

# Fifth

## Reconciliation Report

### Infographic



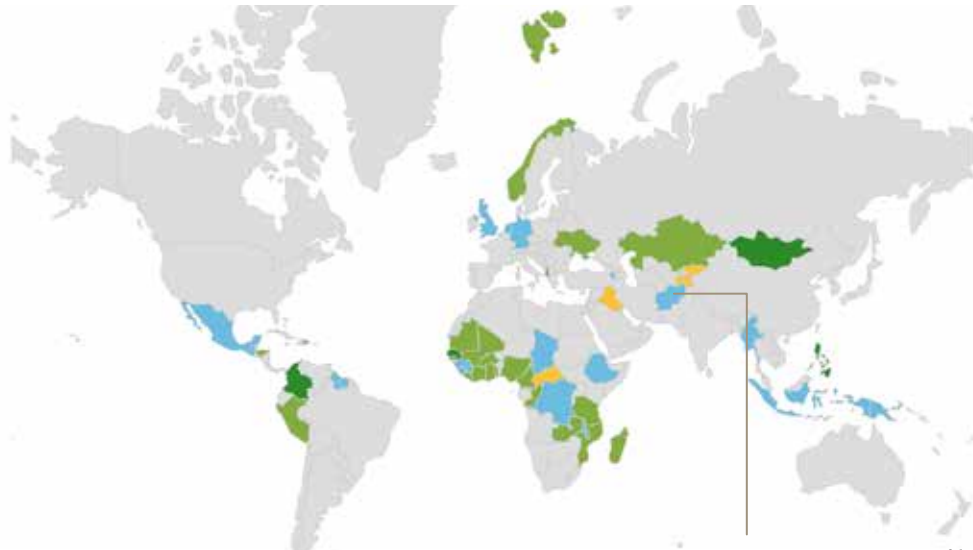
## AFGHANISTAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE ( AEITI )

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 Advertiser. The process is overseen by a multi-stakeholder group in each country.

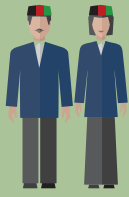
# EITI



**AEITI** Afghanistan Extractive Industries Transparency Initiative  
د افغانستان د استخراجی صنایعو د شفافیت نوښت

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

## LEGEND

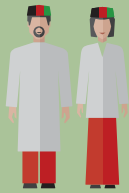


Afghan Government

1



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

2



### 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

3



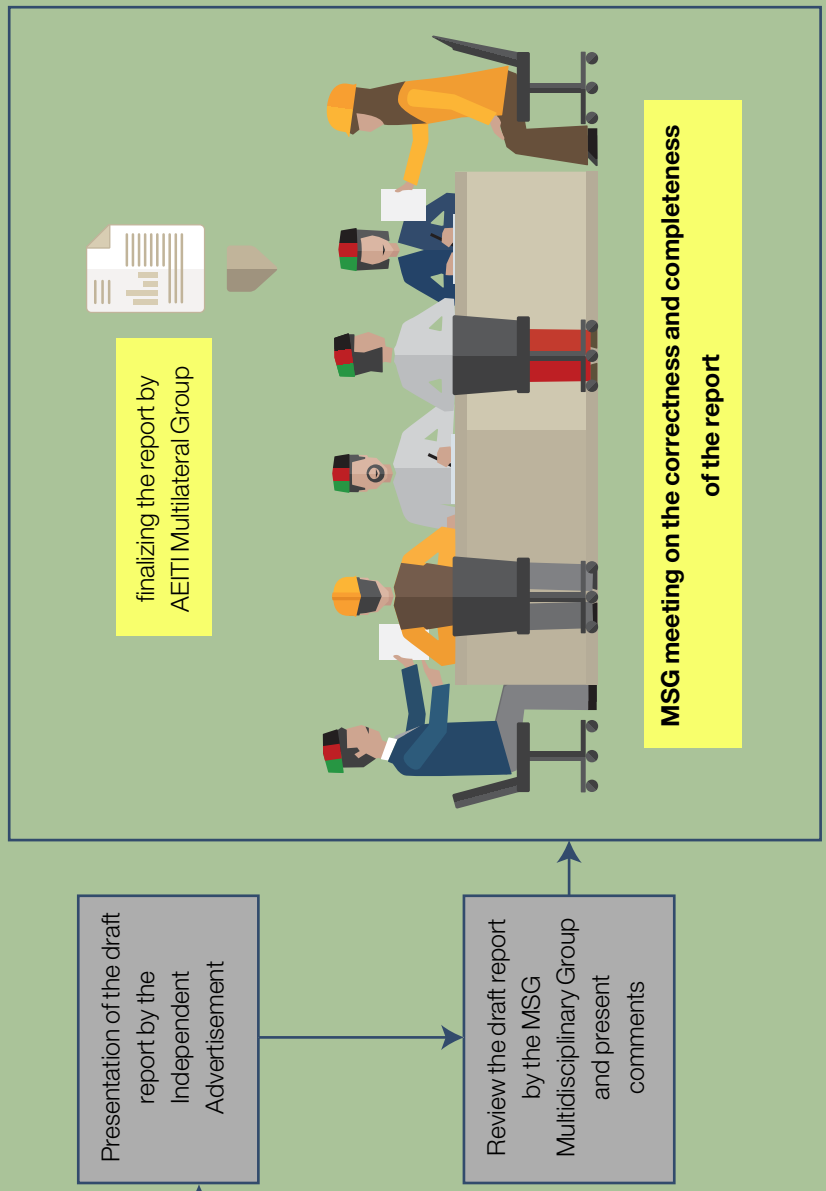
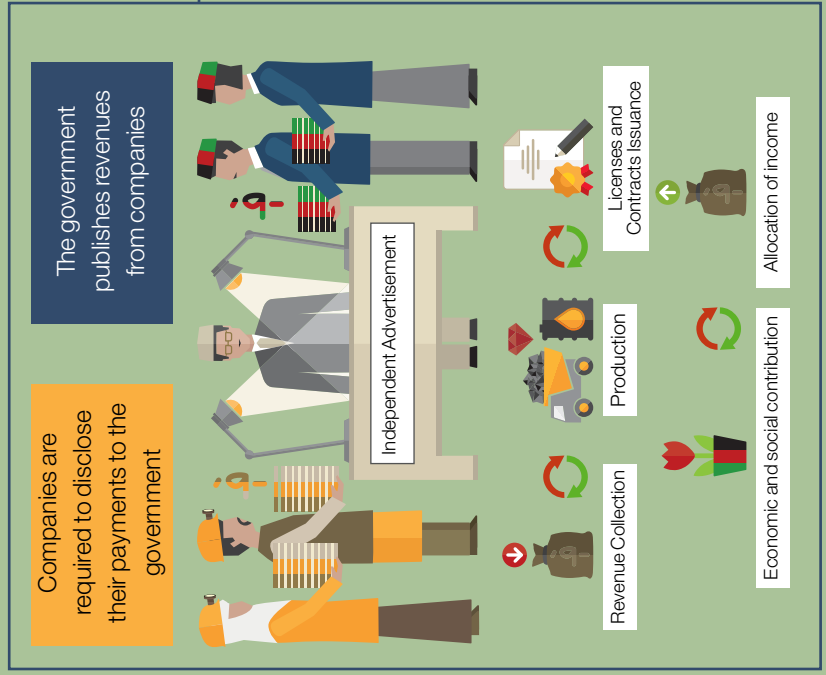
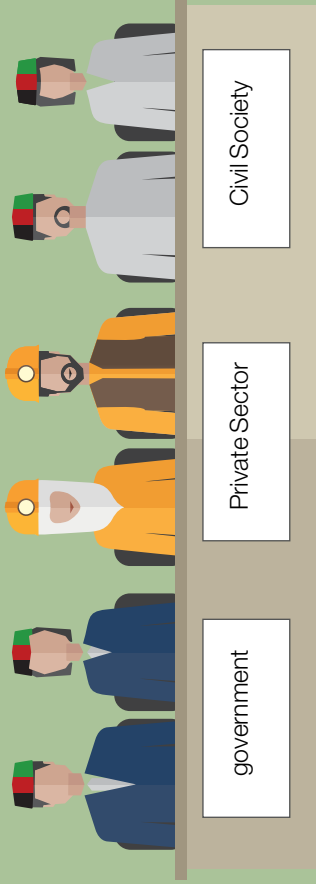
Government of Afghanistan



Domestic and foreign investors

# AEITI REPORTING PROCESS

## Multilateral Group (MGS)





Report Publication for  
Public Awareness



## BENEFITS OF PUBLISHING THE AEITI REPORT

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

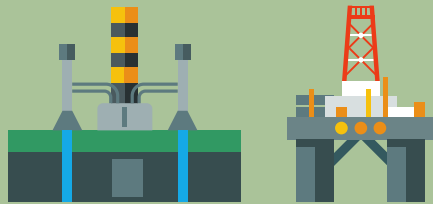
### Good Governance



Transparency  
guarantee

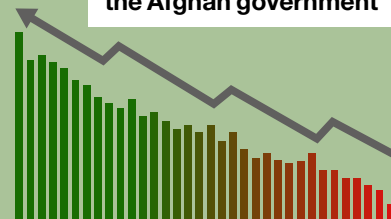


Inhibition of  
corruption



Allocating extractive industries to economic infrastruc-  
ture that involves continuous development.

### Increase of revenues for the Afghan government



Creating sustainable  
development



Better opportunities  
for Extractive industry  
of domestic and  
foreign investors

# MINERAL RESOURCES AVAILABLE IN AFGHANISTAN

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



Minerals and Metals



Gemstones



Oil



Gas



Coal



Chromium



Iron



Emeralds



Copper



Lapis lazuli



Gold



Barite



Lithium



Lead



Aluminium



Graphite



Fluorite



Pegmatite



Mica



Marble



Magnesium



Magnesite



Tin



Silver



Salt



Sulphur



Rubies



Talc



Sand Gravel

All natural Resources are exclusive property of the Afghan State

## Industrial Mining

## Rare resources



Other Metals



Rare Earth Elements



Radioactive Minerals

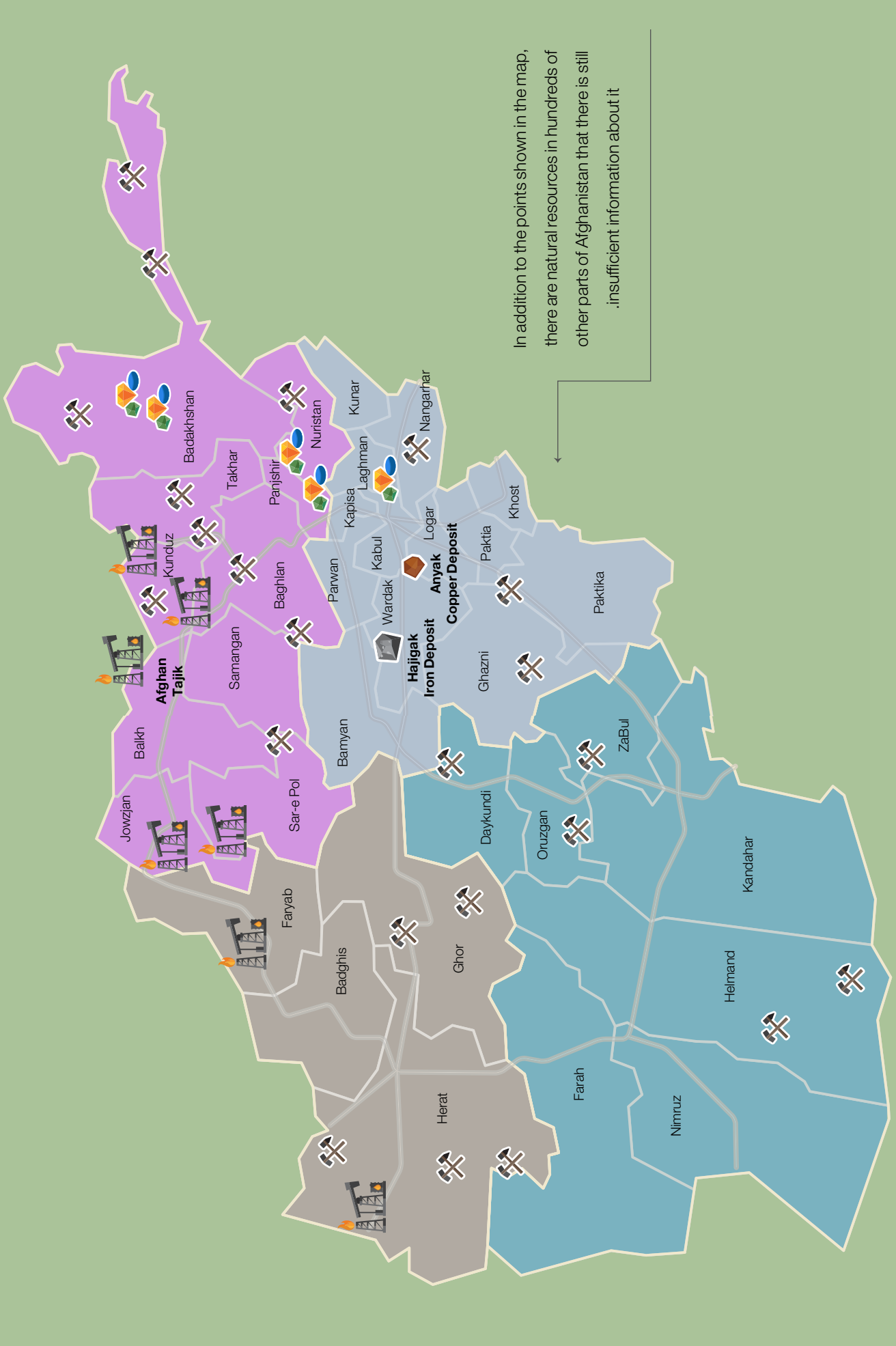


**Estimated value of Afghanistan's mineral resources**

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.

**5%**

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.



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

## MINERAL RESOURCES OF AFGHANISTAN

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.



Precious Metals



Rare Elements



Coal, Gemstones



Gemstones



Copper



Iron ore



Industrial minerals

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



Crude Oil

0.2 billion metric tons



Gas

0.4 trillion cubic meters



Natural Gas Liquids

0.8 billion metric tons



# MINERAL INDUSTRY EXTRACTED



**Cement**  
Metric ton

2013	2012	2011	2010	2009
40,000	37,000	38,000	36,000	32,000



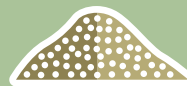
**Chromite**  
Metric ton

2013	2012	2011	2010	2009
6,000	6,000	6,000	6	7,000



**Coal, bituminous**  
Metric ton

2013	2012	2011	2010	2009
936,000	780,000	750,000	275,000	500,000



**Fertilizer**  
Metric ton

2013	2012	2011	2010	2009
242,000	250,000	272,000		



**Gas**  
gross million cubic meters

2013	2012	2011	2010	2009
160	161	142	142	142



**Gas**  
marketed million cubic meters

2013	2012	2011	2010	2009
141	145	142	140	140



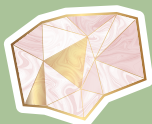
**Gypsum**  
Metric ton

2013	2012	2011	2010	2009
57,000	57,000	62,000	63,000	46,000



**Lime**  
Metric ton

2013	2012	2011	2010	2009
130,000	130,000	128,000	128,000	128,000



**Marble**  
Metric ton

2013	2012	2011	2010	2009
67,000	45,000	29,000	29,000	27,000



**Nitrogen**  
gross million cubic meters

2013	2012	2011	2010	2009
76,000	50,000	27,000	27,000	22,000



**Petroleum**  
gallon barrels

2013	2012	2011	2010	2009
68,000	80,000	64,000	64,000	164



**Salt, rock**  
Metric ton

2013	2012	2011	2010	2009
145,000	147,000	186,000	186,000	180,000

# 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

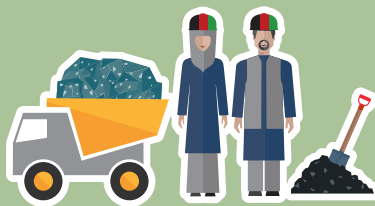
Specialty license
Exploration License
Exploitation License
Small Scale Mining License
Artisanal Mining License



## 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

2015	2014
1 Million	0.3 Million



## Northern Coal Enterprise

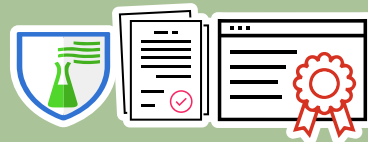
2015	2014
2.1 Million	2.3 Million

## THE PROCESS OF GRANTING PERMISSIONS



## BIDING OF MINING CONTRACTS

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

1	Anyak Copper contract	April, 2008
2	Mineral Agreement	June, 2009
3	Power Supply Agreement	February, 2009
4	Security Agreement	November, 2009
5	Water Supply Agreement	February, 2009
6	Railway Agreement	July, 2009

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

	Contract	Signed
1	MOM Amu Darya Process and Transparency Review	October 26, 2011
2	Sanduqli Block of Afghan-Tajik Basin	October 8, 2011
3	Mazar-e-sharif Block of Afghan-Tajik Basin	October 8, 2011

## 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

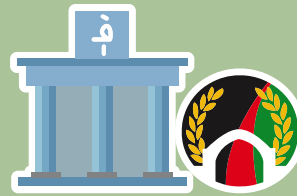
Contractors are required to pay royalties for gas production in accordance with the laws and regulations.



# MINE REVENUES FOR AEITI REPORTS



Ministry of Finance - Revenue



Ministry of Finance - Customs



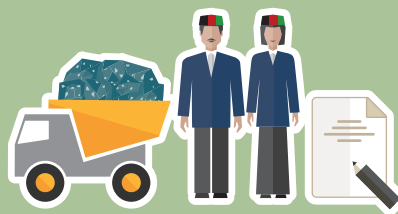
Ministry of Mines and Petroleum



Government owned enterprises



Transport revenues



## Government entities included reports

1	Ministry of Finance - Revenue	3	Ministry of Finance - SOE department
	Large Taxpayers Chairmanship	4	Ministry of Mines and Petroleum
	Medium Taxpayers Chairmanship		Revenue Chairmanship
	Small Taxpayers Chairmanship		Cadastre Chairmanship
2	Ministry of Finance - Customs		SOE department

# PRIVATE SECTOR REPORTING FOR AEITI



## Extractive companies include the fifth report

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



## Non reporting companies

### No Contact details

1	Mohammad Faisal Enterprise
2	Lajawardin Enterprise
3	Ayzeen 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

	2012	2013	2014	2015
Ministry of Finance	117.5	280.20	157.70	122.10
Ministry of Finance - Customs	9.10	4.80	1.40	5.20
Ministry of Finance - SOE department	1,247.70	383.10	804.60	2,099.50
Ministry of Mines and Petroleum	2,567.40	581.30	856.80	583.20
Total in Afghani	3,941.70 Million	1,249.40 Million	1,820.50 Million	2,810.00 Million
Total in Dollar	59 Million	18.5 Million	27 Million	42 Million

## 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

# AEITI REPORTING COMMENTS

## Significant recommendations of the Fourth Report

Keeping Records  
Financial Systems of Ministry of Mines and Petroleum  
Guarantee Government Reporting

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

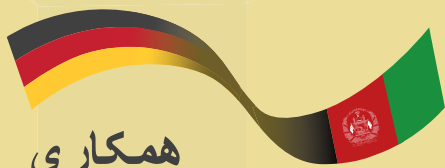


Design and Illustration: Suhail Mayel

suhail.mayel@gmail.com

+93 (0) 775 008 132

Implemented by : تطبيق کننده:



همکاری  
آلمان

DEUTSCHE ZUSAMMENARBEIT

**giz** Deutsche Gesellschaft  
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