The mining sector in Afghanistan has the potential to generate major government revenue for the country and is recognised as a valuable source to develop the national economy.

Implementing the EITI Standard will ensure transparency and bring significant benefits to public financial management, improve the investment environment and manage the potential risk of conflict due to dissatisfaction over sharing the wealth between the Government and resource owners. Afghanistan’s natural resources should benefit all Afghans through tax revenue, infra-structure development and employment.

In countries implementing the EITI standard, companies are required to publish what they pay to governments and governments are required to publish what they receive from companies. These figures are then reconciled by an Independent Advertisement. The process is overseen by a multi-stakeholder group in each country.

All facts and infographics statistics outlined in the fifth Afghanistan Extractive Industries Transparency Initiative which includes the 2014-2015 years.
Afghan Government

Private sector in the extractive industries of Afghanistan

Afghan civil society (NGOs and institutions active in the Afghan mines sector)

Multilateral Group (MGS)
- have 18 members
- The government has 6 members
  - (3 members of the Ministry of Mines, 2 members of the Ministry of Finance and 1 member Ministry of Commerce and Industry)
- Civil Society 6 members
- Private Sector 6 members

AEITI Secretariat
- This secretariat coordinates government efforts to meet the AEITI benchmarks and provides technical and administrative cooperation to the MSG Multilateral Group.

Independent Advertisement
- The agency is recruited in accordance with the AEITI standards by the Afghan government to prepare the AEITI report, which includes the integration of income figures for improving country’s progress in implementing EITI requirements and improvements made in the commercial sector.

People who benefit from the transparency of mines extraction
- Citizens of Afghanistan
- Government of Afghanistan
- Domestic and foreign investors
AEITI REPORTING PROCESS

Companies are required to disclose their payments to the government.

The government publishes revenues from companies.

Presentation of the draft report by the Independent Advertisement.

Review the draft report by the MSG Multidisciplinary Group and present comments.

MSG meeting on the correctness and completeness of the report.

Finalizing the report by the AEITI Multilateral Group.
Better opportunities for Extractive industry of domestic and foreign investors

Creating sustainable development

Allocating extractive industries to economic infrastructure that involves continuous development.

Increase of revenues for the Afghan government

Good Governance

Transparency guarantee

Inhibition of corruption

BENEFITS OF PUBLISHING THE AEITI REPORT

The publication of AEITI reports will provide transparency in the Mining sector.

Report Publication for Public Awareness
Five percent of the state revenue collection from each mine is allocated to the development of local communities to any province where the mine is located.

All natural Resources are exclusive property of the Afghan State.

MINERAL RESOURCES AVAILABLE IN AFGHANISTAN

These are hydrocarbon resources, metals, industrial metals, precious and semi-precious stones, elements of silver and construction materials.

According to the 2010 survey of United States of America (USGS) Geology Authority the value of Afghanistan’s natural resources estimates to be between $1 to 3 trillion USD.

Estimated value of Afghanistan’s mineral resources
In addition to the points shown in the map, there are natural resources in hundreds of other parts of Afghanistan that there is still insufficient information about it.
Afghanistan’s mineral resources include Precious metals, Rare elements, Coal, gemstones, Copper and Iron ore, as well as Industrial minerals. These resources are largely undeveloped.

Estimated digits measured by the United States of America (USGS) and Afghanistan (AFG) Geological Survey.

- **Precious Metals**
- **Rare Elements**
- **Coal, Gemstones**
- **Gemstones**
- **Copper**
- **Iron ore**
- **Industrial minerals**

**Natural Gas Liquids**: 0.8 billion metric tons
**Gas**: 0.4 trillion cubic meters
**Crude Oil**: 0.2 billion metric tons
### MINERAL INDUSTRY EXTRACTED

<table>
<thead>
<tr>
<th>Material</th>
<th>Type</th>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal, bituminous</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gypsum</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marble</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Petroleum</td>
<td>gallon barrels</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chromite</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td>gross million cubic meters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td>marketed million cubic meters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lime</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nitrogen</td>
<td>gross million cubic meters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salt, rock</td>
<td>Metric ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
MINERAL RESOURCES EXPLORATION AND EXTRACTION STAGE

The license for exploration is valid for 3 years after being registered with the Mines Registry Office and can be extended for 2 periods.

The maximum period of validity of the mining permit is 25 years.

Licenses issued to extractive companies

- Specialty license
- Exploration License
- Exploitation License
- Small Scale Mining License
- Artisanal Mining License

Persons who cannot extract mines

- High ranking state officials
- Magistrates
- Members of the Armed Forces
- Police and the Security services
- Government employees
- Members of the Parliaments

GOVERNMENT OWNED ENTERPRISES

Afghan Gas Enterprise

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.3 Million</td>
<td>1 Million</td>
</tr>
</tbody>
</table>

Northern Coal Enterprise

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>2.3 Million</td>
<td>2.1 Million</td>
</tr>
</tbody>
</table>
Large Mines contracts are for 25 years.  
Small Mines contracts are for 10 years.

According to the 2010 regulation, tenders and bids for mines contracts will be published in the Ministry of Mines and Petroleum website, national and international media both in national and English languages.

The new mining law was signed by the President in August 2014 to improve this sector’s management and investor confidence building.

The Mines Act of 2014 states that no one can perform mining activities unless it has been licensed by the Ministry of Mines and Petroleum.
Copies of documentation associated with the Aynak Copper contract

Copies of documentation associated with Amu Darya, Sanduqli and Mazar-e-Sharif Hydrocarbons contracts

<table>
<thead>
<tr>
<th>Contract</th>
<th>Signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Anyak Copper contract</td>
<td>April, 2008</td>
</tr>
<tr>
<td>5. Water Supply Agreement</td>
<td>February, 2009</td>
</tr>
</tbody>
</table>

FINANCIAL REGULATIONS

1. Holders of mining rights must file their financial statements in accordance with the Afghan Tax Code and other relevant laws or in accordance with the International Accounting Standards issued by the (IAS) Board.

2. The Ministry of Finance is the only competent authority to collect tax and customs revenues.

The Ministry of Mines and Petroleum can collect non-financial revenues from natural resources.

The royalty rate is debatable.

3. Contractors are required to pay royalties for gas production in accordance with the laws and regulations.
MINE REVENUES FOR AEITI REPORTS

Ministry of Finance - Revenue
Ministry of Finance - Customs
Ministry of Mines and Petroleum
Government owned enterprises

Transport revenues

Government entities included reports

1. Ministry of Finance - Revenue
   - Large Taxpayers Chairmanship
   - Medium Taxpayers Chairmanship
   - Small Taxpayers Chairmanship
2. Ministry of Finance - Customs
3. Ministry of Finance - SOE department
   - Revenue Chairmanship
   - Cadastre Chairmanship
   - SOE department
PRIVATE SECTOR REPORTING FOR AEITI

Extractive companies include the fifth report

1. Afghan Gas Enterprise
2. Northern Coal Enterprise
3. CNPCW-Watan Oil & Gas Afghanistan Ltd
4. Amin Karimzai Enterprise
5. Belal Mosazai Enterprise
6. Khushak Brothers Enterprise (Herat)
7. Misaque Sharq Enterprise
8. Lajawardin Enterprise
9. Hashimy Group Enterprise
10. Shamsheer Zameer Enterprise
11. Technologist Enterprise
12. Afghan Coal Enterprise
13. MCC Aynak Mineral Enterprise
14. Dragon Oil Enterprise
15. Dragon Oil Enterprise (Mazar-e-Sharif)
16. Marajuding Shams Enterprise
17. Turkish Petroleum Enterprise
18. AIC (Cement Ghory) Enterprise
19. Pareem Khurasan Enterprise
20. Ayyzen Central Mining Services Enterprise
21. Mohammad Faisal Enterprise
22. Afghan Investment Enterprise
23. Amaniya Mining Enterprise
24. Humayon Enterprise
25. Shair Parwan Enterprise
26. Mahmand Shamal Enterprise
27. Wistco International Enterprise
28. West Land General Trading (Norabah)

Non reporting companies

No Contact details
1. Mohammad Faisal Enterprise
2. Lajawardin Enterprise
3. Ayyzen Central Mining Services Enterprise
4. Mahmand Shamal Enterprise

Companies not Report
1. Shamsheer Zameer Enterprise
2. Turkish Petroleum Enterprise
3. Dragon Oil Enterprise (Mazar-e-Sharif)
4. Dragon Oil Sanduqli Enterprise
### Government receipts

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Finance</td>
<td>117.5</td>
<td>280.20</td>
<td>157.70</td>
<td>122.10</td>
</tr>
<tr>
<td>Ministry of Finance - Customs</td>
<td>9.10</td>
<td>4.80</td>
<td>1.40</td>
<td>5.20</td>
</tr>
<tr>
<td>Ministry of Finance - SOE department</td>
<td>1,247.70</td>
<td>383.10</td>
<td>804.80</td>
<td>2,099.50</td>
</tr>
<tr>
<td>Ministry of Mines and Petroleum</td>
<td>2,567.40</td>
<td>581.30</td>
<td>856.80</td>
<td>563.20</td>
</tr>
<tr>
<td>Total in Afghani</td>
<td>3,941.70 Million</td>
<td>1,249.40 Million</td>
<td>1,820.50 Million</td>
<td>2,810.00 Million</td>
</tr>
<tr>
<td>Total in Dollar</td>
<td>59 Million</td>
<td>18.5 Million</td>
<td>27 Million</td>
<td>42 Million</td>
</tr>
</tbody>
</table>

#### BENEFICIAL OWNERSHIP

According to the EITI criteria for 2016, companies that participate in bidding operations and extractive investment in Afghanistan are required to disclose their main Owners.

To this end, the Multilateral Group of MSG has set out a map to be implementing by 2020, .Afghanistan
We recommend that government departments and authorities establish a proper process and system for the physical records of the documents and files, and provide training to their employees in connection with the importance of maintaining these systems. The assistance of professional people should be taken into consideration so that their experience and performance in other countries can be practiced.

We observed that progress has been made regarding some of the recommendations for setting up the Ministry of Finance and reconciliation between the Ministry of Finance and the Ministry of Mines and Petroleum, however, there is insufficient progress to avoid repeating the recommendations of the fourth report.

We recommend that the responsibility of all taxpayers of large mining, oil and gas extractors be transferred to the Ministry of Finance’s Large Taxpayers’ Office. The Ministry will ensure that it has all the details of the records and transactions of the companies concerned.

We recommend that the Office of Large Taxpayers of Ministry of Finance, and the Ministry of Mines and Petroleum arrange and maintain a list of all major mining companies, oil and gas companies, so that each ministry have a combination list of companies, licenses, and tax identification number (TIN) of each Taxpayer.

We recommend that the computerized systems of computing information for the Ministry of Mines and Petroleum and Customs Department of the Ministry of Finance be identified and bearing in mind the responsibility of the above points, after approval by the competent authorities of each ministry, by providing continuous and appropriate training for the staff, be implemented.

The multilateral group should transfer these recommendations through the Ministry of Finance, the Extractive Industries Transparency Initiative to the Government, and pursue the response and progress of the government to report to the next Reporting Meeting of the Extractive Industries Transparency Initiative.
Fifth (5) Reconciliation Report Infographic
The Extractive Industries Transparency Initiative (AEITI)

feedback@aeiti.af
www.aeiti.af
facebook.com/AEITI
afghanistanEITI

Design and Illustration: Suhail Mayel
suhail.mayel@gmail.com
+93 (0) 775 008 132

Implemented by: GIZ
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH