



ISLAMIC REPUBLIC OF AFGHANISTAN

**Ministry of  
Mines and Petroleum**

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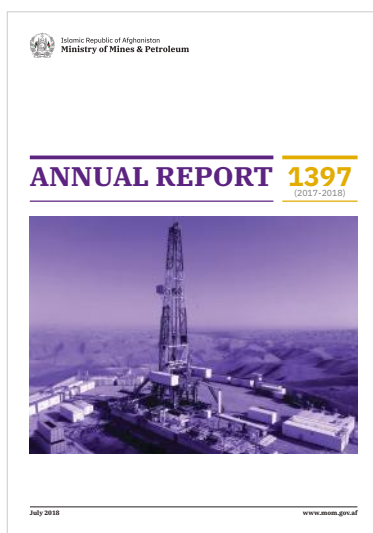
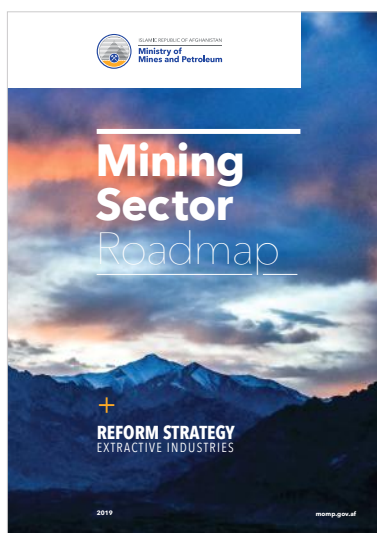
# ANNUAL REPORT

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**2017–2018**

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# Acknowledgments

2018 was a year of remarkable achievements for the extractive sector in Afghanistan. Despite many obstacles, the Ministry of Mines and Petroleum (*MoMP*) succeeded in initiating highly consequential policy, regulatory and institutional reforms.

First, the Ministry drafted and adopted new Hydrocarbons Law (*2017*) to better regulate the hydrocarbons sector. The new law clearly defines the role of policy making and implementing actors. Consequently, the Afghanistan Oil and Gas Regulatory Authority (*AOGRA*) was established to monitor the oil and gas sectors of the country.

Second, the Ministry developed a comprehensive *Mining Sector Roadmap* that guides the Ministry on the short-, medium-, and long-term reforms and developments. To operationalize the *Roadmap*, the Ministry developed a seven-year *Reforms Strategy* that focuses on 5 areas: i) Institutional Reforms and Development; ii) Geological Data Management; iii) Contract Management and Compliance; iv) Transparency and Accountable Governance; and v) Growth and Enabling Environment.

Third, the Ministry developed a new Minerals Law to remedy the shortcomings of the previous law for effective and transparent governance of the sector. Based on the new law, small-scale mining projects are awarded based on first-come, first-serve applications, and large-scale projects are awarded based on a transparent bidding process. Furthermore, the new law awards license/contract based on technical and financial capacity, rather than highest royalty, a practice allowed by the previous law.

The Ministry, as part of its institutional reform initiatives, designed a new organizational structure that called for downsizing a number of unrequired positions and upgraded Afghanistan Geological Survey's General Directorate to a Deputy Ministry. The Ministry also hired several highly qualified technical experts for the unfilled positions.

Fourth, the Ministry needed technological advancements to improve transparency and efficiency in its operations. Thus, the Ministry installed Mining Cadaster Administering System (*MCAS*), Non-Tax Revenue System (*NTRS*) and Transparency Portal to digitalize contract management, revenue collection, and publication of license-related information.

Fifth, the Ministry assessed all four State-Owned Enterprises (*SOEs*). Based on the findings of the assessments, and provisions of the Minerals Law and State-Owned Corporations Law, the Ministry plans to corporatize three SOEs. Corporatizing them will help boost the economy of scale in their production.

All these achievements despite the challenges have been possible because of the support of the leadership of National Unity Government and unwavering commitment and dedication of Ministry's team especially the deputy ministers, advisors and directors who worked tirelessly to implement wide-ranging reforms across the sector. Therefore, I would like to thank H.E. President Mohammad Ashraf Ghani for guiding the Ministry in development of the sector. It is also important to mention the support of H.E. Chief Executive Dr. Abdullah Abdullah; Mr. Ajmal Ahmady, Acting Minister of Industry and Commerce; and Dr. Mohammad Homayun Qayoumi, Acting Minister of Finance; and my colleagues at the Ministry, different government institutions, international community, the private sector, and civil society who supported us in our mission to bring reforms and create the enabling environment for all the stakeholders to thrive.

Also, I would like to thank our dedicated team, Mr. Hamid Baraywal, Mr. Abdullah Asifi, Mr. Mustafa Majidyar, Mr. Mohammad Fahim Hashimi, Mr. Abdul Qadeer Mutfi, and Mr. Rohola Rezaei, who worked hard on this report to reflect MoMP's key achievements during the years 2017/18 in detail.

Sincerely,  
Nargis Nehan  
*Acting Minister of Mines and Petroleum*

# Executive Summary

Afghanistan sits on one of the richest troves of natural resources in the world. Afghanistan's vast mineral resources have a promising potential of transforming the country into one of the most important mining centers in the world, thereby reinvigorating its economy. However, sustainable exploitation of the minerals requires an effective legal and regulatory framework, strong institutions, well-developed infrastructure, and international market linkages.

The Ministry of Mines and Petroleum (*MoMP*) undertook a series of wide-ranging reforms in 2017/18 to achieve its vision of developing an equitable and sustainable mining sector.

The year 2017 should be noted as the year of '*setting the foundation for the right start*'. The Ministry, in consultation with key stakeholders, developed two documents that outline the Government of Afghanistan's vision for the extractives sector and the way forward: The *Roadmap* and the *Reform Strategy*. Both documents reflect the Ministry's plans and strategies to achieve its vision for the sector.

At the sectoral level, the Ministry sought to create an enabling environment so that all the extractives industry actors could thrive. The Ministry engaged key stakeholders, including the public entities, the private sector, civil society organizations, and the international community to create an environment conducive to the sustainable growth of the extractives industry. The Ministry also reinforced its research and development capacity to promote a culture of evidence-based policy making.

On an operational level, the Ministry adopted e-Governance to improve efficiency, transparency, and accountability in financial, administrative and managerial activities. The Ministry improved its existing Information & Communication Technology (*ICT*) infrastructure and overcame several other technological deficiencies. Such technological advancements resulted in a staggering increase in revenue collection- the total mining sector revenue increased by 70 percent in 2017/18 compared to 2016, reaching over AFN 7 billion.

Moreover, in 2017 the Ministry's geological activities related to prospection and mapping increased significantly. The Ministry was able to prospect, trench, pit and scrap 630 cubic meters in ten areas of interest and collected 1,230 mineral and rock samples comprising a wide variety of commodities from 12 areas of interest.

In 2018, the same activities resulted in a coverage of 390 km<sup>2</sup> of potential mineral deposits in four areas of interest. The Ministry prepared 31 areas for tendering for marble, travertine and talc commodities, and received approval for additional 38 mineral areas in 18 provinces for other minerals. The Ministry ensured compliance with the terms of contracts for all the 176 contracts that were active in 2017 and additional 152 contracts active in 2018. These included the three newly signed large-scale exploration contracts of gold and copper. Furthermore, the Ministry also initiated a review of its large-scale and other pending contracts to decide whether the contracts should be renegotiated, suspended, or terminated.

This *Annual Report* examines and presents the Ministry's performance, developments and operations in the year 2017/18. The report is organized in five sections:

- (i) Good Governance;
- (ii) Revenue and Budget;
- (iii) Geological Data Management;
- (iv) Small- and Large-Scale Mining Projects;
- (v) Stakeholders' Engagement.

# Good Governance

## LEGAL & REGULATORY FRAMEWORK

The Ministry of Mines and Petroleum with the support and guidance of H.E. President Ghani developed a comprehensive *Mining Sector Roadmap* that was approved by the High Economic Council in January 2018. The *Roadmap* highlights key strategies and guides crucial decisions on how to best govern and regulate Afghanistan's mining sector. It prioritizes Areas of Interest (AOI), recommends institutional and tendering process reforms, emphasizes on service delivery to communities, and ensures that the revenue generated from the mining sector has significant contribution to the macro-fiscal sustainability.

Simultaneously, the Ministry conducted rigorous internal and external consultations to design the *Reform Strategy*, specifying interventions needed for achieving the vision outlined in the *Roadmap* over the short- to medium-term. The costing for the implementation of the *Reform Strategy* was completed, adopted as EI Sector NPP, and was presented at the Geneva Conference on Afghanistan in 2018.

Based on the *Roadmap*, the Ministry developed and adopted the new Minerals Law in 2018 that provides a more effective legal framework for governance of the sector. The new law promotes transparency and accountability, as well as provides a comprehensive framework for governing the minerals sector. The new law has significant advantages over the replaced version. First, the Ministry wanted to restructure the decision rights of granting mining licenses.

The previous legislative framework provided too much discretion to the Ministry to approve contracts. In particular, the Minister could grant four of the six license types without the oversight or review of any external bodies. Such centralization of decision-making rights had contributed to increased misuse and corruption. For this reason, the new legislation requires that all mining areas be reviewed and approved by the High Economic Council (HEC) and Cabinet. The large-scale mining contracts shall be approved by HEC, NPC, and the Cabinet.

Second, the Ministry introduced greater transparency to the tendering process. Previously, the Ministry was responsible for issuing tenders, evaluating the bids, negotiating the terms of the contract, and approving the evaluation. The concentration of the entire mining tendering process within one institution paved the way for corruption. In addition, the criteria for eligibility to participate in tenders for the award of Mineral Concessions and to apply for and hold Licenses has been tightened to exclude Politically Exposed Person. Moreover, based on the provisions of the law, applicants and bidders are required to disclose their beneficial ownership to the Ministry, and Ministry to public.



**Extractives in Afghanistan have exceptional potential to drive economic growth in the future, and to generate significant foreign exchange and government revenue. Under the leadership of the National Unity Government, the Ministry of Mines and Petroleum has led policies and reforms in the extractive sector, for large and small-scale mining, which are designed to yield economic benefits for the country in an ethical and environmentally sustainable manner. One example of these reforms is the *Mining Sector Roadmap*.**

*UNDP, Kabul, Afghanistan*

Third, the Ministry restructured the classification of licenses. The new classification is based not only on the mining area but also on the type of mineral being tendered and the amount of investment required. This will reduce the tendency to issue a large precious mine as separate but adjoining small-scale mines. The Ministry also eliminated the problem of distinguishing between an exploration and exploitation license which previously disincentivized exploration contractors.

Fourth, we clarified the royalty regime. A lack of clarity on this issue resulted in lack of progress on many large contracts previously signed by the Afghan Government. Afghanistan's previous Minerals Law placed the royalty rate as the key bidding term in the tendering process. This has incentivized firms to present unreasonably high royalty rates in their mining bids, and then to renegotiate such terms after the award of the contract. Development of Regulations has been initiated with the assistance of the Office of Senior Advisor to the President on Banking and Finance, which is scheduled to be finalized by end of 2019 (FY 1398).

Furthermore, in 2018, Artisanal and Small-Scale Mining (*ASM*) strategy was developed in consultation with stakeholders and was submitted for High Economic Council's (*HEC*) approval. To formalize the current artisanal and small-scale mining activities, the ASM Strategy, taking into consideration the provisions of the 2018 Minerals Law regarding the 12 months amnesty period for small-scale mining projects, provides incentives for the currently unlicensed artisanal and small-scale mining projects to enter the MoMP legal framework. Subsequent to the approval of the strategy, formalization of artisanal and small-scale mining is under way in four provinces as a pilot phase.

In 2017, one of the most urgent tasks facing the Ministry was the review and final determination of several large-scale projects that were pending from previous years. The Ministry was struggling with the processing of these projects because of poorly negotiated contracts with a limited legal framework to support them, as well as allegations of misuse, corruption and conflicts

of interest. To resolve these issues, the Ministry decided to embark on a comprehensive review of all large-scale projects and determine whether the contract should be renegotiated, suspended or terminated. With these constraints and requirements in mind, the Ministry set up a review mechanism and started the review of its large-scale contracts in 2017 that continued to 2018. These projects are enumerated in Table 4 in the Annex 1.

MoMP also showed strong commitment to alleviating illegal mining activities. The Ministry banned/recommended banning of 979 illegal mining activities across Afghanistan. Most of these illegal mining sites were discovered in Kabul, where construction materials are extracted in 584 different sites, followed by 239 sites in Parwan in 2017-18. The Ministry also established the Mining Protection Commission- composed of permanent and non-permanent members- based on the Decree number (2469) of the President and in the light of the provisions of Article (76) of the Minerals Law.

The Mining Protection Commission is responsible for protecting the mines; improving security for prevention of illegal mining activities in coordination with the relevant security departments; publishing information related to illegal mining activities; and arranging meetings and following up on the key decisions taken in together with the National Security Council.

## **INSTITUTIONAL REFORM & DEVELOPMENT**

Over the past several years, MoMP's cumbersome bureaucracies with an outdated organizational structure hindered the development of a robust extractives sector. Further, a lack of engagement with external stakeholders and the absence of a clear vision for the sector were equally culpable. Thus, the Ministry took crucial steps to bolster institutions, thereby alleviating bureaucracy and increasing efficiency.

### **Institutional Strengthening**

As a first step towards institutional reform, the Ministry, based on a thorough needs assessment and review of the structure of the central and provincial offices, downsized its tashkeel to



eliminate unwieldy bureaucracy and improve its overall efficiency. Based on the new structure, the AGS General Directorate has been upgraded to Deputy Ministry. The DM has a well-defined authority that enables it to conduct all the reconnaissance survey programs for mineral deposits independently. The *tashkeel* was approved by IARCSC and Office of the President of Afghanistan, and its implementation has already been started. In addition, the Ministry appointed 12 directors through our Civil Service program, hired qualified Afghans as technical advisors, and established Donor Coordination Unit to improve strategic communication with the international donor agencies.

The Ministry lacked an e-Governance system to manage its budget, financial affairs, and administrative services (*including reporting, task management, and planning, procurement, service delivery to clients and employee performance management*).

Technically, the Ministry, based on a need assessment, has launched a data center which is designed in line with the international standards. This data center hosts e-Governance systems and is expected to drastically increase transparency and efficiency across different divisions of the Ministry. The center will also facilitate electronic data management of all Afghanistan geological surveys. In fact, five offices, including Kabul, Nangarhar, Herat, Parwan, and Balkh offices, were connected to the data center in 2018.

The Ministry also developed and operationalized its digitalized Cadaster system that includes MCAS, NTRS, and Transparency Portal. All 1,192 contracts and 9,537 payment receipts have been entered in the MCAS and NTRS systems and the entire information associated to the mining contracts including owners, payments, beneficial ownership and its geographical location are publicly accessible on the Transparency Portal. Also, a new website has been developed and launched in line with the Ministry's requirements, vision and goals. e-Governance is also critical to increasing revenue collection from the extractives sector that is one of the Ministry's core mandates. In this regard, digitization of the Cadaster system will reduce the risks of human error and corruption,

thus increasing the revenue collected by the Ministry and meeting the EITI benchmarks on revenue collection and reconciliation.

As an interim measure – before MoMP fully launches its beneficial ownership register – the Ministry developed a company profiling database to make the names of beneficial owners of contracting companies public. Profiling of companies is based on their technical and financial capacities and resources, shaping the Ministry's knowledge of the overall capacity within the private sector and enabling better business decisions when negotiating mining contracts. As a result, 20 companies were registered on the company profiling database in 2017.



**Certainly, the implementation of the digital mining cadastre (MCAS/NTRS) and the consequent publishing of an online transparency portal that makes verified mining data accessible to the public has been a recent, special success story. To achieve this, the programme supported many training workshops and provided informal day-to-day assistance, which, after a comprehensive process of capacity development, enabled the digitalisation of mining data. Finally, in November 2018, H.E. Minister Nargis Nehan had the honour to launch the long-expected portal officially - a milestone for increasing transparency in the sector.**

*Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)*



We applaud the impressive list of MoMP reforms and policy developments under Minister Nehan's direction this past year, including the extractives sector roadmap, the minerals law, value chain studies, and completion of the reviews for 11 of 14 large scale mining projects. Minister Nehan worked closely with donors and the international community to design and finalize key projects with the World Bank (\$55 million), USAID (\$36 million), and GIZ (€10 million).

We hope to continue our excellent working relationship with Minister Nehan as she sees these projects fully implemented. In addition to overseeing the computerization of the entire Mining and Cadaster Administration System (MCAS) and Non-Tax Revenue System (NTRS), which are both linked to the MoMP transparency portal, Minister Nehan has continued to hire a diverse team of young professional Afghan men and women who have become solid and reliable contacts for the Mission.

We anticipate working with these young Afghans in the months and years to come. We look forward to steady continued progress in the Ministry under Minister Nehan's direction. The Mission will be sending a representative to the June 2019 Global Extractive Industries Transparency Initiative (EITI) Conference in Paris and would applaud an intervention by Minister Nehan at this meeting that highlights MoMP accomplishments in 2017 and 2018 toward meeting EITI benchmarks, as well as re-launch Afghanistan's EITI validation process.

*U.S. Embassy, Kabul, Afghanistan*

## Transparency and Accountability

*The Ministry undertook several initiatives to improve transparency and accountability across the Ministry and the sector as a whole. The following are the major steps taken in this regard:*

- **ANTI-CORRUPTION MEASURES:** In 2017, the Ministry continued implementing its reform strategy to improve accountability and transparency both within the Ministry and across the sector. In support of this strategy, the Ministry developed a complementary Anti-Corruption Action Plan based on the Afghanistan National Anti-Corruption Strategy, adopted in October 2017. The plan identifies additional key interventions to strengthen transparency which includes establishing a public register of beneficial ownership, mandatory publication of natural resource contracts as a condition for their validity, amending the current laws to require publication of production figures, and creation of an account for all extractives sector revenues.

The Ministry is working on the first draft of an anti-corruption plan for the year 2019. This will include publication of the tendering process results with the details of the winning bidder before a contract is signed; establishing a mechanism for the distribution of 5-8 percent revenue of mining projects to the local community; establishing a mechanism for the protection of whistle-blowers and more.

- **INTERNAL AUDIT:** In 2017 and 2018, the Ministry launched an internal audit plan for all its directorates, departments and units to identify internal issues and address them through remedial actions. Such an undertaking would enable the Ministry to address issues related to transparency, accountability and good governance, resulting in an overall improvement in the Ministry's performance. In 2017, the Ministry also established an audit committee, chaired by the Minister, comprising Deputy Ministers, Internal Audit Director, Mining Inspection Director, Legal Services Director and Cadaster Director. This committee was tasked with reviewing all mining inspection and internal audit reports upon their submission, recommending remedial actions and ensuring their implementation by the relevant directorates.

To ensure the effectiveness of the audit committee, reporting templates were reviewed and updated. The Ministry also produced a planning, reporting and writing manual based on the international standards on auditing and the standards of the International Federation of Accountants to mainstream drafting of internal reports.

In 2017, the Internal Audit Directorate audited 22 provincial directorates. The audit process focused on financial, human resources, procurement and administration. In addition, it conducted seven unplanned audits and nine complaints. Moreover, in 2018 the Internal Audit Directorate audited 21 provincial directorates and units, and conducted 20 unplanned audits and six complaints.

**INTERNATIONAL STANDARDS OF TRANSPARENCY:** In 2017 and 2018, the Ministry made more than 80 benchmarking commitments to international partners including Afghan-US Compact, WTO, EU, SMAF, GMAF, IMF and EITI. The Ministry’s commitments covered a variety of issues, such as transparency, amendments to the Minerals Law, formalization of illegal mining and resolution of the pending contracts. Except the few benchmarks, the Ministry managed to deliver on all its commitments.

Finally, Ministry’s leadership set compliance with the EITI standards as one of its key priorities. In December 2017, a multi-stakeholder group developed an action plan in coordination with the Ministry and all relevant actors to address the benchmarks that have not been achieved yet. EITI validation process was completed and an independent administrator (IA) was hired to develop the 6th AEITI Reconciliation Report. AEITI Secretariat physically moved to MoMP and its ToR, structure and working procedures were revised. Compliance with the EITI standard would serve as a benchmark for good sector governance.



On behalf of the Government of Afghanistan, Mr. Mustafa Majidyar, Senior Programs Implementation Adviser to MoMP, and Ms. Hosna Jalil, Acting Policy and Programs Director of MoMP attended the 14th Annual General Meeting of the IGF in Geneva, Switzerland (October 14–19, 2018)

**INTERGOVERNMENTAL FORUM (IGF) MEMBERSHIP:** Afghanistan became the 65th member of IGF in 2018, committing to accountable and open governance of the mining sector. As the mining sector represents the largest opportunity to catalyze economic growth in the country, as a member state of the IGF, Afghanistan will have access to the unique support of global collaboration and leverage the expertise that IGF offers.



Recognising the particularly challenging circumstances of Afghanistan, we acknowledge that over the period 2017 - 2018 progress in these areas of our common engagement has been achieved and we commend the Ministry of Mines and Petroleum under the leadership of HE Ms Nargis Nehan for their efforts and for the very good collaboration with the EU Delegation. We encourage the Ministry and all Government stakeholders to continue on the embarked reform processes in particular with respect to the EITI standards which we as European Union sustain to play a majorly important role in ensuring the sustainable development of the extractives sector for the long-term benefit of the country and its population. As such we are committed to continuing our collaboration and providing the Ministry with our support.

– European Union

**STATE-OWNED ENTERPRISES**

Under leadership of the Ministry, four SOEs; Mazar-e-Sharif Fertilizer and Power Plant, NCE, AGE, and the Jabal-al-Saraj Cement Enterprise operate. The table below summarizes the annual production of these SOEs.

**TABLE 1: Annual Production of SOEs**

SOE	2016 Production	2017 Production	2018 Production
<b>Mazar-e-Sharif Fertilizer and Power Plant</b>	38,845 Tons of Urea Fertilizer/112M KW Electricity	40,354 Tons Urea Fertilizer / 114M KW of Electricity	44,023 Tons Urea Fertilizer/ 116M KW of Electricity
<b>AGE</b>	153mcm of Gas <sup>1</sup>	156mcm of Gas	153mcm of Gas
<b>Jabal-al-Saraj Cement Enterprise</b>	3,247 Tons of Cement	5,888 Tons of Cement	4,841 Tons of Cement
<b>NCE</b>	1.64M Tons of Coal	2.04M Tons of Coal	2.32M Tons of Coal

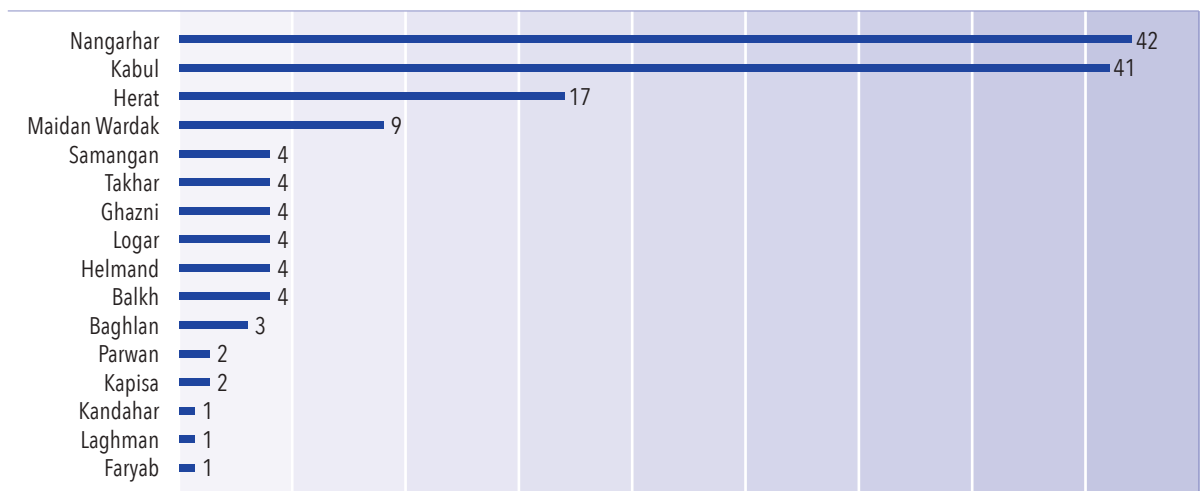
<sup>1</sup> Million Cubic Meter

SOURCE: Ministry of Mines and Petroleum

Of the four enterprises, the NCE and AGE’s financial transactions are managed through QuickBooks (an internationally recognized accounting software) to achieve the Ministry’s transparency goals. Based on the World Bank’s recommendations for NCE and AGE in 2017, as well as provisions of the Minerals Law and State-Owned Corporations Law, both SOEs are planned to be corporatized. Assessment for corporatizing the other two SOEs was initiated in 2018 and is still in progress. Corporatizing these SOEs will significantly increase their productivity.



**Active Contracts by Province 2018**



SOURCE: Ministry of Mines and Petroleum

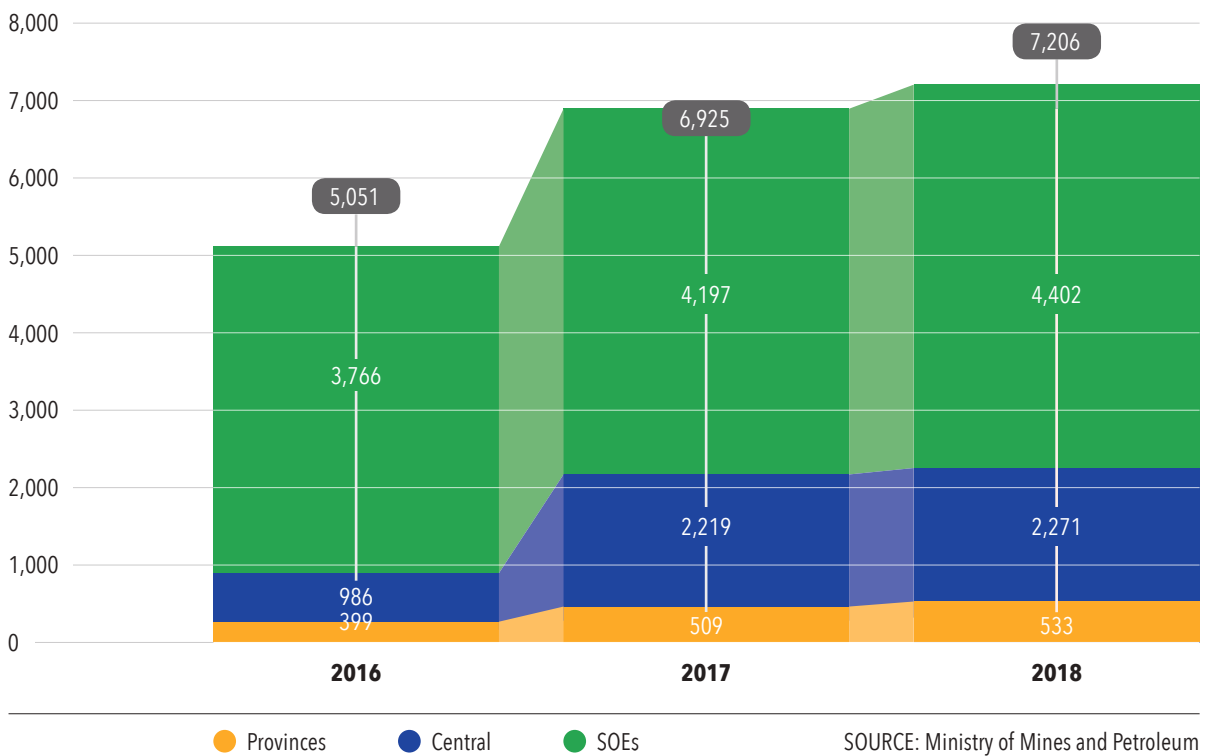
# Revenue & Budget

## REVENUE

In 2018, the total revenue from the mining sector, including revenue generated by the central office, SOEs and provincial offices, amounted to more than AFN 7.2 billion, beating the forecasted revenue of AFN 5.077 billion for 2018. This also marked a 4% increase compared to 2017. Of these revenues, 61% was generated by SOEs that was collected by the Ministry of Finance, 31.5% was collected in the central office of the Ministry, and 7.5% was collected in the provincial offices. The Ministry collected a revenue of AFN 2.19 billion in 2017 and AFN 2.270 billion in 2018 – an increase of 2.2% – from its contractors, including the NCE and indebted companies at the central and provincial levels.

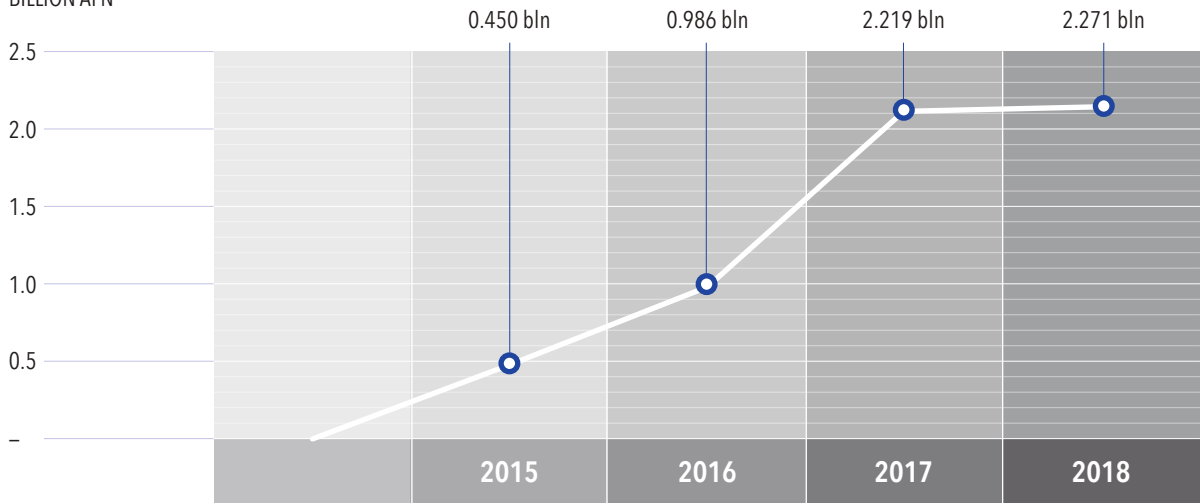
### Revenue Sources

MILLION AFN



**Revenue Collected in Central Office**

BILLION AFN



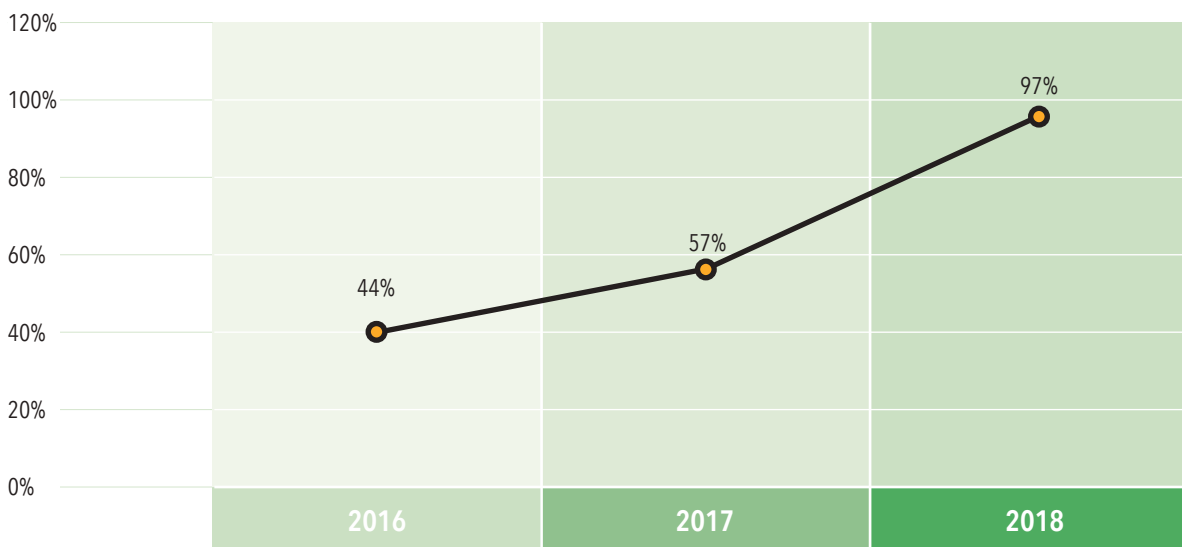
With regards to companies' indebtedness, in 2017 the Ministry recorded 14 companies that had not paid their taxes and royalties to the government. The Ministry established a committee to review all their cases and worked with them to ensure that they clear their royalties and taxes owed to the government through a schedule of installments. The Ministry warned that any failure to pay their debts would result in canceling their contracts. As a result, during 2017 and 2018, several companies paid their debts to the government, amounting to AFN 300 million.



The UK welcomes the Ministry of Mines and Petroleum's motivation and drive for reforming the extractives sector in Afghanistan. We recognise the sustained and important steps the MoMP has taken to improve accountability in the sector despite considerable challenges. However, we think there is still some way to go and we urge further efforts to strengthen the governance and transparency of the extractives sector. A responsible and transparent extractives industry could have a transformative effect on the Afghan economy and on Afghanistan's ability to become more self-reliant. The UK along with the international community stand by the Afghan government's efforts and to help it to achieve self-reliance.

*Department for International Development (DFID)*

**Budget Execution Rate**



**BUDGET EXECUTION**

In 2018 [FY 1397], the Ministry’s non-developmental budget was AFN 564.7 million, with an additional developmental budget of AFN 1.421 billion. The Ministry spent 95.4% of its non-developmental budget and 98% of its developmental budget, amounting to a total spending of 97% for both budgets. This marked an increase of 40% in budget expenditure compared to 2017.

The development budget expenditure included three rounds of consultation meetings on Anyak copper project; mapping and probing of travertine stone, marble and talc in different provinces; digging two wells in Yateem Taq; construction of 48 km gas pipeline in Mazar-e Sharif and Sherghan; construction of office buildings for Jawzjan, Ghor and Bamyan provincial offices; and recruitment of national consultants and experts to assist with accelerating overall performance of the Ministry. The Ministry improved its financial

documentation and reporting systems and computerized five financial books. In addition, the Ministry resolved several pending issues, including payments due to four companies that had provided services to the Ministry between 2015 and 2017. In 2018, the Ministry was connected to the SIGTAS system in order to facilitate the collection and reporting of the revenue. This made the process simple and the required duration of time for processing a tariff decreased from three days to one working day.



# Geological Data Management

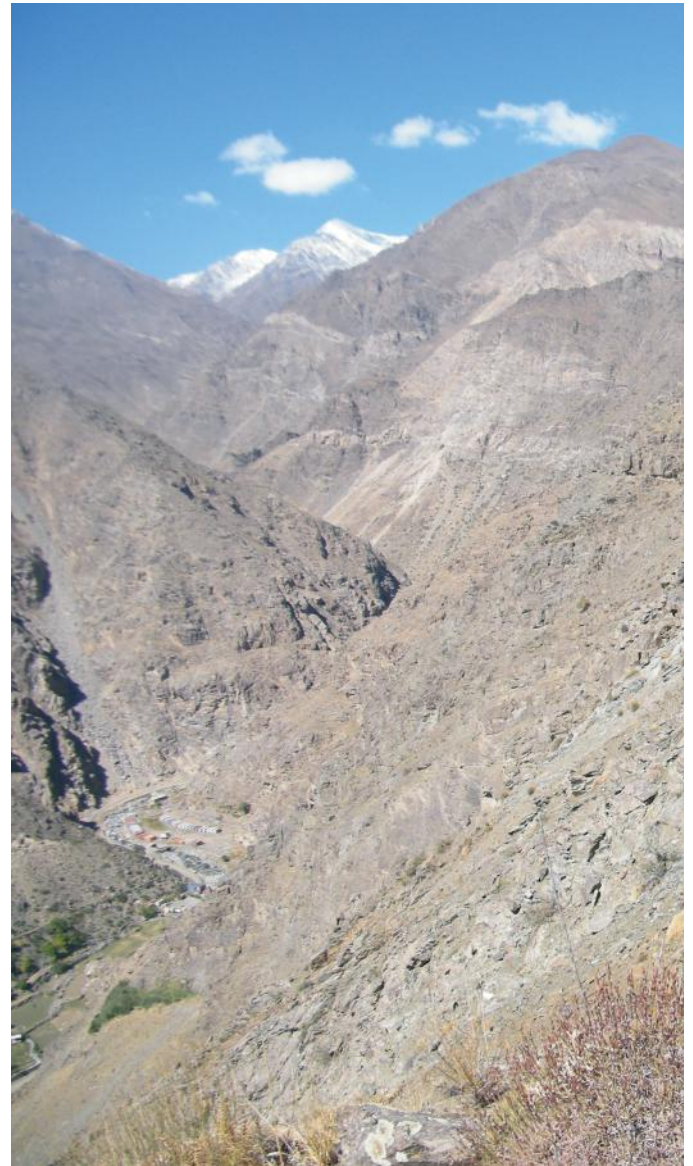
*There are two main entities that are tasked with managing the geological data – the Afghanistan Geological Survey, and the soon to be spun off as an independent entity – the Directorate General of Petroleum.*

## **AFGHANISTAN GEOLOGICAL SURVEY**

The Ministry conducted several surveys. AGS's geological prospecting and mapping activities resulted in coverage of 174.5 km<sup>2</sup> area of interest; 1,524 km of prospecting lines and traverses; trenching, pitting and scraping of 630 m<sup>3</sup>; and collecting 1,230 rock and mineral samples in Paktia, Samangan, Balkh, Baghlan, Daikundi, Ghazni, and Kabul provinces.

In addition, the hydrogeology team assessed the surface and groundwater levels. They measured surface water level from spring flow and groundwater level from water wells at 55 points. They also collected 614 water samples in 2017 at 80 points, as well as collected 955 water samples for physical and chemical testing in the laboratory. These assessments were conducted in the Robot area of Chemtal district, Balkh province.

In 2018, five hydrological teams measured surface water level from spring flow and groundwater level from water wells at 80 points. They also collected a similar number of water samples as 2017 (955) for physical and chemical testing in the laboratory. This time these assessments were conducted in Namakab district of Takhar, Cement Ghori Factory, Ahan Darra and Khord Darra of Baghlan and Kabul provinces. Also, a radiometric survey was conducted to assess radio-active elements in Qasaba mountain of Kabul province, and the geo-hazard team



evaluated the vulnerable areas on the main road of Panjshir province. Additionally, the MoMP team surveyed 169 points associated with natural hazards and distinguished 24 localities as vulnerable areas.

In 2017, the Ministry studied environmental impacts of cement production at Jabal-e-Saraj cement factory in Parwan province. They also conducted geomorphological mapping of 3.6 km<sup>2</sup> in Parwan province in 2017, and studies of surface water, factory wastewater, soil, and air pollution. Some of the results of these studies were shared with the general public. The Ministry played an active role in raising awareness of local





communities in partnership with the National Environmental Protection Agency. Additionally, in 2018 several geotechnical studies were conducted in Parwan province- 161 different samples were collected to test the quality and resistance of the samples from geotechnical point of view. They also accomplished mapping of 8 km<sup>2</sup> in this province.

In continuation of the studies conducted in 2017, the seismology team investigated the tectonic activity faults and vulnerable areas, including rock mass in Kabul-Jalalabad highway, in 2018. The team divided vulnerable areas into three categories a) High-level vulnerability (30 points),

b) Mid-level vulnerability (22 points), and c) Low level vulnerability (8 points). Moreover, the environmental and geo-hazard team conducted tectonic studies in Badakhshan province to identify the vulnerability and tectonic-fraction of the areas which resulted in the high vulnerability of tectonic-fraction (30 points); mid-level tectonic-fraction vulnerability (15 points); and low-level tectonic-fraction vulnerability (8 points).

In 2018, AGS's laboratories tested and analyzed 2,822 samples of different types of rocks and minerals through XRF, mineralogical, chemical and petrographic studies for identification of mineral composition.

AGS produced and added 79 geological maps and cross-sections and 165 geological reports to its archives. Furthermore, it classified 2,454 geological reports, including text reports, mineral resources and reserve estimations, geological and topographic maps, and cross sections from different AOIs by province and added them to the AGS's data center.

Furthermore, during the same year, 14 teams of AGS's geologists were tasked to conduct geological prospecting survey, blocking and mapping activities that resulted in coverage of 390 km<sup>2</sup> of marble, travertine, granite, and talc reserves in 9 provinces.

The Ministry previously lacked enough capacity to acquire new geological data or managing the existing data systematically. Thus, despite expensive surveys and studies conducted by USGS, BBGS and others, Afghanistan's geo-data could not be used by the Ministry for effective decision making on mining projects. To remedy such shortcomings and better meet the standards, the AGS Directorate focused on increasing its geological prospecting and mapping activities in 2017.

As a result, AGS has signed a Letter of Interest (LoI) with USGS to provide technical assistance in remote sensing, GIS, geological data management, mining contract management, mining inspection, mining exploration, mining estimation and extraction, hydrogeology, environmental geology, coal geology and mining law for a period of 4 years.

# Small- and Large-Scale Mining Projects

*In addition to the approval of 38 mining areas for small and large-scale projects by the High Economic Council which will be ready for tendering process in April of 2019, the Ministry resolved issues of pending large-scale projects. MoMP also embarked on implementing two large-scale hydrocarbons projects through the PPP route – Ghazanfar and Bayat Independent Power Plants (IPP), as well as worked on the Afghanistan chapter of the ‘Turkmenistan-Afghanistan-Pakistan-India’ pipeline project (TAPI) which was welcomed by people with jubilation in March 2018.*

## **Zarkashan Gold and Copper Mine**

The Ministry proposed to High Economic Council to implement its previous decision of terminating the bidding process for this project due to insecurity in the mining area, differences in scorings in terms of technical capacity, and the company’s failure to provide the required up-to-date information. They also submitted an evaluation report of the bid.

## **Shaida Copper**

Following the approval of the High Economic Council, the Ministry requested the company to provide up-to-date information on its beneficial ownership, and financial and technical capabilities. Negotiations to conclude the contract in accordance with the Minerals Law 2014 were

conducted in 2018, and the award of the contract was approved by the National Procurement Commission and the Cabinet. The contract was signed dated September 12, 2018 and it is in the implementation stage. Duration of the contract for exploration and exploitation periods are 3 years and 30 years, respectively.

## **Badakhshan Gold Copper**

The project is approved by NPC and the Cabinet, signed and executed on October 05, 2018, and is in implementation stage. Duration of the contract for exploration and exploitation periods are 3 years and 30 years, respectively.

## **Balkhab Copper**

The project is approved by NPC and the Cabinet, signed and executed dated October 05, 2018 and is in the implementation stage. Duration of the contract for exploration and exploitation periods are 3 years 30 years, respectively.

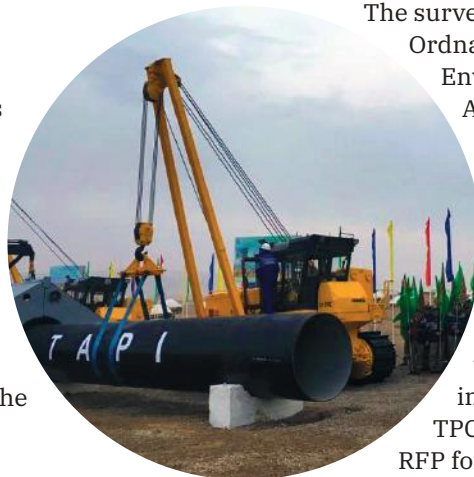
## **Ghori Cement**

The Contract was terminated in 2017. The technical team took over the factory on January 1st, 2019.

## **TAPI Gas Pipeline**

The important Gas Pipeline project had some remarkable achievements in 2017/18.

The surveys of the Unexploded Ordnance (UXO), Social and Environmental Impact Assessment (ESIA), Land Acquisition Plan (LAP), Terrestrial / Bathymetric Investigations (LIDAR), Geotechnical Survey (GEO) and the Front End Engineering (FEED) were some of the major achievements in 2017. Furthermore, TPCL launched tender RFP for LLI (Large Valve, Line Pipe, and Hot Bends), circulated invitation to tender and received proposals for gas pipeline construction activities (EPC Engineering, Procurement, and Construction). The pre-implementation phase achievements in such a short term made the project feasible and is expected to be implemented soon.



### **Aynak Copper**

The Ministry, with the assistance of international technical and financial experts, reviewed the proposed amendments and draft of the feasibility report. The Ministry prepared and presented a comprehensive report and negotiation strategy to H.E. President and sought approval for resumption of negotiations. The Ministry officially resumed negotiations with the contractor in September 2018 as per the strategy—the first round of the negotiations with a legal agenda was successfully conducted. Further rounds for technical and financial negotiations will be conducted soon. The Ministry set the deadline for completing the negotiations and reaching an agreement for March 2019. Also, the Ministry has held several meetings with the Ministry of Information and Culture; Land Authority; National Environmental Protection Agency; World Bank; UNESCO, and other relevant entities to expedite the process of settling the outstanding issues.

### **Jabel Seraj Cement**

The RFP Jabel Seraj Cement Project was announced for an open completion on June 9, 2018. Bid opening/bidding was held on December 17, 2018, and it was determined that out of the six companies, only two of them (*Orbit International and Satarem Ltd*) meet the bidding requirements, and the other four companies could not meet the requirements and are considered as disqualified bidders. Out of the two qualified bidders, Satarem Ltd has not submitted their bid bond which has resulted for disqualification of their bid from evaluation. So, there is only one qualified bidder, and its proposal packages are sent to HEC for evaluation.

## **CONTRACT MANAGEMENT & COMPLIANCE**

Effective contract management and facilitation are imperative to building a responsible sector profile that generate economic growth and attract investment. As part of its strategic approach, the Ministry has undertaken the necessary initiatives to build a strong foundation for responsible sectoral development. The Ministry has learned lessons from the tendering and contracting of large-scale projects (*Mes Aynak, Hajigak, Afghan Tajik, and others*), including negotiation, management and regulation of large-scale contracts.

In this area, the Ministry initiated two parallel efforts by two committees:

Of the 14 large scale projects, some were signed and some were in tendering process, but all of them were stalled due to legal and technical issues, and some of them bore allegations of corruption. The Ministry assigned a committee to thoroughly review them and prepare a report. So far, the Ministry has been able to resolve issues of 9 of these projects, and revision of Amu Dary, Aynak Copper, and Hajigak I and Hajigak II are still under process. The Ministry signed three new large scale exploration and exploitation contracts, Badakhshan Gold, Shaida Copper, and Balkhab Copper in 2018. The Ministry also negotiated and signed amendments to Afghan Tajik exploration and production sharing contract.

Another committee began reviewing all current small scale and large scale contracts and prepared a report on 60 mining contracts so far, including coal, marble, talc, chromite, and salt, to ensure contractors have been in compliance with the terms and conditions of the contracts. Most of these contracts are only exploitations with no exploration with very high and unrealistic production commitments by companies. Most of the companies have stopped their mining activities and requested the Ministry for contract amendments as these projects are not economical for them anymore. The findings of the committee are under review by an inter-ministerial committee and will be submitted to National Procurement Authority for final decision.

## HYDROCARBONS PROJECTS

The Sheberghan Gas Fields Rehabilitation Project was funded by Asian Development Bank during the Fiscal Year 2017/2018. Under this project, a contract was awarded on February 18, 2017 to Xinjiang Zhengtong Oil & Gas Co., Ltd for rehabilitation, re-entry, deepening, testing and completing services of the two existing gas wells in the Yatimtaq Gas Field. These two wells are expected to increase gas supply from Yatimtaq Gas field at the production rate of approximately 170,000 m3 per day, fulfilling the demand for gas by the consumers. The Afghan Public Protection Force (APPF) provided security for the project.

Furthermore, the Ministry took the initial steps and prepared all the technical documents to tender the construction of a 94.5 km long gas pipeline connecting Sheberghan to Mazar-e-Sharif. A security contract was signed with the Public Protection Department to ensure the security of the pipeline route to be constructed by the end of 2019.

The Ministry has also drafted multiple concept notes for the development of the existing gas fields. The contracts for rehabilitation of two additional wells in Yatimtaq Field were signed that will be operationalized soon. The new gas wells in the Yatimtaq field will increase gas supply and also tackle the problem of depletion of the existing gas wells. The Ministry is expecting a surge in demand for gas, to fulfill the increasing demands for gas by the private businesses, the Ministry has decided to procure additional amine plant.

### Totimaidan

The Ministry negotiated with consortium of preferred top-level bidders on several terms of the contract for Totimaidan project over the past few years; however, both parties have not reached to a final agreement yet. With the establishment of Afghanistan Oil and Gas Regulatory Authority (AOGRA), the responsibility for re-tendering of (Toti Maidan) has been transferred to AOGRA under the new Hydrocarbons Law. AOGRA will re-announce the tender of the field in cooperation with the NPA.



The Ministry has long term vision for efficient utilisation of their natural resources available with them. The short term plans are also well defined and their team is committed to achieve short term objectives and long term goals. The leadership is also well connected with other countries which helps them to meet any emergency at a short notice.

The Ministry also has the challenges of meeting expectations of Stakeholders and ordinary citizen, but their systematic approach helps them to meet these challenges with a smile on their faces.

*Ghazanfar Group*

### Afghan-Tajik

After three rounds of negotiations in 2017-2018, Side Letter to the Contract bearing amended obligations and mutual agreement of the parties was approved by the Cabinet, and signed by the Ministry. As per the Side Letter to the Contract, the Contractor is now obliged to conduct a 1030-1200 km seismic survey and drill a well with a depth of 5500m. The project is in the implementation stage.

### Amu Darya

As the Contractor fails to bring the project back to the compliance after receiving several notices from the Ministry, they were issued a termination notice by the Ministry following HEC's approval. The contractor offered to sell its shares of the project. In this regard, two proposals were submitted to the Ministry for its approval. The Ministry rejected the first proposal sent by GI Technology due to lack of technical and financial capabilities. The second proposal that was submitted by Watan Oil and Gas is still under review of the Ministry.

### **Bayat IPP and Mazar IPP**

The projects are estimated to produce 42 and 50MW of electricity respectively from natural gas in Sheberghan and Mazar-i-Sharif. The Ministry signed two GSPAs, rehabilitated two existing gas wells and started to drill two additional new gas wells in Yatimtaq Gas Field to provide the required gas for the project. In addition, the Ministry is committed to complete the 94.5 km gas pipeline from Sheberghan to Mazar-i-Sharif and procure a new amine plant. The contract was signed on September 12, 2018 and is in the implementation stage.

### **VALUE-CHAIN STUDIES**

In 2017-2018, the Ministry completed value chain studies on talc, marble, salt, chromite, cement and coal. The cement, marble and talc studies were used to develop and tender new projects, including Samangan, Jabel Seraj and Herat Cement projects, and Nangarhar Talc project. A talc action plan was also developed.

“

**I would characterize our experience with MoMP in 2018 as highly constructive towards building a productive working relationship that delivers the best technical, social and economic results for our two projects. We very much look forward to the opportunity to greater amounts of field activity and inclusion of MoMP staff and management in 2019. One suggestion we would offer: it may help understanding and overall sector development if there were opportunities to jointly discuss ongoing activities and observations relevant to project function in meetings that could occur in-between contractually mandated formal reporting periods. It may also help for us to meet the LSMC with other contract holders to share experiences.**

*Afghan Gold and Minerals  
Turkish Afghan Mining Company*

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**The Afghan-Tajik project has finally entered implementation phase with the start of the seismic acquisition and the active search for a rig to drill a deep well, despite numerous challenges. It is noteworthy because this is coming five years after the Exploration and Production Sharing Contract (EPSC) was signed. This achievement is made possible, thanks to the leadership and pragmatism of the Honorable Minister for Mines and Petroleum, H.E. Ms. Nargis Nehan, supported by a reconstituted and result focused young and energetic technical team of the MoMP. It has also been made possible because of the flexibility and commitment of the partners in the project – the management and staff of Turkish Petroleum, Ghazanfar Investment and Dragon Oil. This team approach has brought us this far, we look forward to the continued team approach to take us to the finish line for the mutual benefit of all parties.**

**Mr Ephraim Ebodaghe**  
*Country Manager,  
For and On behalf of Dragon Oil Ltd*

# Stakeholders' Engagement

## PUBLIC RELATIONS

In the past, the Ministry's engagement with the public and all relevant stakeholders was limited to ad hoc interventions and announcements. In 2017, the Ministry expanded its engagement with external stakeholders, including civil society organizations, the private sector and the international community to create an environment conducive to the sustainable growth of the extractives industry. The Ministry developed a strong, well-coordinated communication strategy to effectively execute sector reforms and clearly communicate the sector issues to a broad audience. The Ministry took numerous steps in 2017/18 to ensure that external stakeholders extend their support towards MoMP's endeavors. Such an inclusive approach also creates an enabling environment for the reforms envisaged and the sector's overall prospects. In 2018 only, the Ministry held 24 meetings with the civil society.

In 2017, the Ministry established a complaints committee to prevent corruption within the Ministry as well as to provide a platform to report on illegal mining and other issues. The committee is responsible for collecting online complaints, analyzing them and sharing documents with the Internal Audit Directorate for further investigation and processing. A complaint form was published on the Ministry website in three languages (*Pashto, Dari and English*).

In accordance with the Access to Information Act, the Ministry also established the access to information committee to allow people to request and receive public documents. This committee serves as a crucial tool to fight corruption, enable people to fully participate in Government decision-making, make the Ministry's activities more efficient, encourage investment, and help people exercise their fundamental rights of freedom of speech and access to information. The Ministry has also developed a comprehensive communications strategy.

To provide firsthand information to the public, in 2018 the Ministry's leadership held 30 press conferences at GMIC. In relation to public awareness on TAPI Project, three radio announcements were produced and broadcasted in the three provinces located along the TAPI project. In addition, 20 public awareness short video clips on MoMP's activities were produced and published.

## DONOR RELATIONS

The donor community has supported the Ministry throughout the years despite the Ministry's structural issues. Projects funded by the development partners, such as World Bank (WB), Gesellschaft für Internationale Zusammenarbeit (GIZ), Department for International Development (DFID), United States Agency for International Development (USAID) and Asian Development Bank (ADB), prioritized capacity building to ensure the Ministry continues its routine work in the light of a leadership deficit.

In April 2017, the Ministry decided to align and coordinate donor support to be results-oriented. The first step in this reorientation strategy was the establishment of the Donor's Coordination Unit as the main interlocutor for donors to engage with the Ministry. To ensure efficiency in its relations with donors, the Ministry created donors' and projects' profiles and created a donor mapping matrix.

In terms of governance mechanisms, requests for specific support from the Ministry are routed through this directorate. Similarly, the directorate

coordinates donor requests for information and updates. Technical support offered by agencies such as the United States Geological Survey (*USGS*), the CLDP, partnerships with international universities and international non-governmental organizations are based on the requirements identified by committee members, including representatives of all concerned directorates, for any specific project. This approach allows the Ministry to align donor support to the needs and objectives identified by the Ministry. Finally, unifying the communication and coordination channel helps the Ministry avoid duplication of efforts and resources.

In 2017, the Ministry initiated discussions with various donors including the European Union (*EU*), USAID, GIZ, and WB for future project-based supports. In March 2018, the Ministry signed a letter of intent with the USGS to collaborate on geological data collection and management, and in collaboration with USAID, the CLDP program was launched. With the World Bank's cooperation, the Project Preparation Grant (*PPG*) was initiated in 2017 that comprises 3 components: Preservation of Archeology at Mes Aynak Archeological Site; Providing technical and operational assistance to AEITI; and Supporting the extractive industries' development. The PPG project is in the end-phase and the Ministry of Mines and Petroleum is able to capitalize on project spending and deliverables. As the PPG is coming to an end, the Afghanistan Extractive for Development (AE4D) project is initiated.

#### PRIVATE SECTOR & CIVIL SOCIETY

In 2017, the Ministry actively sought to improve its engagement with the private sector and civil society, given they are key to develop a transparent, accountable and professional extractives industry. As an example of the improved collaboration between the Ministry and the private sector, in May 2017 the Ministry and the Afghanistan Chamber of Commerce and Industries hosted a conference on the role of the private sector in the development of the extractives sector, resulting in the draft of an action plan to address pressing concerns. In 2017, the Ministry established a committee to

address complaints presented by companies in relation to their contracts, payment of taxes or non-responsiveness of the Ministry. Since the establishment of the committee, the Ministry has received and reviewed 60 complaints. In addition, the Ministry hosts regular coordination meetings with civil society actors, which has allowed the Ministry to capitalize on the wealth of knowledge and research undertaken by civil society organizations in Afghanistan that focus on extractive industries.

In November 2017, the Ministry signed a memorandum of understanding with the Salah Consortium, representing seven Non-Governmental Organizations (*NGO*) with the aim of broadening and deepening civil society's engagement with the Ministry. The Ministry signed similar agreements with the Human Rights Research and Advocacy Consortium and Integrity Watch Afghanistan.

The Ministry engaged with CSOs and the private sector, especially during the development of its strategic documents such as new Mining law, mining regulations, ASM Formalization strategy and so forth.



**HRRAC has been working in close coordination with the MoMP since 2010 in the extractive sector. HRRAC conduct research-based advocacy to increase transparency and accountability in the sector and at the same time raise the awareness of people living around mines regarding social and environmental issues. The recent two years of achievements that MoMP made in close coordination with CSOs are incredible in a decade. Unlike before, the Ministry of Mines and Petroleum has recently increased and institutionalized its engagement with CSOs and Media. This approach of open governance and access to information has resulted in paving a way for greater transparency and accountability in the sector.**

— HRRAC

### INTER-GOVERNMENT COORDINATION

The Ministry actively engaged with its government counterparts to create a synergy for activities overlapping multiple ministries and/or other government entities. In that regard, in 2017, the Ministry drafted and signed memorandum of understanding with the Ministries of Economy, Public Works, Urban Development and Housing, Energy and Water, and Kabul Municipality for using domestically produced construction materials (*gravel, sand and construction stone*) in their construction projects.

In 2018, the Ministry established the Mines Protection Commission as a foundation for security coordination mechanism between MoMP and the security sector. The goal is to provide security for the mining sites, and detect and stop illegal mining and smuggling. To further strengthen this initiative, Mines Protection and Prevention of Illegal Mining Procedure was developed and an action plan for the commission was developed to clarify the rules and responsibilities of parties involved and take more practical actions in this regard.



**It is a reality that the extraction of mines will help to provide opportunities for economic, social and industrial development and creation of jobs for the existing and future generations and I personally believe in the future of the mines and economic benefits that could result from the extraction of mines.**

*Geology and Mining Student, Polytechnic University, Kabul*



## CONCLUSION

This report reflected the Ministry of Mines and Petroleum's achievements during 2017 and 2018. During the past two years the Ministry focused on (1) promoting good governance by developing a sound legal and regulatory framework for hydrocarbons and minerals, as well as bolstering institutions (2) improving geological data management (3) facilitating design and tendering of small-and large-scale mining projects (4) improving collaborative relationship with key stakeholders, including media, the private sector, international donor community and other government agencies. Our efforts resulted in remarkable increase in revenue from the mining activities, improved transparency and accountability, unprecedented success in budget execution, and overall an enabling environment for the private sector to invest.

The Ministry of Mines and Petroleum is committed to carrying forward its achievements to the proceeding years and translating its vision of an equitable and sustainable exploitation of Afghanistan's minerals for the economic prosperity of the country into a reality. For the year (2019) we will focus on: (1) completing the Ministry's legal reform agenda by finalizing the required regulations, procedures and guidelines, (2) awarding new mining projects - with more focus on marble, iron, construction materials, gemstones, cement, gold, copper, and talc, among others, (3) improving the Ministry's capacity to manage contracts and ensure contract compliance, (4) conducting geological surveys –especially in provinces where the communities are economically under-developed, and (5) corporatization of SOEs.

# Annex 1

TABLE 2: 38 new projects for investment

No.	Province	Commodity Name and Features	Project Location	Block	Average Thickness (m)	Area (km <sup>2</sup> )	Possible Deposit (Ton)
1	Maidan Wardak	Travertine white and creamy	Dasht Reza Shanbe Qol-e-khish Behsood	A	23	0.837	26,460,381
2		Travertine white and creamy	Kakhana qol-e-khish	B	502	1.322	18,013,648
3		Travertine white and creamy	Qol-e-khish	C	14.1	0.592071	14,103,679.8
4		Travertine white and creamy	Sabzab Qol-e-khish	D	10.27	0.452902	11,519,595.26
5	Ghazni	Travertine white and creamy	Koraleh Nahoor	A	14.1	0.543	127,605,900
6		White marble	Koraleh Nahoor	B	30.6	0.162	33,548,588
7	Bamyan	Travertine white and creamy	Kholankash Markaz	A	7	0.456	579,855
8	Parwan	Travertine white and creamy	Dastarzan Sorkhparsa	A	15	0.08	2,035,040
9		Travertine white and creamy	Meyankho Sorkhparsa	A	5.5	0.089	1,426,460
10		Gray marble	Qalatak of Salang	A	250	0.0261	1,696,500
11		White and gray marble	Jafarak of Salang	B	250	0.0279	1696500
12		Marble silver color	Ahangran of Salang	C	270	0.0351	24,640,200
13		Marble silver color	Kaftarkhana of Shikhali	A	32.7	1.0584	605,691,580.4
14		Marble silver color	Kaftarkhana of Shikhali	B	15.15	0.071635	271,317.65
15	Kapisa	Marble white	Rigrishan hisa awal kohistan	-	120	0.407	132,024,816
16		Marble (Silver and red)	Khom zargar hisa dowom	-	122	0.335	110,283,120
17		Marble (Silver and red)	Pol-e-mogholan	-	93.3	0.696	175,329,360
18		Marble (Silver and Striated)	Rig rawan	-	140	31.177	1,199,545,200
19		Marble (White and Silver)	Sang boride Markaz	-	72	0.362	70,426,260
20		Talc (Quality 90.61%)	Hasht Raga Nijrab	-	3.1	1.2	434,311.2
21	Herat	White Marble	Shotorwan, Chinar Darwish and Bisha	B-C-D	25	4595	31,360,875
22		White Marble	Tarsolh of Zindajan	A	25	0.636	43,543,500
23		White Marble	Jar Zamistan Tagab Ghaza	B	25	0.789	53,849,250
24		White Marble	Jar Zamistan	I	25	1.722	117,526,500
25	Nangarhar	Talc	Achin Distract	-	-	171.94	-
26		Marble	Shiwa and Hoky Dist	-	-	-	-
27	Daikundi	Marble (White and Silver)	Mesh Sufla	1	92.5	0.4919	113,761,865
28		Marble (White and Silver)	Mesh Sufla	2	151	0.4331	163,539,621.8
29		Marble (White and Silver)	Mesh Sufla	3	41	0.0732	1,268,089
30		Marble (Silver and Striated)	Mesh Sufla	4	111.5	0.7029	195,956,208.8
31	Kabul	Marble (green, white ....)	Deyak, Dara sabz, Shakar darra, Anjir Kaf and Qara Doshman of Qasaba Mountine	-	50	0.2769	59,756,580
32		Ruby	Jegdalak	-	-	-	-
33	Baghlan	Gypsum, Kaolin, Bauxite	Tala and Barfak	-	-	-	-
34		3rd phase of Ghoricement	Pul-e Khomri	-	-	-	-
35	Kunar	Marble	Noorgul	-	118	14.3	4,144,125,847
36	Panjshir	Emerald	Khenj	Eastern	-	-	0.130954
				West	-	-	0.342488
37	Badakhshan	Lapis Lazuli	Sarsang	-	-	-	1300
38	Kandahar	Cement	Shorandam	-	-	12	827,975,680

**TABLE 3: List of Current Projects Under Process (started in 2018)**

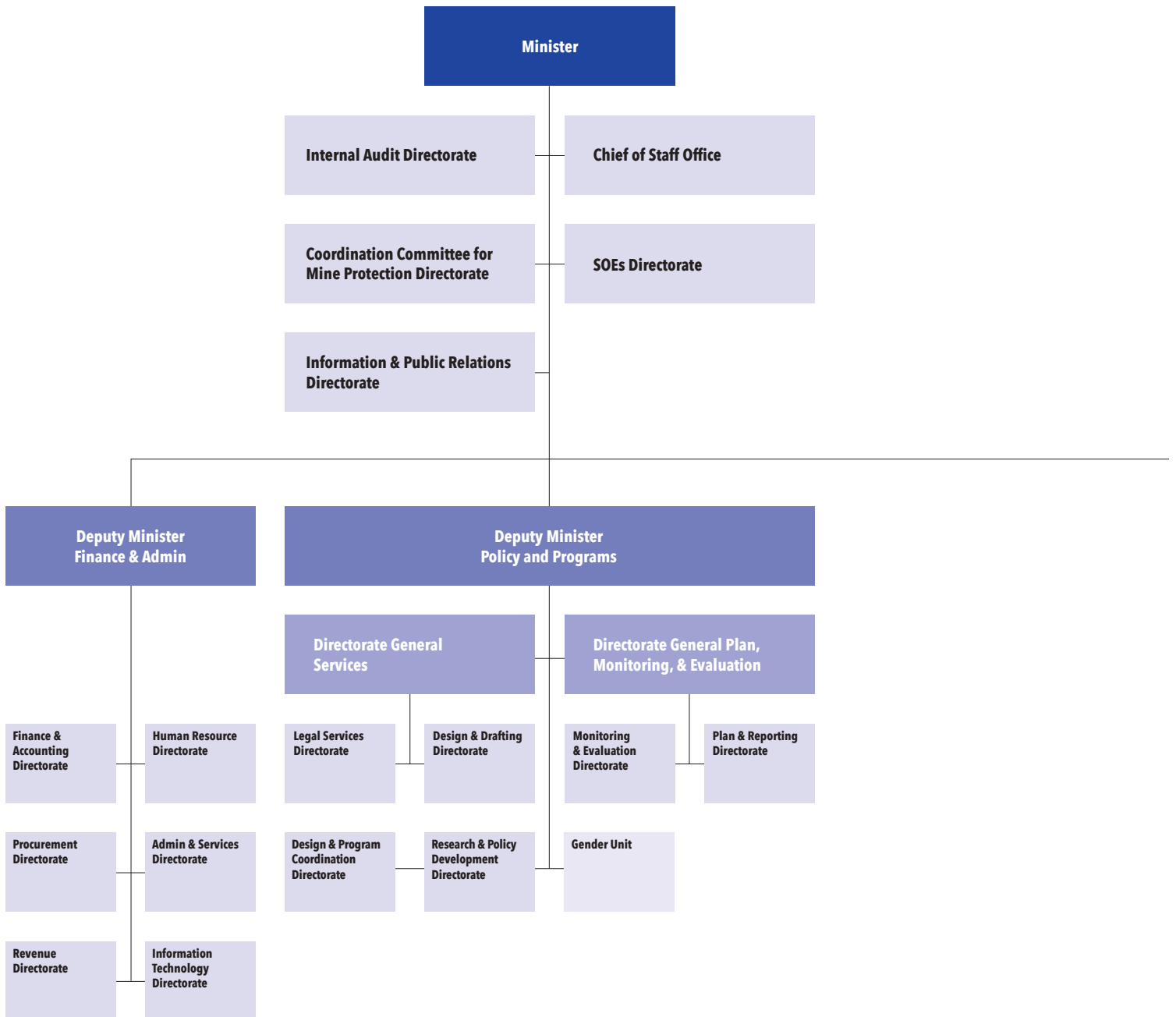
No.	Project	Announcement Date	Current Status	Expected Date of Awarding Contract
1	<b>Nangarhar Talc</b>	17, April 2018	The preferred and reserved bidders are identified by the evaluation committee. The evaluation report is sent to HEC on 3rd February, 2019 for approval.	Q2- 2019
2	<b>Jabol Seraj Cement</b>	9, June 2018	Evaluation of proposal is going on.	Q2- 2019
3	<b>Samangan Cement</b>	17, April 2018	Preferred bidder has been identified, MoMP is going to begin the negotiation process soon.	Q2- 2019
4	<b>Herat Cement</b>	17, April 2018	Evaluation is completed. The Company has not been qualified. MoMP will share the result of evaluation with HEC. Upon receipt of HEC approval the project will be re- announced.	Q-1 2020
5	<b>Kandahar Cement</b>	2, September 2018	Evaluation of EOIs is completed and out of the two companies none of them met the shortlisting criteria and the project is considered to be re-tendered.	Q1- 2020
6	<b>Nangarhar- Kunar Marble</b>	20, June 2018	MoMP will begin the evaluation of Proposal soon.	Q3- 2019
7	<b>Ghazni Travertine</b>	20, June 2018	MoMP will begin the evaluation of Proposal soon.	Q3- 2019
8	<b>Parwan - Lolanj travertine</b>	9, August 2018	MoMP will begin the evaluation of Proposal soon.	Q3- 2019

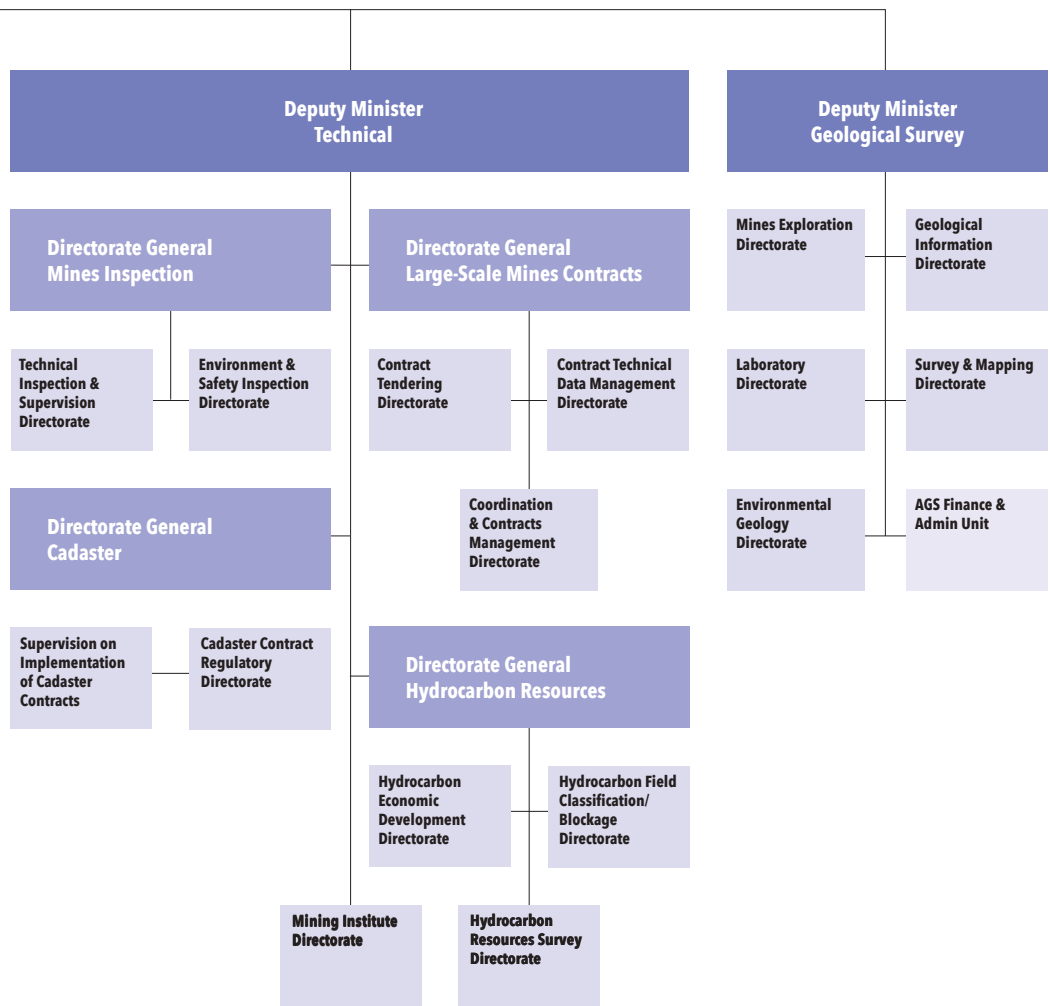
**TABLE 4: List of Current Projects Under Process (started before 2018)**

No.	Project	Current Status
1	<b>Afghan Tajik Exploration and Production Sharing Contract</b>	The Consortium has started the Parameter Testing of lines for the Seismic Operations, and AGS has acquired 29.44 km data in Mazar-e-Sharif block.
2	<b>Shaida Copper Mine</b>	The company submitted the Baseline Environmental and Social Impact Assessments to the Ministry. The Company has submitted the Proposed Exploration Activity Plan on March 12, 2019. Committee has been assign to evaluate the Exploration activity Plan.
3	<b>Badakhshan Gold Mine and Balkhab Copper Mine</b>	Based on H.E. President approval, MoMP has grant extension of time as follows; To April 30, 2019 to provide the performance bound, and June 30, 2019 to perform the preliminary obligations under clause 5.1 of the contract.
4	<b>Zarkashan Gold and Copper Mine</b>	Based on a letter dated 23rd February 2019 received from HEC administration office, MoMP is required to send the issue of cancelation to NPA in order to be evaluated and then to HEC for ratification. MoMP has prepared the report and sent it to NPC.
5	<b>Aynak Copper Contract</b>	The Ministry, with the assistance of international technical and financial experts, reviewed the proposed amendments and draft of the feasibility report. The Ministry prepared and presented a comprehensive report and negotiation strategy to H.E. President and sought approval for resumption of negotiations. The Ministry officially resumed negotiations with the contractor in Sept-2018 as per the strategy- the first round of the negotiations with a legal agenda was successfully conducted. Further rounds for technical and financial negotiations will be conducted soon. The Ministry set the deadline for completing the negotiations and reaching an agreement for March 2019. Also, the Ministry has held several meetings with the Ministry of Information and Culture, Land Authority, National Environmental Protection Agency, World Bank, UNESCO and other relevant entities to expedite the process of settling the outstanding issues.
6	<b>Amu Darya Exploration and Production Sharing Contract</b>	DLA PIPER sent a letter on March 7, 2019 to Watan Group in which it sought further information and clarifications regarding its Proposal and required Watan Group to provide its response within 14 working days, no later than March 27, 2019. Watan group has submitted their revised documents.
7	<b>Totimaidan Exploration and Production Sharing Contract</b>	The Ministry sent a letter to AOGRA regarding the retendering of the Totimaidan Block. The Ministry has requested AOGRA to provide further details of the Totimaidan Block.
8	<b>Ghori Cement Factory and Karkar-DoodKash/Ahan Dara - Khord Dara Coal Mines</b>	MoMP is working on preparation of tendering material based on 2018 Minerals Law for retendering Ghori 3. MoMP is working on preparation of an MoU in order to handover Ghori 1 and Ghori 2 to PPP office of the President.

# Ministry's New Structure

2018





# Acronyms & Abbreviations

<b>ADB</b>	Asian Development Bank
<b>AEITI</b>	Afghanistan Extractive Industries Transparency Initiative
<b>AFN</b>	Afghani currency
<b>AGE</b>	Afghan Gas Enterprise
<b>AGS</b>	Afghanistan Geological Survey
<b>AOGRA</b>	Afghanistan Oil and Gas Regulatory Authority
<b>APA</b>	Afghanistan Petroleum Authority
<b>APPF</b>	Afghan Public Protection Force
<b>ASM</b>	Artisanal and Small-scale Mining
<b>CBR</b>	Capacity Building for Results
<b>EI</b>	Extractive Industry
<b>EITI</b>	Extractive Industries Transparency Initiative
<b>EU</b>	European Union
<b>GIS</b>	Geographic Information System
<b>GIZ</b>	Gesellschaft für Internationale Zusammenarbeit
<b>HEC</b>	High Economic Council
<b>HRRAC</b>	Human Rights Research and Advocacy Consortium
<b>IARCSC</b>	Independent Administrative Reform and Civil Service Commission
<b>ICT</b>	Information Communication Technology
<b>IPP</b>	Independent Power Plant
<b>ISA</b>	International Standards on Auditing
<b>LoI</b>	Letter of Interest
<b>MCAS</b>	Mining Cadastre Administration System
<b>MoU</b>	Memorandum of Understanding
<b>NCE</b>	Northern Coal Enterprise
<b>NGO</b>	Non-Governmental Organisation
<b>NOC</b>	Network Operation Centre
<b>NPA</b>	National Procurement Authority
<b>NPP</b>	National Priority Programme
<b>NTRS</b>	Non-Tax Revenue System
<b>PPG/AE4D</b>	Projects Preparation Grant/Afghanistan Extractives for Development
<b>PSU</b>	Project Support Unit
<b>RFP</b>	Request for Proposal
<b>SOE</b>	State Owned Enterprises
<b>TAPI</b>	Turkmenistan-Afghanistan-Pakistan-India (pipeline project)
<b>USAID</b>	United States Agency for International Development
<b>USGS</b>	United States Geological Survey



# Annual Report

2017-2018

**The year 2017 should be noted as the year of 'setting the foundation for the right start'.**

The Ministry, in consultation with key stakeholders, developed two documents that outline the Government of Afghanistan's vision for the extractives sector and the way forward: The Roadmap and the Reform Strategy. Both documents reflect the Ministry's plans and strategies to achieve its vision for the sector.