Islamic Republic of Afghanistan

Ministry of Mines & Petroleum

**To:** AEITI Date: 2020/02/23

**From:** General Directorate of Mines Inspection - MOMP

**Subject:**  Report on social mandatory expenditures activities of Extractive Companies – Years **(1395 & 1396)**

**Executive Summary:**

The companies mentioned in the below (table 1), have no Mandatory Social Expenditures obligations based on the regulations and the Contract, therefore, they are exempted.

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| **S/N** | **Name of the Company** | **Type of Contract** |
| 1 | Abdul Majeed | Construction Material |
| 2 | Muhammad Bilal Son of Shereen Dil | Construction Material |
| 3 | Balkh Aabi Construction Company | Construction Material |
| 4 | Parhoon Tarha Construction Company | Construction Material |
| 5 | Alburz Naween Construction and Manufacturing Co. | Construction Material |
| 6 | Noor Umul Bilaad Construction Company | Construction Material |
| 7 | Wessa Construction Company | Construction Material |

**List of companies that do not have a social mandatory expenditures: - Table 1**

The below extractive companies are required based on the contract obligations to pay social mandatory expenditures and they implemented a series of social activities base on our report. The following are explanations for the social mandatory expenditures for 1395 & 1396.

1. **MEESAQ SHARQ EXTRACTIVE COMPNAY:**

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| **Extractive Company** | Meesaaq Sharq Company |
| **Name of the project** | Sar Aasiyaab Coal – Roe Do Aab district – Samangan Province |
| **Start date of the contract** | 1387/11/01 |
| **End date of the contract** | 1397/10/30 |
| **End date of the contract** | 10 |
| **Social Mandatory Expenditures Obligations** | |
| **Contract Conditions** | Article Twenty-Nine of Contract: The Lessee of the Meesaaq Sharq Company is required to construct building for a Primary School, Mosque, Water supply network for labors and local clinic. Resort the necessary facilities for the well-being of the MINE labors base on the obligations of contract. Donate $ 10,000 US or equivalent in AFNs annually to orphans, disabled in the region and other on annual basis. |
| **Social Activities done by Misaq Sharq** | |
| **1** | According to the audit report no. 022 dated **4/7/1395**, auditors visit the field area of Meesaaq Sharq Company and they have approved that the company has completed the construction of 14-rooms for an Aab Khorak High School. |
| **2** | According to the audit report # (021) dated **1395/7/18** the company has donated 252, 000 Afs to the Masjid and to the local poor family of the area. |
| **3** | According to the audit report # (041) dated **1396/3/21** the company built- 54 rooms for company labors and clinic with full equip for the labors and local people. Purchased eight glasses for windows of Chel Aab Khorak High School. |
| **4** | According to the audit report that the company also built a 35 KM road from the mining area up to SHABASHAK and also maintained the road maintenance on annual basis. |

**Note:** According to the audit report, that the company has not contributed social mandatory expenditures based on the contract obligation, while the company promised to pay $ 10,000 on annual basis to local community.

1. **AMANIA MINING EXTRACTIVE COMPANY:**

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| **Extractive Company** | Amania Mining | |
| **Project Name** | Fluoride of the NAISH district of Kandahar province | |
| **Start date of the contract** | 1391/12/02 | |
| **End date of the contract** | 1401/12/01 | |
| **End date of the contract** | 10 | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 32 of the contract: - The company is required to develop social programs such as road construction, school building with 15 classrooms, bridges, mosques, clinics, and park, provide training courses, helping the poor families, etc. as per its proposal during the contract period. The company is required to submit a detailed report to the Ministry of Mines and Petroleum |
| **Social Activities done by Amania Mining Company** | | |
| **1** | | According the audit report the company was tasked by the local government of Kandahar province and local people's decision to establish a clinic in accordance with Kandahar Public Health Department guidelines in 1395, but even by end of 1396, Nor has this been done |
| **Reason for not building the clinic in Kandahar** | | |
| **1** | | According to the report from the provincial directorate of Kandahar province dated 1398/11/29. The provincial directorate of Kandahar along with the local government pushed the company and even sent warning letters to the contracted company to build the clinic according to the health provincial office standards within the mentioned period. However, until the fall of mining activities on 26 and 27 / 03 / 1398, the company had come with different excuses from doing this, and besides this the company had several written commitments to the provincial directorate and local government of Kandahar province. |

1. **KHOSHAK BROTHERS COMPANY:**

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| **Extractive Company** | Khoshak Brothers Company | |
| **Project Name** | Sabzak Coal Mine | |
| **Start date of the contract** | 1385/06/06 | |
| **End date of the contract** | 1395/06/06 | |
| **End date of the contract** | 10 | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 33: The company must take an active part in the performance of social services, to repair existing resettlement areas, clinic, welfare of the Sabzak Coal Mining labors, and support orphans, disabled, widows and the families of the martyrs of the labors receive the necessary material and financial support and assistance. |
| **Social Activities done by Khoshak Brothers Company in 1396** | | |
| **1** | | AFN 6000 donated to Herat Disabled Community Ghoryaan District. |
| **2** | | Support with the amount of 10,000 AFN to the Red Crescent directorate on the occasion of Red crescent Week. |
| **3** | | An aid of 50,000 AFN to the National Federation of Muay Thai Amateur, professionals of Herat province. |
| **4** | | Aid of 50000 AFN to the Mashal Andesha Academic and Social Association. |
| **5** | | Aid of 100,000 AFN to the Association of Disabled and War Veterans of Afghanistan |
| **6** | | An aid of 2050 AFN to Alima Jama Atul Islam and Khadeeja Kubra Maddrasas (Islamic Centers) of Raazi City. |
| **7** | | Aid of 100000 AFN to the Disabled & Social Association of Herat province – Ghoryaan District. |
| **8** | | 20000 AFN aid to the Disabled & Social Association/Community of Herat province – Ghoryaan District. |
| **9** | | An aid of 100000 AFN to the Social Association/Community of Herat province. |
| **10** | | 5000 AFN given to Miss Fowzia who was sick. |
| **11** | | 6000 Afghanis donated to the Disabled Social Community of Jebraeel City. |
| **Total Social Services** | | 449,050 AFN |

The above social activities were done during the year 1396 along with supporting documents available but in the year 1395 the social activities were mentioned in the company report but without supporting documents that’s why we did not mentioned here in our report.

**Note:** The company had constructed a clinic in the mining area for its labors – the clinic had a doctor and also medicine, but according to the report of the auditors there were no prof documents or evidence which can prove that the people of surrounding villages are benefited from the mentioned clinic or not.

1. **KHOSHAK BROTHERS COMPANY:**

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| **Extractive Company** | **Khoshak Brothers Company** | |
| **Project Name** | **Garmak Gharbi Coal Mine** | |
| **Start date of the contract** | **1391/04/24** | |
| **End date of the contract** | **1401/04/23** | |
| **End date of the contract** | **10** | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 30 of the contract: The company is obliged to carry out social programs such as construction of roads, bridges, mosques, clinics, provide training courses, and support poor families, etc. in accordance with its proposal and contract period with the amount of $ 1,000,000. |
| **Social Activities done by Khoshak Brothers Company 1395** | | |
| **1** | | 10,900 AFN aid to Hossaini Mosque. |
| **2** | | Support local families with the amout of 87,650 AFN. |

Note: The above mentioned social activities were done in the year 1395 and in the 1396 based on the audit report, the activities of the company stopped due to local problems.

1. **HASHIMI GROUP COMPANY:**

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| **Extractive Company** | Hashimi Group Company | |
| **Project Name** | Coal Mining of Nahreen district of Baghlan Province | |
| **Start date of the contract** | 1391/10/10 | |
| **End date of the contract** | 1401/10/10 | |
| **End date of the contract** | 10 | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 30 of the contract: The company is required to carry out social programs such as construction of roads, bridges, mosques, clinics, recreational areas, provide training courses, Support poor families and other matters considered by the local people as a matter of urgency in accordance with it is proposal criteria and contract period. |
| **Social Activities done by Hashimi Group** | | |
| **1395** | | Nothing was done in 1395 |
| **1396** | | * Hired engineer for the construction of Sheen Darra Mosque * Repairing the Hebat Kotal Chanarak road (50 meters) * Built 20-meter-long cement wall in the village of Shindara. * Filling of 20 meters - two sides of the Chanarak Road Bridge   Note: The report reflects on some of the social problems associated with services. |
| **Reason for not fulfilling social obligations** | | |
| **1** | | On the basis of directorate’s email, Hashimi Group of Companies the contractor of coal mine of Shindara and Chanarak of Nahreen district of Baghlan province, has left the mentioned mining area, and neither has an office nor a representative in the mentioned province. Despite of several calls made to them, no one responded to the directorate. |

1. **MINERS COMPANY:**

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| **Extractive Company** | Miners Company | |
| **Project Name** | Coal Mine – The Raashak & Qoobi District of Darray Soof Region, Samangan Province | |
| **Start date of the contract** | 1391/9/11 | |
| **End date of the contract** | 1401/9/11 | |
| **End date of the contract** | 10 | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 30 of the contract: The company is required to carry out social programs such as construction of roads, bridges, mosques, clinics, recreational areas, provide training courses, Support poor families and other matters considered by the local people as a matter of urgency in accordance with it is proposal criteria and contract period. |
| **Social Activities done by Miners Company** | | |
| **1395** | | 1. Road construction of the village of Raashak and Qoobi up to Dahna Toor (17 km). 2. The construction of two runnels in Raashak and Qoobi, which were completely destroyed by the flood. 3. The 250-meter-long Leyla Wozora road was restored and cleaned, that was hit by flood. 4. Hired of two professional teachers with 15000 AFN salary per month for Ibn Sina High School. 5. Support road reconstruction for two days with loader equipment and excavators from Gussala Khana upto Raashak 6. Shoveling the snow from Shah Abdullah fort. 7. Excavation and cleaning up the flood-ravaged area in front of the Social Association Meeting Room of the Raashak Village.   In the year 1395 the total social mandatory expenditure were spent 1,442,800 AFN, equivalent to 21,007 US dollars. |
| **1396** | | Nothing was done in 1396 |

**7-QARI ZADA TOMATO PASTE COMPANY**

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| **Extractive Company** | **Qari Zada Tomato Paste Company** | |
| **Project Name** | **Salt Mine - ANDKHOEY** | |
| **Start date of the contract** | **1394/8/18** | |
| **End date of the contract** | **1404/8/17** | |
| **End date of the contract** | **10** | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 23: The company is required to implement social programs in accordance with the proposal and social development plan.  On the basis of the mentioned company’s proposal: -   * To build a primary school at its own expenses * To build a clinic at Qari Zada Company expenses * To build a Mosque at Qari Zada Company expenses * Establishment of a drinking water refinery for employees and neighboring people to mining area. * To build and create amusement park and sports park * Company - to build school, clinic and mosque from the beginning of the second year of its contract after reaching the agreement with MoMP. * Assists the widows, orphans, the disabled and deprived families of the area and will also provide them cash assistance. * Creating training courses and literacy courses for employees and local people. * The company is spending 600000 USD in the social services section. |
| **Social Activities done by Qari Zada Tomato Paste Company** | | |
| **1395 – 1396** | | According to the board of Mines Inspection report that the company so far have spent totaled $ 58,700 in social activities. The documents of the expenditures for the above are attached to the report. |

1. **RAHMAT FAZEL COMPANY:**

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| **Extractive Company** | Rahmat Fazel Company | |
| **Project Name** | Marble | |
| **Start date of the contract** | 1396/2/6 | |
| **End date of the contract** | 1399/2/6 | |
| **End date of the contract** | 5 | |
| **Social Mandatory Expenditures Obligations** | | |
| **Contract Conditions** | | Article 30 of the contract: The company is required to carry out social programs such as construction of roads, bridges, mosques, clinics, recreational areas, provide training courses, Support poor families and other matters considered by the local people as a matter of urgency in accordance with it is proposal criteria and contract period. |
| **Social Activities done by Rahmat Fazel** | | |
| **1395** | | Base on the report from Wardag provincial office: The company had done the following social activities:  1- Construction of road from mining area to main road with the amount of 20,000 AFs  2- Support poor family and provided them wood in winter season  3- In the month Jadi, 1395 re-construct the road from mining area to the main road. |
| **1396** | | 1. Support the villagers in planting the trees in different areas 2. Re-built of bridge which was destroy by flood |

Note: -

According to a letter sent by the Mines Directorate of Helmand Province, no social activities has been commented or noted from Ehsan Aziz Company (Rakham Stone) Enterprise. It should be noted that the company is currently in the probing and exploration phase of the contract. According to the above description, the desirable information of that department has been arranged on the basis of the reports received and sent to you. The Directorate of Environmental, Health and Safety Assessment and Social Affairs of the General Directorate of Mines Inspection is expressing its cooperation with the mentioned department above, by presenting its report.

The above informations are all about private companies and the rest of the two State Owned Enterprise (SOEs) Northern Coal Enterprise (NCE) and Afghan Gas are not required by law to pay social mandatory expenditures therefore they are exempted.