiency and accountability.

6. Effective Communication and Public Outreach

The extractives sector has an impact on a significant number of institutions, provinces, communities and organizations, and effective communication can help avoid resistance and conflict and ensure positive outcomes. While the Ministry has primary responsibility for developing Afghanistan's extractive industries, it also recognizes that the sustainable development of the sector will require close collaboration with all stakeholders and the general public.



PILLAR 2

GEOLOGICAL DATA ACQUISITION & MANAGEMENT

Geological information is critical not only for mining sector, but also for the knowledge of the territory (natural resources, water, geothermal energy, prevention of natural disasters). The Government's long-term mission is to make geoscience information about the landmass of Afghanistan available and accessible to ensure informed decision making by the policymakers, industry, and the public concerning the responsible development of mineral resources, the use of the land, and environmental stewardship. However, the Ministry is currently constrained in gathering, validating and processing of geological data.

Afghanistan has the potential to be a key player in the production of several commodities. The Ministry will follow a strategic approach in the marketing and sale of minerals, based on their revenue potential, local economic development, geography, national security and their strategic location in the region.

CASE STUDY: Geological Data Management in Canada

The Data Management System in most resource developing countries is based on a digital platform serving several participants involved in the exploration and production activity. Most countries have a law that contains a general rule stipulating that all relevant data and information which the licensee possesses, and which are related to the oil and gas activities, shall be available to the authorities and may be acquired free of charge from the company. There are also new models developing to collect data through crowd sourcing. This model has been used in Canada successfully.

In Canada, basic geological data is considered a public asset and can be accessed by interested parties based on a sliding scale subscription fee. As part of the monitoring and compliance of contracts, the government maintains a reserve database as well as data on daily production and drilling. The government collects, archives and manages the sale of oil and gas and geological data and has the authority to collect and handle data and information from the industry. In many countries, such as Norway and Canada the government then incorporates that data into new data sets that are sold to prospective bidders ahead of bidding rounds.

The geological data that AGS holds, and will continue to compile, is one aspect of data management in the Ministry. There are different models applied in a number of countries to develop and manage geological data. Increased capacity and enhanced technical support and data systems will be required in the Ministry in order to ensure that this can be done efficiently and effectively.

Managing, validating and updating the raw geological information that Ministry has in store, remains a key priority. AGS's strategic priorities include the enhancement of exploration activities and international competitiveness of Afghanistan's mineral industries and supporting wise land-use decisions by providing geoscience knowledge.

Specifically, these priorities are:

- (1) Unlock Afghanistan's resource potential through geoscience;
- (2) Provide environmental geoscience for responsible resource development; and
- (3) Provide geoscience data for public safety and risk reduction.

Most of the geological and mineral data available in the AGS archives was acquired during the Soviet era (1960s and 1970s). Later, during the 2000's, the BGS and the USGS translated the data from Russian to English, and then scanned, compiled and updated the data through airborne surveys and minor field visits. To validate, digitize and convert the AGS archives to an efficiently usable information reference, technical cooperation of all three organizations is required, and this needs a technically capable team from AGS.

The Ministry commits that geological data will be publically available and will make sure no unfair advantage is given to any company. In addition, the geological data from provinces will be stored centrally and online, in an easily accessible manner.

INTERVENTIONS

To address the gaps in geological information management and ensure provision of accurate geological data to investors, the following interventions have been planned:

1. Development of a Single Computerized and Indexed Information Management System for Geo data

AGS requires a single computerized, well-indexed information management system to overcome data management issues. System design needs to focus on efficient retrieval of data. The new system will take in to account, the structure and indexing of existing datasets so that data can be migrated as efficiently as possible. AGS staff will require technical and managerial training to ensure efficient migration and data management.

2. Engagement with International Geological Survey Departments

Geological survey departments from other countries such as the UK, US, and Russia have previously conducted surveys in Afghanistan and hold geo data about the country that the Ministry will collect and compile so that the Afghan Geological Survey can serve as the repository for all geological surveys that have been conducted.

INTERVENTIONS *(continued)***3. Collation and Analysis of Data for Each Commodity and Assessment of Data Gaps**

The AGS will liaise with private sector exploration and mining companies, engineering services companies and academic institutes regarding new approaches to the gathering and formatting of data including new approaches to data collection, such as crowdsourcing. Data will be used to inform Ministry decisions and AGS staff need the capacity to analyze and interpret data sets to guide the Ministry in prioritizing projects, supporting project development, and assessing fieldwork and data collection needs in the long term.

4. Data Dissemination

The Ministry will determine which categories of data will be publicly available, through the Portal or as printed material, which categories of data will be given to investors prior to bidding and to the successful bidder, and which data will be restricted for internal use or made available to companies for a fee. AGS will also consider making provisions for proprietary data to be made available upon completion of a project to become part of the public assets of Afghanistan. AGS, in collaboration with other directorates, will select appropriate data for inclusion in data packages for the tendering process and prepare data in a form, and at a level, that is suitable for the public. AGS will also prepare a quarterly report that indicates what data has recently been acquired and uploaded, and describes any interpretative work that has been done.

5. Development of the Capacity of the AGS in Exploration and Data Recording

Guided by the Ministry's priorities and national development strategies, AGS staff will conduct fieldwork to gather new geo data and search for additional resources. At present, AGS conducts mainly reconnaissance fieldwork and mapping, but there exists the potential for staff to undertake more advanced-stage exploration, including drilling to delineate the shape and depth of deposits. This will require access to drilling equipment, with a capacity building program, and the development of new data templates for the description of drill core and samples. AGS can use a commercial laboratory for sample analysis but will need to expand its own laboratory services when it begins to undertake extensive drilling programs.

Since existing natural gas reserves are being exhausted, exploration needs to begin immediately for gas production to be sustained seven years from now. The process will include collecting detailed seismic and other geological data, conducting exploration drilling, preparing feasibility studies, permitting and developing production wells, and building gas processing and transport infrastructure.

PILLAR 3

CONTRACT MANAGEMENT & COMPLIANCE

Strong contract management and facilitation is imperative to building a responsible sector profile that generates economic growth and attracts investment. The Ministry has undertaken work in this area that will continue as part of planned Strategy activities and continue to build a foundation for responsible sector development.

Lessons have been learned as a result of the tendering and contracting of large-scale projects (Mes Aynak, Hajigak, Afghan Tajik and others), including how to negotiate, manage and regulate large-scale contracts.

As outlined in the Mining Sector Roadmap, we will begin by prioritizing interventions “first in construction materials, second in industrial metals, third in precious metals, and lastly move with tenders for bulk minerals”.

To successfully negotiate contracts, the Ministry needs to increase the availability and knowledge of its geological data, as well as ensure that it has the correct regulatory and contract framework in place for effective management of contracts.

The long term goal for the Ministry is to develop the capacity of contract compliance specialists. Therefore, models to consider the possibility of engaging transaction advisors that can quickly introduce international standards to the Ministry will be considered. Also, the Ministry aims to establish small financial and legal teams to work on mining projects with international counterparts.

In the short to medium term, the Ministry will collaborate with international firms to provide services for contract negotiation, drafting, delivering and monitoring. The Ministry will gradually build internal capacity by embedding technical staff with international firms with the goal of assuming the overall responsibility of contract management in the long-term.

Another Ministry mandate is to collect non-tax revenue from extractives activities. It is intended that the Ministry will collect this revenue in a transparent and effective manner through improved infrastructure and reporting/accountability processes and formalization of the ASM sector. To ensure that Afghan people benefit from the revenue generated by the sector, the Ministry will develop a revenue management system. Currently, non-tax revenues generated by the sector are collected by the Ministry and deposited with the Ministry of Finance, and are spent through the national budget. The Ministry will focus on collecting the five percent minimum provincial allocation of mineral revenue and establishing a mining fund for communities’ development and other discretionary activities.

The Ministry has not previously been responsive to the requirements of the private sector. As a result, investment has suffered. A renewed focus will be placed on facilitating investment by removing entry barriers to increase direct investment and strengthen the sector’s contribution to the wider economy.

INTERVENTIONS

The following interventions are planned to prompt responsible economic activity and improve oversight and transparency in contract management and facilitation:

1. Review and Resolve Pending Mining and Hydrocarbons Contracts and Projects

The Ministry contracted or conducted the tendering process for several large-scale projects in the mining and oil and gas sector, each of which holds significant investment potential for the economy of Afghanistan. Unfortunately, owing to several tendering and contractual complications, the contracting process and finalization of bidding processes of all large projects are pending. The Ministry will develop and implement an action plan to address existing challenges and resolve disputes on a priority basis. This is also important for instilling investor confidence in the contract management processes of the Ministry.

2. Prioritize New Mining Projects

The Mining Sector Roadmap has outlined the AOI/ and mineral projects prioritization. In line with the Roadmap, the Ministry will start with projects in construction materials, followed by industrial minerals and then precious metals. There are a number of projects which are already underway in many provinces. In terms of bulk minerals, the priority is first to develop required infrastructure like power and transportation.

3. Streamlining and Digitization of the Cadaster System

Streamlining and digitization of the cadaster system is a pre-requisite to increasing transparency, improving the licensing process and efficient contract management and revenue collection. The Ministry has rolled out two systems in order to achieve these objectives. The Mining Cadaster Administration System (MCAS) has been deployed and is in the last stages of implementation; trainings are being provided to the staff members to ensure they are well equipped and aware of using the new system. In addition, the Non-Tax Revenue System (NTRS) has been deployed in the cadaster department and data entry process for the contract payment is already underway. The adoption of these two systems are practical steps in ensuring robust efficient revenue collection, robust contract management and adherence to international transparency benchmarks.

4. Create an Efficient Revenue Collection and Reporting System

The current non-tax revenue collection procedures from the mining and hydrocarbons projects are highly complicated and are handled manually. This makes it difficult to ensure accuracy and transparency in the collection of non-tax revenue in the Ministry and revenue forecasting for budgeting purposes. Furthermore, a lack of streamlined procedures and a computerized revenue collection system makes accurate and timely reporting of collected revenue challenging. The lack of mechanisms to manage resource revenues from the extractives sector leaves inflow of larger revenues vulnerable to mismanagement in the future. The Ministry will work with the Ministry of Finance to establish a separate dedicated account/sub-account for extractives revenue.

5. Streamlining and Digitization of the Mining Inspection System

Developing the extractive industries requires the Ministry to have effective mining inspection capacity, whereby competent inspectors regularly visit mining sites, and report through established procedures and templates. Recommendations on remedial actions will be acted upon quickly and followed up. The system will also be digitized to ensure reporting is recorded, and to facilitate improved communication between inspectors, the Ministry and contractors. The inspection system will also be supplemented by third party service providers focusing mainly on large and medium sized contracts.

6. Establish Credible Dispute Resolution Mechanism

Establishing a credible dispute resolution mechanism is important to give the private sector the confidence that issues and disputes with the Ministry will be resolved in a fair and transparent manner. For Ministry, establishing a credible dispute resolution mechanism is key to ensuring that where contractual and other disputes arise with the private sector, time-bound mechanisms and follow up action are in place. This is also important to ensuring the government does not lose revenue as a result of protracted disputes and delays.

PILLAR 4

TRANSPARENT & ACCOUNTABLE GOVERNANCE

Good governance is essential for the responsible management and development of Afghanistan's extractive industries. While the sector is at risk of corruption and resource conflict, the returns from tackling and preventing corruption can be vast. The Ministry has already developed an action plan to combat corruption based on priorities set in Afghanistan national strategy for combatting corruption released in October 2017. Specifically, the strategy identified strengthening of transparency, validation, management of hydrocarbons and minerals, and community monitoring as key components to combat corruption in the extractive industry.

Building a regulatory framework based on sound public policy and legislation will enable regulators to transparently administer the industry's operations. Through policy and legislative reform, the Ministry will outline the direction for the extractive industries which also improves the rule of law, reduces sovereign risk, and attracts investment and its associated benefits, including economic growth.

Furthermore, Afghanistan is an Extractive Industries Transparency Initiative ("EITI") candidate country, and the Ministry is committed to achieving compliance with EITI Standards.

The Ministry, in collaboration with other government partners, will seek to establish structures for community monitoring, community benefit and where possible, community ownership, including the necessary legal amendments and development of a practical mechanism for distributing a modest but appropriate percentage of mining revenues, production or profits through Community Development Councils (Citizen's Charter).

INTERVENTIONS

The following interventions are planned to enhance transparency and accountability in the sector.

1. Development of Integrated Policies and Strategies for the Sector

The Ministry had taken a minimal approach to policy development and implementation owing to limited capacity. The Ministry is now in a position to consolidate and finalize all policy documents into three clear policies for the sector: (1) National Minerals Policy, (2) National Coal Policy and the (3) National Hydrocarbons Policy.

2. Improvement of the Legal and Regulatory Framework

The Hydrocarbons Law has been passed and the Minerals Law is going through a process of amendments. The Ministry is currently developing regulations in a number of areas including Bidding Regulations, Financial Regulations, technical regulations, Mining Health and Safety Regulations and other regulations as required. The bidding regulations and Mining Health and Safety Regulations are planned to be completed in 2018.

3. Development of Robust Minerals and Hydrocarbons

In the absence of minerals and hydrocarbons fiscal regimes that can be uniformly applied to all minerals and hydrocarbons projects, the Ministry has negotiated project-specific fiscal arrangements. This has resulted in the creation of different fiscal packages which increase

INTERVENTIONS *(continued)*

the administrative burden. Furthermore, it makes it difficult to offer a reasonable assurance of fiscal stability for investors and ensure transparency and equity. In recognition of this, the Ministry will design a stable, predictable and internationally competitive fiscal regime which can be uniformly applied to all investors in the sector and which will ensure the country receives a reasonable share of the rents from the extractives sector while also encouraging responsible investment.

4. Ensure Compliance with Transparency Standards and Donor Benchmarks

The Ministry will align itself with transparency standards (EITI) and donor benchmarks for the extractive industries to ensure transparency, accountability, and participatory governance. Key priorities to strengthen transparency in the sector include amendment of Afghan laws to ensure compulsory publication of natural resource contracts as condition of their validity, disclosure of beneficial ownership, auditing of contracting companies and project level publication of production figures.

5. Curbing Illegal Mining and ASM Formalization

Illegal artisanal and small-scale mining (ASM) poses unique risks to the environment and safety of miners, whilst being a potential driver of conflict and corruption and representing lost revenue for the Government. The Ministry will take steps to develop a strategy to combat and formalize illegal mining.

6. Ensure Protection of Afghan Communities, Environment and Heritage

Afghan citizens are currently not empowered with the necessary information on the extractive industries to fulfil their role as effective overseers of the sector and become active participants in the sector's development. Whilst the Minerals Law puts forward important new provisions for community participation, there is more work to be done to ensure communities are fully involved in the decision-making process and for the necessary institutional coordination mechanisms to be put in place. Recognizing the importance of existing mechanisms, such as the Citizens Charter, the inclusion of civil society in meaningful dialogue around local extractives projects will be an important aspect of the Ministry's plans.

Furthermore, the Aynak project has raised concerns that sector operations could lead to a loss in cultural heritage and social displacement. However, the response to the project has shown that heritage can be safeguarded, with lessons that are important for this and future projects. The Ministry will develop policies and safeguards that empower communities with information and to enable them as active participants in the sector's development.

PILLAR 5

GROWTH & ENABLING ENVIRONMENT

The Ministry acknowledges that economic development based solely on resource extraction is not sustainable, since it is constrained by the price of the commodity and access to technology and capital. Afghanistan's opportunity for long term economic growth will come from making strategic choices to develop the sector that will assist in developing the economy beyond only extracting resources, to also supporting the value chains in order to build refining and processing capacity in the country.

This will involve infrastructure development, provisions for benefits to accrue to the local communities, training the work force and attracting investment. Community benefits from local extractive projects will add a further level of economic benefit to communities if projects are planned in consultation with local communities. The Ministry will explore linkages that will support economic development through the integrated development of resource corridors, infrastructure and transmission projects and ancillary industries that are developed near extractive industry sites. This integrated planning will also include linking extractive industry development with energy infrastructure development.

Private sector investment, especially foreign direct investment, can introduce more efficient extraction and processing technologies to the sector that will increase the value of the country's natural assets. Domestic operators can increase capabilities by working alongside international investors; this will also multiply the sector's economic performance. In order to further catalyze the sector, the Ministry will formalize the ASM sector and establish a conducive business and investment climate that will include promoting exports, establishing more transportation corridors and targeting investment.

The Ministry will promote local content, economic linkages and value added activities to maximize the economic multiplier effect from the extractive industries. This will not only help improve the standards of living of Afghan people but also diversify the economic base from solely extracting resources to also processing those resources in Afghanistan for more sustainable long-term growth.

INTERVENTIONS

The following interventions are planned as part of the Strategy to ensure a favorable and conducive business environment, engage the private sector and communities and ensure that mining projects address strategic priorities of Afghanistan:

1. Conduct Value Chain Studies of Priority Commodities and Industries

(Coal, Marble, Talc, Chromite, Cement, Gold, Gemstones, Salt, Copper, Aluminum and Construction aggregate)

The Ministry will conduct value chain analysis on nine priority commodities to determine where there is a comparative and competitive advantage in refining, developing and processing resources within Afghanistan, and to attract and entice investment to value addition activities.

2. Ensuring the Implementation of Medium & Large Projects

(Turkmenistan-Afghanistan-Pakistan-India Pipeline, Ghazanfar and Bayat IPPs)

Key energy and hydrocarbons projects have the potential to transform Afghanistan's economic fortunes. Successful implementation of the TAPI project is one of the key priorities for the Ministry in the next two years. The Ministry plans to operationalize Ghazanfar and Bayat IPPs and other projects that are pending.

INTERVENTIONS *(continued)***3. Local Content Strategies**

These strategies will aim to create jobs, promote enterprise development and accelerate the transfer of skills and technologies to local communities. The objective of developing local content strategies is to create and share value from extractive sector development. The Ministry will aim to ensure all contracting companies provide for and adhere to local content requirements.

4. Explore the Potential for Regional Cooperation in the Extractive Sector

The extractives sector has the potential to promote regional cooperation and integration. Specifically, Afghanistan has the potential to collaborate further with neighboring countries on joint work in the extractives sector. Increasing regional cooperation will foster economic growth and promote knowledge sharing.

5. Conducting Studies for Potential Collaborations in Regional Market Development

The Ministry will explore linkages through the integrated development of resource corridors, where ancillary industries are developed near extractive industry sites (or on transit routes, as in the case of the TAPI Pipeline project). This integrated planning will also include linking extractive industry development with energy and infrastructure development.

6. Develop a Corporate Social Responsibility (CSR) Window

In the context of the extractive sector, Corporate Social Responsibility (CSR) refers to activities undertaken by mining companies to either improve the living conditions (economic, social, environmental) of local communities or to reduce the negative impacts of mining projects. The Ministry will work on institutionalizing and formalizing CSR norms to encompass all economic activities related to the sector.

7. Promote Private Sector Engagement

The private sector represents the largest shareholder in the extractive sector in Afghanistan and serves as the engine for growth. Historically, insufficient attention has been given to the requirements of the private sector so as to optimize efficiency and value for both the private companies and the country. The Ministry will continue to assist companies to manage security risk by working with the Ministry of Interior and other security departments. We will also collaborate with the three chambers (ACIM, ACCI and AWCCI) to create a business-friendly regulatory and policy framework.

The Ministry will also work with international agencies such as the World Bank Multilateral Investment Guarantee Agency, Overseas Private Income Corporation for US investors and the Asian Development Bank, to help companies mitigate commercial risks that are specific to Afghanistan.

Implementing Afghanistan's Extractive Industries Sector Strategy requires integrated planning - within the Ministry, as well as with other stakeholders. The Ministry will determine an appropriate coordination mechanism to ensure the full participation of all relevant actors in Strategy implementation.

For internal coordination, the Ministry will establish a steering committee, led by the Minister. Each Deputy Minister will be charged with implementing activities under relevant pillars outlined in the Strategy. To ensure that targets are met, and that activities in the Ministry align with available internal and external resources, a risk management mechanism with a robust monitoring and evaluation unit will be established.

All strategic interventions and activities have been mapped to two phases and sequenced based on their importance and availability of resources.

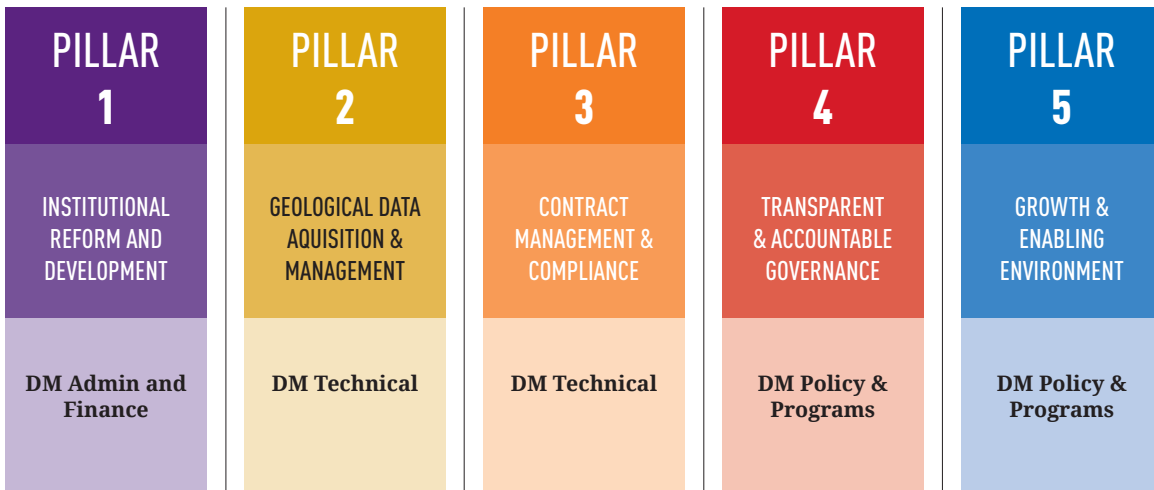
Transferring the Strategy from paper to practice requires development of a comprehensive practical implementation plan which will include:

1. Communicating the Strategy internally within the Ministry so that all the relevant departments understand the document and take ownership for the parts that are relevant to them;
2. Developing the detailed implementation plan in consultation with all the departments so that they are a part of the process and link their daily activities with interventions identified of the Strategy;
3. The responsible Deputy Minister assigning all activities to relevant individual directorates; and
4. Each individual directorate implementing their part of the plan and submitting regular status reports. The individual directorates will need to be provided with technical advice to successfully complete this exercise.

Pillar 1, Institutional Reform and Development, is of paramount importance for the Ministry. The Deputy Minister for Administration and Finance will lead the pillar, which will focus on institutional relationships within the ministry, re-defining core functions, restructuring the Ministry, human resources development, e-governance systems, and transparent and streamlined business procedures.

The Deputy Minister for Policy and Programs is responsible for coordinating the implementation of Transparency and Accountable Governance (Pillar 2), and Growth and Enabling Environment (Pillar 5). Development of extractive industries' policies and strategies, improvement of the legal and regulatory framework, compliance with transparency standards and donor benchmarks, enhancing stakeholder engagement, collaboration with law enforcement agencies for protection of mines will be key in Pillar 2's work. Pillar 5 focuses on the implementation of large-scale projects, value chain analyses and recommendations for development of priority minerals and commodities, local content strategies, project prioritization and cooperation within the region.

The Deputy Minister for Technical Affairs is responsible for Geological Data Acquisition and Management (Pillar 2), and Contract Management and Compliance (Pillar 3).



This Strategy has been developed following extensive national and international consultations, and a detailed implementation plan has already been developed in full consultation with all departments of the Ministry. From 2018 onwards the Ministry’s budget, both development and operational, is being prepared based on the implementation plan of the Strategy. Expenses will be divided between ordinary and development budgets based on their nature. This process will help the Ministry not only to achieve more effective program budgeting but also to implement results-based budgeting and reporting.

INTERNATIONAL TECHNICAL ASSISTANCE

There have been considerable efforts in the past to align donor support and technical assistance with the goals of the Ministry. The Ministry is committed to ensuring that alignment is enhanced in the future and expects that the Strategy will provide donors with clear direction on the stated outcomes of the Ministry so that donor assistance can focus on the Ministry’s priorities.

The Steering Committee will oversee the alignment of donor involvement with the Strategy vision, create and maintain a Ministry led process for donor involvement to avoid duplication of efforts, establish clear channels of communication to update international stakeholders, communicate progress made and inform external stakeholders.

MONITORING AND EVALUATION AND RISK MANAGEMENT

The Deputy Minister for Policy and Programs will oversee the review of the status of interventions on a regular basis to assess percentage completion against targets. The responsible Directorates will also track long-term progress against timeframes, report on progress on a quarterly basis and provide details of present and potential risks to successful implementation of their work-plans.

Ongoing risk management is critical to the successful implementation of the Ministry’s vision for the sector. A major gap in the governance of the sector has been caused by the absence of effective risk management and M&E activities, including identifying risks and opportunities. This has resulted in the lack of identification of issues when corrective actions were relatively simple. A comprehensive risk management system is needed to ensure that all activities are being implemented as per the Strategy’s implementation schedule and to ensure that if any activity or intervention is at risk of going off-track, timely corrective actions can be taken and accountability ensured.

The following section provides an overview of when each of the interventions and activities outlined in the preceding sections will be implemented. The section is organized according to pillars, and the interventions and activities will be achieved in two phases: (1) two years, and (2) two to five years.

IMPLEMENTATION SCHEDULE & PHASING OF ACTIVITIES

| PILLAR 1: INSTITUTIONAL REFORM AND DEVELOPMENT | | | | | | | | |
|--|--|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1. REFORM AND RESTRUCTURING OF THE MINISTRY | Define roles of the sector institutions and mechanisms to enhance coordination | | | | | | | |
| | Establish core institutional capacity executive task force and policy implementation/ coordination unit to tackle immediate needs | | | | | | | |
| | Comprehensive capacity needs assessment and plan | | | | | | | |
| | Restructure Tashkeel,– strengthen key directorates and units such as Gender | | | | | | | |
| | Establish Afghanistan Mining Regulatory Authority | | | | | | | |
| | Establish AGS as an independent technical agency; define roles | | | | | | | |
| | Establish the Afghanistan Oil and Gas Regulatory Authority (AOGRA); define roles and responsibilities | | | | | | | |
| | Establish and Operationalize the Research and Policy Development Directorate | | | | | | | |
| | Establish Donor Coordination Directorate | | | | | | | |
| | Establish Geoscience Research Centre | | | | | | | |
| | Establish Afghanistan Professional Mining Institute | | | | | | | |
| 2. REFORM AND DEVELOPMENT OF SOEs | Conduct a technical assessment of the four SOEs | | | | | | | |
| | Conduct performance and financial audit of all SOEs by reputable international firms and publish the results online | | | | | | | |
| | Document review on reform of each SOE | | | | | | | |
| | Implement institutional reforms for all four SOEs | | | | | | | |
| | Implement regulations on SOE governance, reporting, and transparency mechanisms | | | | | | | |
| 3. HUMAN RESOURCES DEVELOPMENT PLAN | Analyze current HR needs for each department | | | | | | | |
| | Fill vacancies after finalization of <i>Tashkeel</i> | | | | | | | |
| | Finalize CBR and implement with CSC | | | | | | | |
| | Assess previous capacity building initiatives - develop capacity building and technical assistance guideline | | | | | | | |
| | Establish policy and planning, and regulatory task force groups and consultants to provide incremental support to the Ministry in the discharge of immediate tasks | | | | | | | |
| | Agreements with domestic and international academic institutions and sector-promotion organizations | | | | | | | |
| | Develop and implement strategy to attract and retain qualified staff and transition contractual staff to Ministry's <i>Tashkeel</i> | | | | | | | |

| PILLAR 1: INSTITUTIONAL REFORM AND DEVELOPMENT | | | | | | | | |
|--|---|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 4. EXTRACTIVES SECTOR AND WOMEN | Develop and enact a gender mainstreaming policy | | | | | | | |
| | Implement affirmative action training and compensation structures | | | | | | | |
| | Include gender in annual performance review | | | | | | | |
| | Coordinate and lobby for research on the impact of the extractive sector on women | | | | | | | |
| 5. DEVELOPMENT OF e-GOVERNANCE SYSTEMS | Establish e-governance system for core ministry functions | | | | | | | |
| | Install modern IT infrastructure to guarantee functionality of the system, connectivity, data back-up and online security and reliability | | | | | | | |
| | Provide e-Governance training to the Ministry staff | | | | | | | |
| 6. EFFECTIVE COMMUNICATION | Develop communications strategy | | | | | | | |
| | Implement communications policy and protocols – external and internal | | | | | | | |
| | Develop the capacity of the Ministry's communications team | | | | | | | |
| | Communicate regularly with relevant stakeholders through social media, print and broadcast media, conferences, transparency portals and website | | | | | | | |
| | Monitor impact of communications strategy | | | | | | | |
| | Engagement with stakeholders - donors, Government, civil society, private sector, security apparatus and communities | | | | | | | |
| | Establish the Mining Advisory Council | | | | | | | |

| PILLAR 2: GEOLOGICAL DATA ACQUISITION AND MANAGEMENT | | | | | | | | |
|--|--|--|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1. DEVELOPMENT OF A SINGLE COMPUTERIZED AND INDEXED INFORMATION MANAGEMENT SYSTEM FOR GEO-DATA | Review and analyse current databases with AGS and progress on digitization of data; acquire a compatible information management system | | | | | | | |
| | Review public domain indexing and retrieval systems (PPDM) and other commercially available software for suitability or commission the design of a customized system | | | | | | | |
| | Develop protocols and templates for geo data acquisition, data management and classification | | | | | | | |
| | Migrate data in existing databases to the new system; digitize and upload paper-based data for both minerals and hydrocarbons | | | | | | | |
| | Update software in GIS Centre | | | | | | | |
| | Provide capacity building programs for AGS staff | | | | | | | |
| | 2. ENGAGEMENT WITH INTERNATIONAL GEOLOGICAL SURVEY DEPARTMENTS | Collaborate with international survey departments, to develop mineral deposits and facilities, acquisition of geo data and satellite imagery, and staff training | | | | | | |
| Engage with the international Geological Survey departments to identify and acquire any data collected during fieldwork in Afghanistan | | | | | | | | |

| PILLAR 2: GEOLOGICAL DATA ACQUISITION AND MANAGEMENT | | | | | | | | |
|--|---|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 3. HUMAN RESOURCES DEVELOPMENT PLAN | Develop and implement procedures to obtain data collected by civil society and the private sector | | | | | | | |
| | Ensure implementation of data-sharing agreements within the context of existing contracts and donor programs | | | | | | | |
| | Map deposits of priority commodities | | | | | | | |
| | Analyse and interpret available data to inform Ministry decisions | | | | | | | |
| | Develop a mineral resources map of Afghanistan to show all known mineral deposits and aid identification of areas of potential mineralization | | | | | | | |
| | Strengthen AGS as a geoscience research centre | | | | | | | |
| 4. DATA DISSEMINATION | Consolidate data room and assign responsibility for maintenance | | | | | | | |
| | Prepare data packages for potential investors and stakeholders | | | | | | | |
| | Provide bandwidth to and from the geo data bases | | | | | | | |
| | Prepare data for public access, electronic and printed, and monitor geo-data accessibility | | | | | | | |
| | Develop a monitoring and reporting system for newly acquired and uploaded data | | | | | | | |
| | Publish statistics on geo-data requests and downloads | | | | | | | |
| 5. DEVELOPMENT OF THE CAPACITY OF THE AGS IN EXPLORATION AND DATA RECORDING | Conduct 3D seismic surveys in designated areas, evaluate results and designate acreage for international tender; review the most efficient investment incentives for accessing the lower cretaceous and upper Jurassic gas deposits | | | | | | | |
| | Review the role of the AGS; develop a strategy to increase expertise in advanced-stage exploration techniques, interpretation of geophysical data, and resource estimation | | | | | | | |
| | Develop MoU with an ISO-accredited laboratory for the assay of rock and mineral samples | | | | | | | |
| | Review the need for an in-house ISO-accredited laboratory with the capacity to conduct geochemical, petrographic and mineralogical analysis | | | | | | | |
| | Start natural gas exploration by conducting 2D seismic surveys on a limited scale in areas of high probability hydrocarbons deposits | | | | | | | |
| | Develop blocks, time tenders and control the expiration of exploration licences | | | | | | | |
| | Secure central facility for storing drill core samples | | | | | | | |
| | Build capacity in geological and geotechnical surveys and recording and analytical skills related to minerals, water resources, environment and geological hazard identification | | | | | | | |

| PILLAR 3: CONTRACT MANAGEMENT AND COMPLIANCE | | | | | | | | |
|--|---|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1. REVIEW AND RESOLVE PENDING CONTRACTS AND PROJECTS | Comprehensive legal and economic analysis of large-scale projects; draft recommendations for HEC decision making process | | | | | | | |
| | Accelerate the work of the committee to review status of contracts and presentation of next steps to HEC | | | | | | | |
| | Evaluation and analysis of contracts with outstanding payments in center and the provinces and subsequently presenting the report to HEC for final decision | | | | | | | |
| | Renegotiate, resolve contracts: Amu Darya and Afghan Tajik blocks , and Mes-Aynak contract | | | | | | | |
| | Document lessons learned and incorporate lessons into model contracts and strategic plans | | | | | | | |
| | Develop and implement an M&E plan for each of the contracts signed | | | | | | | |
| 2. PRIORITIZE NEW PROJECTS BASED ON THE NEEDS OF THE GOVERNMENT | Identify significant risks to large-scale contracts and desired projects | | | | | | | |
| | Identify small projects that can serve to mitigate one or more risk | | | | | | | |
| | Execute new mining projects in the AOIs already identified | | | | | | | |
| 3. STREAMLINING AND DIGITIZATION OF CADASTER SYSTEM | Digitize the cadaster by fully implementing the MCAS and NTRS systems | | | | | | | |
| | Reform licensing and tendering procedures to meet international best practice standards | | | | | | | |
| | Develop and utilize standard model contracts for mining and hydrocarbons in consultation with the industry, civil society, local communities and other stakeholders, and incorporating international best practice on prevention of conflict, corruption and other abuses, and use these as the basis for any negotiation | | | | | | | |
| 4. EFFICIENT REVENUE COLLECTION AND REPORTING | Streamline and simplify the revenue collection procedures | | | | | | | |
| | Lobby for establishing a dedicated account for extractive industries sector revenue | | | | | | | |
| | Develop and implement digitized non-tax revenue collection system | | | | | | | |
| | Coordinate and collaborate with Ministry of Finance on extractives revenue collection, management and reconciliation | | | | | | | |
| | Work in coordination with the Ministry of Finance to explore the possibility of establishing a natural resource fund for Afghanistan | | | | | | | |
| | Develop mechanisms to improve revenue forecasting for the sector | | | | | | | |

| PILLAR 3: CONTRACT MANAGEMENT AND COMPLIANCE | | | | | | | | |
|---|---|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 5. STREAMLINING AND DIGITIZATION OF MINING INSPECTION SYSTEM | Digitize and implement existing Contract Management System (CMS) | | | | | | | |
| | Develop inspection capacity in the Ministry in Kabul and in provincial offices | | | | | | | |
| | Develop and implement mining inspection procedures | | | | | | | |
| | Establish audit committee, chaired by the Minister, to evaluate and ensure functionality and follow-up on remedial recommendations following inspection | | | | | | | |
| 6. ESTABLISH CREDIBLE DISPUTE RESOLUTION MECHANISM | Develop and implement credible dispute resolution structure, policy and mechanisms | | | | | | | |

| PILLAR 4: TRANSPARENT AND ACCOUNTABLE GOVERNANCE | | | | | | | | |
|--|---|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1. DEVELOPMENT OF POLICIES AND STRATEGIES FOR THE SECTOR | Finalize and implement the National Minerals Policy | | | | | | | |
| | Finalize and implement the National Hydrocarbons Policy | | | | | | | |
| | Develop and Implement a National Coal Policy | | | | | | | |
| | Implement the Extractive Industries Sector Strategy | | | | | | | |
| 2. IMPROVEMENT OF THE LEGAL AND REGULATORY FRAMEWORK | Conduct overall review and assessment of legislative and regulatory framework | | | | | | | |
| | Finalize amendments to the Minerals Law | | | | | | | |
| | Evaluate existing legal, regulatory framework for oil and gas; develop a consolidated legal framework for oil and gas | | | | | | | |
| | Draft and finalize the Coal regulation | | | | | | | |
| | Develop and enact Bidding Regulation, Financial regulation, Technical Regulations and Mining Healthy and Safety Regulations | | | | | | | |
| | Continue Aynak regulatory monitoring system and create scorecard monitoring system | | | | | | | |
| | Assess and supplement regulatory framework: introduce regulations on Gas (wellhead) Pricing, Gas Transport and Gas Distribution | | | | | | | |
| | Monitoring the implementation of legal and regulatory framework, including training employees to implement, and develop proper M&E mechanisms | | | | | | | |
| 3. DEVELOPMENT OF ROBUST MINERALS AND HYDROCARBONS FISCAL REGIMES | Revise and approve the draft minerals fiscal regime policy | | | | | | | |
| | Revise and approve the draft hydrocarbons fiscal regime policy | | | | | | | |
| | Incorporate minerals and hydrocarbons fiscal regime policies into the respective financial regulations | | | | | | | |

| PILLAR 4: TRANSPARENT AND ACCOUNTABLE GOVERNANCE | | | | | | | | |
|---|--|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 4. COMPLIANCE WITH TRANSPARENCY STANDARDS AND DONOR BENCHMARKS | Implement the anti-corruption plan with monitoring and evaluation mechanism | | | | | | | |
| | Aggressively pursue compliance with EITI Standard | | | | | | | |
| | Develop and implement a system for beneficial ownership to ensure transparent disclosure of information | | | | | | | |
| | Publication of non-tax revenues (royalty schedule, payments, contracts) | | | | | | | |
| | Improve Afghanistan's standing in Resource Governance Index | | | | | | | |
| | Contribute in improving ranking on Transparency International's Corruption Perceptions Index | | | | | | | |
| | Pursue compliance with donor benchmarks (US, EU, WB and IMF) that are aligned with EITI Standard | | | | | | | |
| 5. ILLEGAL MINING AND FORMALIZATION | Develop and implement strategy in consultation with various stakeholders to capture illegal mining | | | | | | | |
| | Map illegal mining activities, and create a registry of companies and actors involved in illegal mining | | | | | | | |
| | Establish a Security Coordination Committee for protection of mining sites and prevention of illegal mining within National Security Council (NSC) | | | | | | | |
| | Support the committee in the development of security strategy for mining sites and preventing illegal mining | | | | | | | |
| | Improve coordination with customs agencies for monitoring mining exports at the border points | | | | | | | |
| | Develop and implement ASM formalization strategy | | | | | | | |
| | Prepare and operationalize a comprehensive ASM regulatory framework and strengthen the functions and capacity of ASM and Mining Inspectorate Directorates | | | | | | | |
| 6. PROTECTION OF AFGHAN COMMUNITIES, ENVIRONMENT AND HERITAGE | Develop cross-government coordination mechanism to address issues affecting communities, the environment, and the national heritage, including citizen consultation on national level | | | | | | | |
| | Develop and ensure implementation of community development, environment protection, social services, human rights and heritage protection guidelines | | | | | | | |
| | Establish and implement Grievance Redressal Mechanisms (GRMs) | | | | | | | |
| | Ensure compliance with NEPA environmental performance benchmarks, Ministry social performance, MoIC cultural protection activities, performance evaluation through publication of environmental and social scorecard | | | | | | | |

| PILLAR 5: GROWTH AND ENABLING ENVIRONMENT | | | | | | | | |
|--|---|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1. CONDUCT VALUE CHAIN STUDIES OF PRIORITY COMMODITIES AND INDUSTRIES (COAL, MARBLE, TALC, CHROMITE, CEMENT, GOLD, GEMSTONES, SALT, COPPER, ALUMINUM AND CONSTRUCTION AGGREGATE) | Conduct value chain analysis of Coal, Marble, Talc, Chromite, Cement, Gold, Gemstones, Salt, Copper, Aluminum and Construction aggregate | | | | | | | |
| | Use evidence based prioritization of extractives projects beyond the eight priority commodities | | | | | | | |
| | Conduct studies and present recommendations on licensing arrangements | | | | | | | |
| | Assess and identify infrastructure required for the priority projects | | | | | | | |
| | Sign MoUs with Ministry of Urban Development Affairs, Ministry of Public Works and Kabul Municipality to ensure awarded contractors are made to sign a separate contract with Ministry to ensure the use of licensed construction materials | | | | | | | |
| 2. ENSURING THE IMPLEMENTATION OF MEDIUM AND LARGE PROJECTS (TURKMENISTAN-AFGHANISTAN-PAKISTAN-INDIA PIPELINE, GHAZANFAR & BAYAT IPPS) | Work with WB, IFC, private sector and government departments to ensure the further development and implementation of gas-to-power IPPs | | | | | | | |
| | Closely work with regional countries towards the successful implementation of the TAPI project | | | | | | | |
| | Implement Aynak, Amu Darya and other pending resource contracts | | | | | | | |
| | Map the prerequisites and implementation of prerequisite activities to ensure the implementation of the projects | | | | | | | |
| 3. LOCAL CONTENT STRATEGIES | Development of policies for local content and benefits sharing, and distribution to license holders | | | | | | | |
| | Benefits sharing for all project enacted as part of renegotiation of contract | | | | | | | |
| | Ensure resource corridor development/ local content is included within mining contracts | | | | | | | |
| | Local content monitoring system for contractual compliance developed | | | | | | | |
| | Publication of local content compliance guidelines | | | | | | | |
| | Ensure capacity building and participation of local firms | | | | | | | |
| | Promote economic linkages and value-added industries | | | | | | | |
| | Conduct extractive industry vocational trainings | | | | | | | |
| 4. EXPLORE THE POTENTIAL FOR REGIONAL COOPERATION IN THE EXTRACTIVES SECTOR | Execute joint studies with neighbouring countries on mineral and hydrocarbons deposits and exploring possibilities for collaboration | | | | | | | |
| | Establish cross-border transit agreements | | | | | | | |
| | Establish agreements on cross-border oil and gas fields already under exploration which could yield near term results | | | | | | | |

| PILLAR 5: GROWTH AND ENABLING ENVIRONMENT | | | | | | | | |
|--|--|------|------|------|------|------|------|------|
| Interventions | Activities | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 5. CONDUCTING STUDIES FOR POTENTIAL COLLABORATIONS IN REGIONAL MARKET DEVELOPMENT | Undertaking an options analysis for regional development corporation for mining infrastructure public private partnerships (PPPs) | | | | | | | |
| | Include a tariff on profits in the contract language directed to local municipalities to cover the indirect costs of mining, such as security and waste management | | | | | | | |
| 6. DEVELOP A CORPORATE SOCIAL RESPONSIBILITY (CSR) WINDOW | Establish a mechanism to spend any top-up funds received via NPP programs like the Citizens Charter | | | | | | | |
| | Adhere to EU's strategy for CSR and Sustainable Consumption and Production and Sustainable Industrial Policy | | | | | | | |
| | Ensuring companies adhere to United Nations Global Compact initiative and its 10 principles | | | | | | | |
| | Implementing the Sustainable Mining initiative | | | | | | | |
| 7. PRIVATE SECTOR ENGAGEMENT | Establish a mechanism to regularly engage with private sector representatives | | | | | | | |
| | Establish information management channels | | | | | | | |
| | Establish a communications protocol for responding to private sector issues | | | | | | | |





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