

Islamic Republic of Afghanistan

Ministry of Mines

Directorate of Policy

Dimension Stones Policy

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Dimension Stones Policy

ACRONYMS

AGS	Afghanistan Geological Survey
MOCI	Ministry of Commerce and Industries
MOF	Ministry of Finance
MOM	Ministry of Mines
NEPA	National Environmental Protection Agency
MoLSAMD	Ministry of Labor Social affairs Martyrs and Disabled

1. Preamble

Afghanistan has some of the finest sources of Dimension Stones such as marble, granite and travertine and onyx. Due to uncompetitive royalty rates and export taxes, as well as using poor methods for extraction, cutting and polishing, almost all trade is being conducted outside a formal chain of custody. This has resulted in substantial losses in government revenue, employment opportunity and foreign exchange earnings. Formalization has the potential to generate significant development benefits for Afghanistan.

The quality and quantity of Afghan Dimension Stones deposits provides a comparative advantage which the industry can leverage to build a competitive advantage. For example the marble deposits in Chesht and Khogiani are of top quality white marble very similar to Carrara marble from Italy. Besides, the Onyx deposits in Helmand and Maymana are two of the few deposits with the highest quality in the world. Similarly granite deposits in Nooristan, Badakhshan, Panjsher, Jalalabad, Herat and Konar.

The core functions of the State in quarrying will be facilitation and regulation of exploration and quarrying activities of investors and entrepreneurs, provision of infrastructure and tax collection. Unless there is national security interests involved, the state will facilitate exploration and exploitation of the quarry. The State reserves the right to treat quarries that might have strategic importance differently.

2. Objectives of this Policy: The objective of this policy is to formalize Dimension Stones sector, encourage private sector investment, increase Government revenue and provide legitimate means of employment by creating tens of thousands of jobs for the rural poor. This policy also aims to encourage introduction of new technology to further develop the sector.

3. Legal and Regulatory Framework

According to the Afghan constitution and Mining Law all naturally occurring minerals and artificial deposits of minerals on surface or subsurface of the territory of Afghanistan or in its water courses are the exclusive property of the state. Mineral/Quarry operations will be conducted in Afghanistan either by the state or the authorized individual or company who have

obtained license from Ministry of Mines. A license holder can do mining/quarrying activities and have control over the minerals and minerals substance produced. As Dimension Stones sector is identified as Small and Medium Size Enterprise sector, under the law it qualifies to be treated as an ASM. According to the National Mining Policy, artisanal mining activities shall be available for license only to Afghan citizens and small scale mining licenses shall be open for national and international investors. These licenses shall be granted on application basis provided that the license holder meets the necessary permitting requirements.

4. Key Institutional Players

- Ministry of Mines (MoM) –The primary policy maker and regulator of upstream quarrying Dimension Stones activities in Afghanistan including survey and exploration, licensing, assigning royalties, health and safety, and overall monitoring of quarry operations.

Given the increasing importance being placed on Dimension Stones activities, and in order to adequately respond to the administrative demands of the sector, the MoM provincial offices will take on a greater role. These offices will facilitate, monitor and oversight all Dimension Stones operations and will also encourage private sector investment on the provincial level.

- Ministry of Commerce and Industries (MOCI) – The primary policy maker and regulator of business and trade activities in Afghanistan. For Dimension Stones this means downstream activities which include trade (dealers), Dimension Stones processing, marketing, export of Dimension Stones and their products and other relevant business activities.
- Ministry of Finance (MoF) – The primary policy maker and regulator of national revenue and budget including the collection of taxes and duties related to Dimension Stones.
- National Environmental Protection Agency (NEPA) – The primary organization responsible for approving the Environmental Impact Assessment (EIA) in accordance with Law on Environment and its supporting regulations.

5. Survey and Exploration

The Afghanistan Geological Survey (AGS) with Provincial Offices is the principal agency for geological mapping and assessment of regional Dimension Stones resources in the country.

While AGS will continue to perform the tasks assigned to it for exploration and survey, the private sector would in future be the main source to conduct exploration. The AGS will continue its exploration and survey tasks in areas where private sector investment is not forthcoming.

Particular attention will be given to the survey and exploration of Dimension Stones types in which the country has a competitive advantage and/or has rich reserves. Dimension Stones types for which there is demand within the country either for use or for export after processing will be prioritized.

6. Development of Dimension Stones Sector

Development of Dimension Stones sector consider its demand and supply in the short, medium and long terms, keeping in mind that extraction, processing and marketing of these stones are economical. To maximize gains from the comparative advantage which the country enjoys in terms of value addition and export, strategies will be developed to accompany this policy in order to further develop Dimension Stones sector.

There should be an adequate and effective legal and institutional framework mandating zero-waste quarrying as the ultimate goal and a commitment to prevent sub-optimal and unscientific quarrying. Dimension Stones sector value addition through latest techniques of beneficiation, blending, sizing, purification and general customization of product will be encouraged. A push will be given to exploitation of Dimension Stones in which the country is well endowed so that the needs of domestic industry are fully met keeping in mind both present and future needs, while at the same time exploiting the external markets for such deposits.

6.1. Scientific Methods of Quarrying

The policy strictly prohibits suboptimal and unscientific methods of quarrying such as blasting and encourages the use of modern technology for upstream (wire and saw extraction technology) and downstream processes. Import of new brand equipment and machinery is exempted from custom duties.

6.2. Dimension Stones Sector as an Industry with Linkages

Dimension Stones sector contributes to the generation of wealth and creation of employment independently and should therefore be treated as an independent economic activity. In order to ensure uninterrupted supply of the unprocessed Dimension Stones from domestic sources the industry is encouraged to develop long-term linkages with the miners, producers and marketing agencies.

6.3. Human Resource Development

The MoM in collaboration and close association with MoLSAMD and the Ministry of Higher Education will provide fiscal and other resources for the development of educational and training services for Dimension Stones sector. These trainings will target the technical, fiscal, legal, environmental and other aspects of this sector, and ensure sustainable supplies of technical and skilled labor. Where possible, existing academic and training institutions are encouraged to enhance their programs to suit specific Dimension Stones sector development while in other cases, stand-alone educational and training facilities will be required. To enhance the competitive advantage that Afghanistan has in the Dimension Stones sector, measures should be taken to not only introduce new technology but also to train the local miners to use the technology in most efficient and effective manner. This along with comprehensive training in marketing and business procedures will help to further increase exports.

6.4. Infrastructure Development

Dimension Stones deposits generally occur in remote areas with poor infrastructural facilities which often inhibit their optimum development. The government is committed

to develop infrastructural facilities such as roads and railways to areas with major Dimension Stones deposits.

6.5. Financial Support for Quarrying

This policy advocates financial support from financial institutions to all licensed Dimension Stones quarrying operators. Since Dimension Stones quarrying is carried out by artisanal and small scale miners, arrangements should be made available so that microfinance loans will be provided to miners in the sector.

6.6. Protection of Environment

Extraction of Dimension Stones impacts other natural resources like land, water, air and forest.

Quarrying operations should not be taken up in identified ecologically fragile and biologically rich areas. No quarrying license should be granted to any party, private or public, without a proper quarrying plan including the environmental management plan approved and enforced by the authorities.

The environmental degradation of the land due to Dimension Stones quarrying is much less than the environmental degradation caused by the waste from Dimension Stones processing plants.

“Slurry” produced during the processing should be used as a cementing material in order to recycle it because of its strong cementing qualities. Similarly the Slurry can also be used as Slurry Bricks instead of clay bricks. The produced waste rocks should be re-used for construction purposes.

6.7. Relief & Rehabilitation of Displaced and Affected Community

Large scale mining operations often involve acquisition of land held by individuals including those belonging to vulnerable local communities. Although such situations are not envisioned for the Dimension Stones quarrying as they are quarried on small scale basis but if there are such cases a social impact assessment will be undertaken to ensure

that suitable relief and rehabilitation packages are evolved. The owner of the private land will be compensated in accordance to Land Acquisition Law .Appropriate compensation forms an important aspect of the Social Policy Framework.

6.8. Quarry Closure

Once the process of economical extraction of Dimension Stones quarry is completed, the mine or quarry should be closed according to best international practices.

Where quarrying activities have been spread over a few decades, quarrying communities get established and closure of the quarry means not only loss of jobs but also disruption of community life. Whenever quarry closure becomes necessary, it should be orderly, systematic and planned to help the workers and the dependent community rehabilitate themselves without undue hardship. Dimension Stones quarry operators need to rehabilitate (eg. to fill the open pits with mud) the area taking into account the needs of local community and characteristics of the area.

6.9. Quarry Safety

This Policy supports the development and adoption of quarrying methods which will increase the safety of workers and reduce the accidents. The health and safety of workers engaged in Dimension Stones activities is the priority for Government. Dimension Stones related companies are required to conduct quarry operations in a safe and productive manner and to comply with all appropriate laws and regulations related to occupational health and safety in all areas of their business activities. Employees are responsible for working safely in the interests of their own welfare and that of their fellow employees. Companies active in Dimension Stones operations are required to provide the education, training, equipment, and adequate system that will reduce hazards and minimize the risk of accidents, injuries, and disease and create a safety-conscious environment. Afghanistan National Standards Authority (ANSA) in collaboration with MoM shall develop health and safety standards for Dimension Stones operations. The Ministry of Mines will be responsible for the oversight and implementation of these regulations and procedures; in the instance of violations, penalties may be assessed.

7. Mine and Mineral Elements:

Where mine and/or minerals elements are discovered as part of a Dimension Stones quarry operation, those elements must be separately licensed by the Ministry of Mines if to be sold in raw or processed form by the quarry operator.

8. Processing and Value addition

Currently Afghanistan un-processed Dimension Stones is either exported or smuggled to neighboring countries for processing, this result in significant loss of revenue for the government and the miners/traders as well as reduction in employment opportunities for the local Afghans. This policy encourages value addition of Dimension Stones through performing various activities such as cutting and polishing inside the country.

9. Foreign Trade

Dimension Stones export can be an important source of foreign exchange earnings for Afghanistan. This Policy supports export of Dimension Stones in value added form. Government of Afghanistan exempts custom duties on the export of value added Dimension Stones. The Government encourages the local Dimension Stones industry to be attuned to international markets demand in order to derive maximum advantage from foreign trade.

10. Revenue Management and Fiscal Aspects

For quarrying revenue management Government of Afghanistan intends to establish a “Mining Revenue Fund” within its single treasury account. Revenues of the sector should be invested in such a manner that addresses the immediate and future needs of Afghans in a transparent manner.

Dimension Stones prices should reflect their value and the royalty structures should be designed to ensure that the producer earns and the consumer pays the true value of the Dimension Stones. Royalties should be adjusted to make the sector more competitive in the international markets.

11. Research and Development

Research and development in the Dimension Stones sector has to cover the entire range of activities from geological survey, exploration, quarrying, health and safety, processing and trade. As a result of these research and development modern technology and safe mining methods will be introduced to this industry.

12. Effectiveness of Policy

This Policy is effective as of its approval by the Cabinet and is deemed to be the foundation document on which the Afghanistan Dimension Stone Sector will operate and from which relevant legal and regulatory acts and other supporting policies may be developed