

Islamic Republic Of Afghanistan
Ministry of Mines and Petroleum



SECOND DONOR COORDINATION MEETING

Progress and Challenges, 2017-2018

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MOMP Reform Strategy: Five Pillars

- 1. Institutional Reform and Development**
- 2. Geological Data Acquisition and Management**
- 3. Contract Management and Compliance**
- 4. Transparent and Accountable Governance**
- 5. Growth and Enabling Environment**

1. INSTITUTIONAL REFORM AND DEVELOPMENT

Then (2017) Situations:

- The MoMP **organizational structure (Tashkeel)** was not in line with the mandate of the Ministry
- **450 out of 2704 position** in the ministry were vacant and the ministry lacked **competent and qualified staff** in Tashkeel,
- **No executive units** existed to assist ministry to deliver on its mandate (R&D, donor coordination unit...)
- **Low ranking** civil servant officials were appointed as **acting directors** for most of the directorates
- The ministry lacked **E-governance system and data center**
- **SOEs** suffered from Organization **structure, and lack of capacity and e-governance systems**
- **The ministry's Public Relations** system with donors, civil society, and other ministries was too poor

1. INSTITUTIONAL REFORM AND DEVELOPMENT

- Developed a new **organizational structure (Tashkeel)** for MoMP
- 193 **competent Afghan consultant and experts** hired through NTA (50 downsized due to budgetary constrains)
- **Qualified consultant** appointed as **acting directors** to replace previous low ranking civil servant officials for almost all directorates
- **Executive units** established (R&D, donor coordination unit and large scale mines committee...)
- Eleven **directorate level positions** announced through CBR
- Devised **Women Empowerment Action Plan** (appointed Female Consultants in leadership positions)
- **Public relations** system with donors, civil society, and other ministries have been improved
 - ✓ Donor Coordination Unit
 - ✓ 3 MoUs signed with 3 civil society consortiums

INSTITUTIONAL REFORM AND DEVELOPMENT Cont...

- Established a **data center** for MoMP's data
- SOES Reform:
 - Developed PPP mechanism for **Kod e Barq** (Chemical Fertilizer and Power Enterprise) and got HEC's approval (after conducting an operational, management and financial assessment of the enterprise)
 - Introduced **Quick-books** software for the financial management of **Afghan Gas**;
 - Installed **Enterprise Resource Planning (ERP)** system and computerized scales systems for North Coal Enterprise
 - Introduced **monitoring system** for all SOEs for regular reporting
 - Conducted **capacity building training for SOEs staff on:**
 - ✓ Planning, reporting, administrative work, and filing system; and Quick-books and ERP

2. GEOLOGICAL DATA ACQUISITION AND MANAGEMENT

Then (2017) Situations of AGS:

- AGS lacked **qualified, and capable technical staff,**
- AGS lacked **digitized Geo-data Management System**
- AGS's **geodata are raw** (not validated and digitized)
- AGS Lacked **data management policies and procedures**

2. GEOLOGICAL DATA ACQUISITION AND MANAGEMENT

- **Letter of intent** signed with USGS funded by USAID to build the capacity, and geo-data management
- Signed a **letter of agreement** with USGS to seek their technical support
- Signed **MoU with Australia** for technical cooperation in geo science
- Cooperative agreement signed with **geological survey of Finland** (training in exploration and geological survey) with a fund of €1.2 m

GEOLOGICAL DATA ACQUISITION AND MANAGEMENT Cont...

- **Sent 19 teams (in 2017)** to provinces for surveying the priority commodities (marble, travertine, talc), and environmental and geo-hazard surveys
- **Collected 1,230** mineral and rock samples comprising of a wide variety of commodities in 12 areas of interest. This has resulted to a comprehensive geographical mapping of **174.5** square (KMs).
- **Sent 19 teams (in 2018)** to provinces for surveying the priority commodities (marble, travertine, talc), and environmental and geo-hazard surveys; and Qasaba Kabul, Radio Active radiation assessment,
- Drafted **Data Management Policies & Procedures** (geo data acquisition, data management, data classification, AGS computer use, and AGS data access)

3. CONTRACT MANAGEMENT AND COMPLIANCE

Then (2017) Situations:

- **Contract Management and Revenue** Collection System was **Manual**,
- **14 large scale** contracts and projects were **pending** (Ayank, Afghan Tajik, Amu Darya...)
- More than **30 companies** owed **ministry** of their payments,
- Ministry had not **awarded contracts** for the last 2-3 years
- **Model contracts** for consistent negotiation of the contracts/projects did not exist
- **Construction companies that implemented** government construction projects **did not pay royalty** (a lost revenue for MoMP)
- **Revenue** of MoMP was low

3. CONTRACT MANAGEMENT AND COMPLIANCE

- **Adopted and operationalized Digitized Cadastral System:** Mining Cadaster Administration System (**MCAS**), Non-tax Revenue System (**NTRS**), Transparency Portal
- **Established a digitized company profiling** (to register all mining companies within MoMP)
- **Reviewed 14 large scale** existing/pending contracts and projects (Next Presentation)
- **Started reviewing all current small to medium scale exploration and exploitation** (coals contracts, marble, talc, chromite and salt) **contracts**, for compliance purpose
- **Collected debts** from 14 contractors in the capital (**USD 4,666,550**) and 16 in provinces (**USD 100,000**)
- **Signed MoUs** with MoUDH, MoPW, MoEc, MRRD, MoEW and KM to collect construction materials royalty from their contractors

CONTRACT MANAGEMENT AND COMPLIANCE Cont...

- Selected **new projects** based on value chain studies (Cement, talc, marble, chromite, coal, and salt)
- **Developed Model contracts** for mining and hydrocarbons for consistent negotiations
- **Mining sector revenue increased by 70%** compare to 2016 (2017 Revenue 7.2 billion Afs vs. 2016 4.3 billion Afs)

Revenue Sources	2016	2017
	Actual Afs.	Actual Afs.
Central (MoMP)	986,156,215	2,219,477,206
Provincial	365,114,468	460,969,100
MoMP Enterprise (Gross)	2,919,921,099	4,568,494,794
TOTAL	4,271,191,782	7,248,941,052

Source: MoF records, mostafiats, and MoMP Finance Dept.

4. TRANSPARENT AND ACCOUNTABLE GOVERNANCE

Then (2017) Situation:

- The Extractive Sector did not have a comprehensive **vision, strategy and policy framework**
- The Extractive Sector lacked **transparent and comprehensive Legal regime**
- There was no **Security Coordination Mechanism** to provide security to the mining sites
- **Illegal mining** existed in a extensive manner and remained undetected
- **Stakeholder were not properly engaged** and consulted
- The **vulnerability to corruption** of the MoMP was high

4. TRANSPARENT AND ACCOUNTABLE GOVERNANCE

- Devised and adopted **Roadmap** and **MoMP Reform Strategies**
- **Adopted new Hydrocarbon law (2017)**
- **Drafted new Minerals law (2018)**
- Prepared the initial outline of four mining **Regulations:** (mining bidding, financial, technical, and health and safety)
- **Anti-corruption plan developed** based on national anti-corruption strategy, and is being implemented
- Invited and supported **MEC** to conduct Ministry Vulnerability to Corruption Assessment (MVCA)

TRANSPARENT AND ACCOUNTABLE GOVERNANCE Cont...

- Implemented and complied with all **donors benchmarks** (U.S., EU, SMAF, EITI), except one that was beyond the capacity of MoMP (enactment of Mining Law)
- **Security Coordination Committee and Mechanism** (mine protection committee) with security entities has been established
- **1,200 illegal** mining cases on **300 mining sites** have been identified, and **33 illegal mining** stopped
- Continuously engaged with stakeholders,

5. GROWTH AND ENABLING ENVIRONMENT

Then (2017) Situations:

- **Value addition** within the country was not taken serious (export of raw minerals)
- Projects were chosen **without conducting value chain study** (to determine economic and social impact)
- **Stakeholders were not engaged** (Donors, community, Civil Society and private sector)
- **Investment promotion** function was ineffective

5. GROWTH AND ENABLING ENVIRONMENT

- Conducted **value chain studies** of priority commodities (marble, talc, coal, Cement, Salt, chromite completed and for iron, copper and gold are underway)
- Promoted **value addition** within the country
- **Promoted engagement** with all stakeholders:
 - ✓ Accessed membership of IGF,
 - ✓ Continuously meet with embassies, companies to promote enabling environment
- Met with newly appointed **Afghan commercial attaché** in foreign countries to better utilize exchange of information on markets
- MoMP **participated in PDAC (Canada) and MENA mining** (China) mining exhibition, USA (CLDP & Afghan-US Chamber of Commerce business match-making, Uzbekistan (2nd Tashkent International Oil & Gas Conference, Germany (Workshop), Saudi Arabia (ADB Annual Session), Turkey (Afghan-Tajik Project), Turkmenistan (TAPI Leadership Committee), UAE (Annual Mining Exhibition), India (Afghan-India Trade and Investment Expo), Tajikistan (Signing MoU), Indonesia (EITI BO Conference),

CHALLENGES

- **Lack of security** in mining site which impedes surveys and contract inspections activities of the Ministry
- **The security mechanism** is not fully functional yet
- **Lack of geological data** and access to up-to-date sectorial information
- Lack of **technical capacity (in country)** and **Limited professional scholarships** are given to extractives sector servants
- **Low number of CBR positions** for important permanent leadership positions within MoMP
- Lack of a comprehensive **legal regime and Policy Frameworks**

CHALLENGES Cont...

- **Social problems** in the mining sites caused by local community to pave the way for illegal mining (perpetuated by warlords)
- **Limited support from donors**; however, USGS and CLDP have promised support, MoMP has not received their full support - World Bank project has not been approved yet (WB's retroactive financing procurement plan just got approved).
- MoMP has good collaboration with MoF and donors: **high expectation and low support**
- **Lack of working space: MoMP has moved** to different locations twice since 2017 which changes the infrastructure (power, internet...) and has impacted the effectiveness of MoMP performance.



Thank you

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Q&A