6TH AEITI ADDENDUM REPORT 2016-2017

AEITI SECRETARIAT

AEITi

Afghanistan Extractive Industries
Transparency Initiative

Acronyms

AEITI	Afghanistan Extractive Industries Transparency Initiative
AGE	Afghan Gas Enterprise
ARR	AEITI Annual Progress Report
ASYCUDA	Automated System for Customs Data
BO	Beneficial Ownership
BOD	Beneficial Ownership Definition
CSJWGC	Civil Society Joint Working Group Committee
CSO	Civil Society Organizations
CSR	Corporate Social Responsibility
EITI	Extractive Industry Transparency Initiative
EU	European Union
FP	Fiscal Period
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GMAF	Geneva Mutual Accountability Framework
HEC	High Economic Council
IA	Independent Auditor
IFRS	International Finance Reporting Standards
IMF	International Monetary Fund
IV	Independent Validator
MCAS	Mining Cadastre System
ME	Monitoring and Evaluation
MEC	Monitoring and Evaluation Committee
MoF	Ministry of Finance
MoMP	Ministry of Mines and Petroleum
MoU	Memorandum of Understanding
MSG	Multi-stakeholder Group
MTC	Mining Technical Committee
MVCA	Ministry Vulnerability to Corruption Assessment
NCE	National Coal Enterprise
NEPA	National Environmental Protection Agency
NTRS	Non-Tax Revenue Stream
PEP	Politically Exposed Persons
PMF	Performance Management Framework
QFE	Quasi-Fiscal Expenditure
RBM	Results Based Management
RDF	Revenue Development Fund
RRF	Results Reporting Framework
SIGTAS	Standard Integrated Government Tax Administration System
TIN	Taxpayer Identification Number
ToR	Terms of Reference
TSA	Treasury Single Account
USGS	United States Geological Survey
WB	World Bank
WG	Working Group

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1.0 Introduction

The following ***AEITI Report: on Corrective Actions (2017 Validation) and Addendum to the 6th AEITI Report (2016-2017)1*** document is in response to Afghanistan's first external Validation by the International Extractives Industry Transparency Initiative (EITI) in Norway. It provides clarifications and responses to gaps identified in the 6th AEITI Report published in June 2019. These are referred to as corrective actions throughout this document and are aligned with EITI 2016 Standards and Requirement.

In accordance to the EITI Requirements and validation criteria it was agreed by the EITI Board that Afghanistan's Validation period would start on the 25th October 2016. This would be AEITIs first validation under the new 2016 Standards and Requirements. The required in country EITI visit was to be conducted from the 1st of July. This however was postponed because of heightened safety and security threats. The EITI International Secretariat therefore in coordination with the AEITI postponed the in-country visit to the 1st November 2017. This was further deferred to January 2018.

The initial phase of the validation as per EITI Validation Procedures 2 included a review and assessment of AEITI's 4th and 5th Report (2012-2013 and 2014-2015). It also involved the review of relevant secondary data. Afghanistan's progress towards implementation and compliance in accordance the 2016 EITI requirements and standards were measured and evaluated. It should be noted that during this review period the AEITI was undertaking its' 6th Reconciliation Report.

In-country validation by the EITI Independent Validator (IV) and team, took place from 19-24th January of 2018 3. The EITI Team conducted consultations with the AEITI Multi-stakeholder Group, its constituents, and other relevant stakeholders to ensure governance and oversight. Data collection methodologies and data quality assurance was observed and reviewed. On completion

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1 *It should be noted that the 6th Reconciliation Report in effect covers 2 fiscal periods from 21st December 2015 to December 20th 2016 (Year 1395) and 21st December 21st 2016 to December 20th December 20th 2017 (Year 1395). For the purpose of this document the years are identified as 2016-2017.*
2 *EITI Validation Guidelines (2016) https://eiti.org/document/eiti-validation-guide-2016*
3 *EITI (9 July 2018), EITI Validation of Afghanistan Report on Initial Data Collection and Stakeholder Consultation*

of the EITI in-country visit the AEITI received a draft Validation Report identified as the *Afghanistan Validation Report: Report on the Initial Data Collection and Stakeholder Consultation[4]*. In response to this document the AEITI members submitted comments to the EITI[5]. A Final Validation Report was sent to the AEITI on 11 September 2018 summarizing the final findings of the 2017 Validation. On the 18th January 2019[6] the EITI International Board provided the AEITI with a summary letter identifying *19 Corrective Actions* resulting from the Validation assessment. The letter also concluded that Afghanistan would be under "***temporary suspension***" from the EITI until it could show "***meaningful progress***".

The EITI Board signaled Afghanistan's positive progress and identified an 18-month timeline to carry out *corrective actions*. A summary of the corrective actions are outlined in Table 1. They are measured in accordance to the 2016 EITI Requirements[7].

Table 1 Identified 19 Corrective Actions 2018

Action	Requirement	2018 Identified Corrective Actions
1	1.1	Government Engagement
2	1.4	MSG Governance
3	1.5	Work Plan
4	2.2	Contract and License Allocation
5	2.3	License Register
6	2.6	State Participation
7	3.2	Production Data
8	3.3	Export Data
9	4.1	Data Comprehensiveness
10	4.4	Transportation Revenues
11	4.5	SOE Transactions
12	4.9	Data Quality
13	5.1	Distribution of Revenues
14	6.1	Social and Environmental Expenditures
15	6.2	SOE quasi fiscal expenditures
16	6.3	Economic Contributions
17	7.1	Public Debate
18	7.3	Follow-up on Recommendations
19	7.4	Outcomes and Impact of Implementation

Source: EITI IV (Draft) Report July 2018

Completion of the 6th AEITI Reconciliation Report 2016-2017 was originally hampered by budgetary and procurement delays, forcing the AEITI to request a 6 month extension. This delay saw the document finally completed and published on the 30th June 2019[8]. The report was produced by the Independent Administrator (BDO LLP) and written in compliance with 2016 EITI Standards. The report covers the in effect covers 2 fiscal periods from 21st December 2015 to 20th December 2016 (Year 1394 -1395) and the 21st December 2016 to 20th December 2017 (Year 1395-1396). For the purpose of this document the years are identified as 2016-2017. It was

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[4] *EITI (22 July 2018) Draft Report*
[5] *EITI (30 August 2018) Comments by the MSG to EITI*
[6] *EITI (January 2019) Board Decision and Ruling on Afghanistan's Validation Process*
[7] *It should be noted that the 6th AEITI Report was assessed under 2016 Standards, these Standards were later modified in 2019.*
[8] *AEITI Website (2020) http://aeiti.af/en/documents/category/reconciliation-reports :*

discussed with the MSG and EITI that 6th Report would be the focus of an evaluation and that because of time slippages it would be the focus of corrective actions given it is the most recent product of the AEITI.

Comments on the 2018 EITI Validation and the 6th AEITI Report were discussed at a Self-Assessment Workshop9 held in Dubai 4-7 November 2019. Attendees included MSG members, Secretariat members, Parliamentarian's, Advisors, and Donors. The workshop focused on identifying gaps in the 6th AEITI Report and ensuring data validity to improve the quality of the report and address corrective actions and progress. It allowed participants to construct a roadmap to restore AEITI candidacy. The MSG measured progress with the support from external technical Advisors representing the GIZ, World Bank, and European Union.

A Group consensus concluded that to reinstate Afghanistan's candidacy and to reach meaningful progress, the 19 identified Corrective Actions identified by EITI would need to be addressed against the 2016 EITI Standards and Requirements with consideration given to the 2019 EITI Standards and Requirements. To ensure compliance a review and assessment of the 3rd, 4th and 5th AEITI Reports10 would be undertaken, gaps identified, and current progress would need to be measured. The results of the document review and ensuing discussions produced a comprehensive list of measures and corrective actions requiring attention. The 6th AEITI report was also scrutinized and gaps identified to ensure that mitigation measures could be implemented.

The following Table 2 highlights the Corrective Actions as summarized by stakeholders. These were identified as significant to measure in terms of progress and are addressed within this document.

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9 *AEITI Website (2020) http://aeiti.af/en/news/aeiti-self-assesment-workshop-held:*
10 *World Bank (2019) Summary of Corrective Actions*

Table 2 Identified Corrective Actions for 6th AEITI Report (2016-2017)

Corrective Action	Independent Assesment	Associated Requirement of EITI Standard, 2016	Relevant Tab of Workbook	AEITI MSG Assesment against Requirements
Corrective Action 1	Satisfactory Progress	Requirement 1.1	Government Leadership	Requirement 1.1- Satisfactory Progress
Corrective Action 2	Currently, progress is at best **meaningful**. CSO constituency must replenish itself and open up the process to all eligible CSOs in Afghanistan. Greater CSO outreach, and wider CSO involvement in the replenishment is also required. Kindly refer to agreed upon 'Measures Remaining'.	Requirement 1.3, Requirement 1.4	MSG Governance	Requirement 1.3- Inadequate; Requirement 1.4- Inadequate, as it is affected by Requirement 1.3
Corrective Action 3	Satisfactory Progress	Requirement 1.5	Workplan and Licenses	Requirement 1.5- Satisfactory Progress
Corrective Action 4	Meaningful Progress. Post contract audit of licenses awarded is required, to justify that no non-trivial deviations exist from required award procedures for the reporting years .	Requirement 2.2	Workplan and Licenses	Requirement 2.2- Meaningful Progress
Corrective Action 5	Meaningful Progress. Exploration data remains to be published for the years under review.	Requirement 2.3	Workplan and Licenses	Requirement 2.3- Satisfactory Progress
Corrective Action 6	Meaningful Progress. Additonal information on SoEs is required in the form of an Addendum to the 6th AEITI Report.	Requirement 2.6	SoEs	Requirement 2.6- Meaningful Progress
Corrective Action 7	Meaningful Progress. Satisfactory progress is possible if variances in production volumes and values are explained in an addendum.	Requirement 3.2	Production and Exports	Requirement 3.2- Meaningful Progress
Corrective Action 8	Inadequate Progress. Webpage on export data to be reinstated by Afghanistan Customs Department.	Requirement 3.3	Production and Exports	Requirement 3.3- Inadequate Progress
Corrective Action 9	Satisfactory Progress	Requirement 4.1	Materiality, Revenues and Transfers	Requirement 4.1-Satisfactory Progress
Corrective Action 10	Satisfactory Progress	Requirement 4.4	Materiality, Revenues and Transfers	Requirement 4.4-Satisfactory Progress
Corrective Action 11	Meaningful Progress. Additonal information on SoEs is required in the form of an Addendum to the 6th AEITI Report.	Requirement 4.5	SoEs	Requirement 4.5- Meaningful Progress
Corrective Action 12	Satisfactory Progress	Requirement 4.9	MSG Governance	Requirement 4.9-Satisfactory Progress
Corrective Action 13	Satisfactory Progress. Some additional information remains to be published.	Requirement 5.1	Materiality, Revenues and Transfers	Requirement 5.1 -Satisfactory Progress
Corrective Action 14	Inadequate Progress. Additional and detailed analyses of mandatory social expenditures of extractives companies is required to be published.	Requirement 6.1	Other Information and Impacts	Requirement 6.1 -Inadequate Progress
Corrective Action 15	Inadequate Progress. Quasi-fiscal expenditures of SoEs during the years in review, must be published as a part of the Addendum to the 6th AEITI Report.	Requirement 6.2	SoEs	Requirement 6.2 -Inadequate Progress
Corrective Action 16	Meaningful Progress. Reporting of employment data, and reinstatement of webpage on export data are required.	Requirement 6.3	Other Information and Impacts	Requirement 6.3 -Meaningful Progress
Corrective Action 17	Currently Meaningful Progress. Satisfactory progress is possible upon further communications and outreach activities by the AEITI MSG	Requirement 7.1	Other Information and Impacts	Requirement 7.1 -Meaningful Progress
Corrective Action 18	Satisfactory Progress.	Requirement 7.3	Other Information and Impacts	Requirement 7.3 -Satisfactory Progress
Corrective Action 19	Satisfactory Progress	Requirement 7.4	Other Information and Impacts	Requirement 7.4 -Satisfactory Progress

Source: Summarized by the World Bank 2019 Dubai Workshop

Table 2 highlights activities or actions that comply or require further clarification or need to be addressed or achieved within this document and downstream.

The green text signals corrective actions that meet the EITI Standards and Validation comments; however, may need minor supportive actions and measures to strengthen their compliance. The orange text identifies key actions or elements that require vital clarifications or immediate actions to ensure that they meet gaps as identified by the EITI Standards and Validation Report. The red text highlights urgent actions that either are yet to be completed or are delayed and require immediate attention. These are outstanding and if not addressed can have adverse effects on gaining reinstatement.

The aim of this Addendum Report is to respond to weaknesses identified in the EITI during its Validation of Afghanistan in 2018. This document aims to address the progress that the AEITI has made since this time. It also features progress on a) improved MSG oversight of the AEITI, b) the disclosure of additional information and data that is required under the EITI 2016 and 2019 Standards, and c) measured outcomes and impacts of EITI implementation.

The Addendum Report also hopes to provide a contextual framework in which the AEITI operates and its challenges and resilience in overcoming obstacles to achieve important milestones. The document looks to the 6th AEITI Report 2016-2017 as a current baseline from which it can draw upon recent developments, measure progress regarding systematic disclosure, impacts and outcomes and overall governance.

1.1 Organizational Structure of Document

To ensure ease of use this document is organized in 3 key sections. Corrective actions and progress are addressed in Section 1, 2 and 3.

- **Section 1** is dedicated to the MSG Oversight of the EITI Process and covers EITI 2019 Requirements and Standards 1.1 to 1.5.
- **Section 2** covers the EITI Disclosure Provisions covering EITI 2019 Requirements and Standards 2.0 – 6.0.
- **Section 3** Outcomes and Impacts of EITI Implementation covers EITI 2019 Requirements and Standards 7.0.
- **Section 4** Appendix provides supporting documentation and evidence to Section 1 to 3. A separate Appendix document has also been created and it aligns with the Addendum and AEITI Action Plan 2018-2020 and corrective actions

Each Section (1-3) provides a Table of all publicly disclosed materials relevant to each individual section and are available online. **Section 4** contains key documents as highlighted in this document. A separate Appendix has been created and contains a listing of relevant supporting documentation and evidence. It corresponds to Section 1 to 3 of this document and the AEITI Action Plan.

The following Figure 1 illustrates the sections within this Addendum Report.

Figure 1 Addendum Document Structure 2020
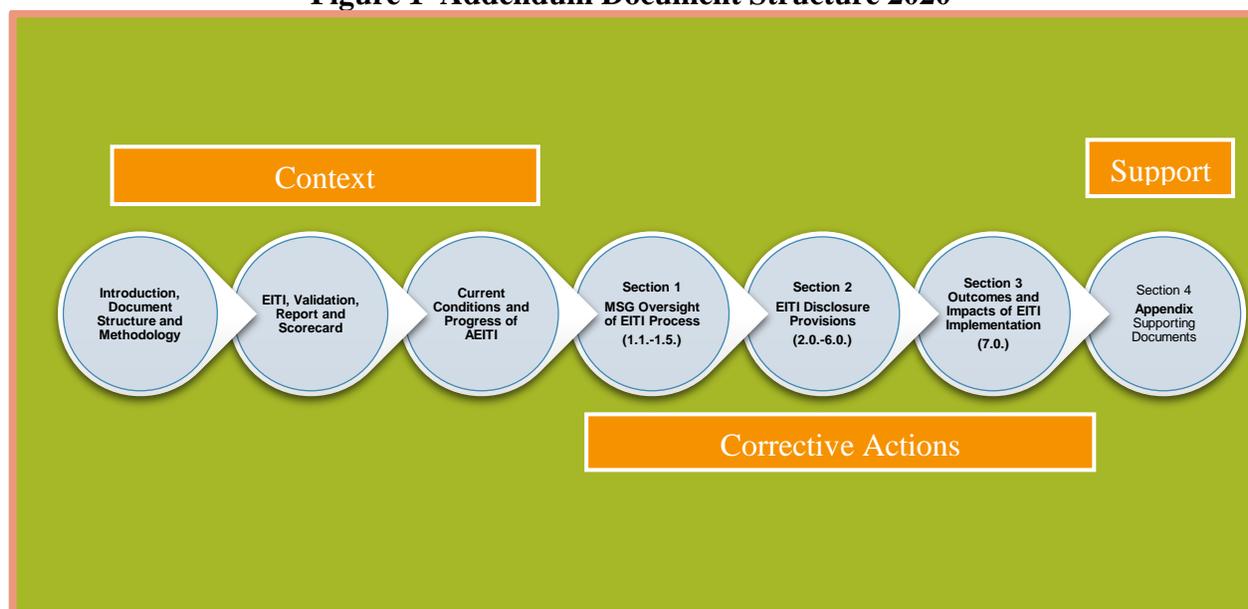
1.2 Method and Limitations

Data collection is an important feature of the Addendum Report. Gaining accurate and timely quantitative and qualitative data and information is key to quality assurance. Different methods were employed to get data and information for this document. An initial secondary review (often referred to as desk-top review) of existing materials and documents was undertaken. Primary data was collected through direct contact with stakeholders.

Quantitative and qualitative data was collected under the following structure as identified in Table 3.

Table 3 Quantitative and Qualitative Data Collection

Quantitative	Qualitative
Is the collection of statistics, rates or percentages, counts or frequencies with the absence of behaviors, challenges or events.	*Is descriptive data that can highlight issues, challenges, behaviours, and perceptions. It can entail narrative descriptions of attitudes, thoughts, opinions, and beliefs*
Review of Statistical data and information	Document review; meeting minutes, workshops, etc.
Existing Databases	Key informant or individual interviews
Questionnaires and surveys	Questionnaires and surveys
Audit reports, spread-sheets, budgets	Participant observation
Sections in Addendum	**Sections in Addendum**
Section 2 is mostly comprised of Quantitative Data	Sections 1 and 3 predominantly consists of Qualitative Data

Collection of primary information was undertaken in February 2020 through one-on-one interviews, meetings, trainings and workshops. Individuals contacted included and were not limited to; the AEITI Secretariat: National Coordinator and Support Team, the members of the

Multi-stakeholder Group, designate personnel of the Ministry of Mines and Petroleum (MoMP) and Ministry of Finance (MoF), respective Directorates, Supreme Audit Office, Customs and other key stakeholders. Stakeholders were also contacted through a survey in December 2020 and results provided qualitative information for this document.

The November 4-6, 2019 AEITI Self-Assessment Workshop held in Dubai also proved to be an important source for key qualitative and quantitative data on the AEITI.

Secondary information was sourced through key documents, reports, journals, minutes from different sectors such as government, industry, civil society, including academic institutions, national and international websites, social media and other relevant and respected sources. Key quantitative data was collected through direct one-on-one interviews or the solicitation of information through emails.

The COVID-19 has impacted access to data and information as well as verification of certain details for this document. As of the 28th March 2020, the GoIRA issued a lockdown on government institutions resulting in staff reductions limiting access to data verification. This document will highlight and identify areas where information has not been obtained. Other limitations are described throughout this document.

Section 1.0 of this document illustrate results and progress through the acquisition of qualitative data. **Section 2.0** on Systematic Disclosure highlights quantitative data with some qualitative data to support findings. Quantitative and qualitative data is reflected in **Section 3.0**.

1.3 Documentation and Disclosure

Documents and disclosure of information are significant to the AEITI transparency and accountability process. The MSG has adopted the EITI Open Data Policy[11] as ratified in the AEITI Minutes on 2019[12]. The Open Data Policy is the impetuous for systematic disclosure. AEITI has taken steps to integrate systematic disclosure in the approved Annual Work-plan 2020[13], focusing on specific outputs to meet EITI Principle 4 (public understanding) and Requirement 7.1 (contributing to public debate). Section 3 on Outcomes and Outputs within this document elaborate on Data Accessibility and Open Data (EITI Requirement 7 (7.2)).

1.3.1 Supporting Documentation

Supporting documents are an important tool to providing additional information, credibility, and evidence to statements written. The Corrective Actions and Addendum to the 6th AEITI Report, has used different mechanisms to assist the reader in obtaining supporting evidence, these include hyper-links that are embedded within the text and are identified in an original color. These can take the reader to the direct internet site location. Other evidence is cited in footnotes. There are

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[11] *EITI (2020) Open Data Policy*
http://aeiti.af/Content/Media/Documents/OpenDataPolicyFinalCommentsIncorporated332018650980455325325.docx
[12] *AEITI (2019) Minutes MSG Ratification of http://aeiti.af/en/documents/category/minutes-2015-2019:*
[13] *AEITI (2020) Annual Workplan*
http://aeiti.af/Content/Media/Documents/2020Workplan2020012911320200313799755325325.xlsx

key supporting documents provided in the Appendix of this document. There has been an attempt to triangulate evidence and supporting documents from unique sources to ensure credibility.

1.3.2 Systematic Disclosure

EITI systematic disclosure is described interchangeably with the following terms: "integrated reporting", "mainstreaming" or "data release". Systematic disclosure is key to providing stakeholders with routine public disclosure of company and government reports, data and information. These include and are not limited to a) public financial statements, b) annual reports, c) corporate social responsibility initiatives, d) disaggregated employment figures, e) information portals, and other open data sources and freedom of information initiatives.

The EITI has been placing a greater emphasis on systematic disclosure and its benefits for member countries who through these mechanisms can reduce costs associated with producing lengthy reports and instead can use existing electronic and digital systems and platforms to disclose information. The GoIRA is making strides in moving towards the initiation of transparent public disclosure platforms, websites, portals and on-line interactive form submissions and queries. There is an expectation that the current government reform initiatives that enhanced system integration will become a closer reality for Afghanistan, although not without its challenges.

The current MoMP Minister has taken proactive steps to meet with the Head of the Access to Information Commission to discuss challenges and initiatives underway to ensure that government information is provided[14]. The Access to Information Commission is currently working on the development of a *National Access to Information Strategy* and Online system for requesting and providing information. Once completed and implemented this will strengthen information access and AEITIs downstream systematic disclosure. No dates have been currently set for implementation.

Existing public disclosure platforms in Afghanistan provide the AEITI with reliable data sites and resources that provide information on industry and government revenues. The following Table 4 identifies key accessible sites to the AEITI and the broader stakeholder base.

Table 4 Systematic Government Disclosure Sources 2020

Government Entity	Link
Ministry of Mines and Petroleum (MoMP) Website	https://momp.gov.af
Ministry of Mines and Petroleum Transparency Portal (TP)	https://transparency.mom.gov.af/dashboard
Ministry of Finance Website	https://mof.gov.af/en /
Mining Cadastre System (MCAS) and Non-Tax Revenue System (NTRS)	Linked to Transparency Portal Roll-Out – Implemented in 10 provinces prior to 31, 2019
Central Statistics Organization of Afghanistan (CSO)	https://nsia.gov.af/choose-lang
Supreme Audit Office (SAO)	https://sao.gov.af/en

[14] *MoMP Meeting with Access to Information Commission 2nd July 2019.*

Islamic Republic of Afghanistan Administrative Office of the President National Procurement Authority	http://legacy.npa.gov.af/Beta/English/ProcuringEntities/BO.aspx http://legacy.npa.gov.af/Beta/Dari/ProcuringEntities/BO.aspx
Ministry of Commerce and Industry (MoIC)	https://moci.gov.af/en
Ministry of Justice (MoJ)	https://moj.gov.af/en
Afghanistan Investment Support Agency (AISA)	http://investinafghanistan.af/about-aisa/index.html
Ministry of Communications and Information Technology (MCIT)	https://mcit.gov.af/
Afghanistan Commerce and Industry (ACCI)	http://www.acci.org.af/ Specific to Mines: http://mines.pajhwok.com/

Source: Internet Sites 2020

AEITI has also begun working towards consolidating a list of platforms, portals and websites that are relevant and significant public disclosure sites. This is a holistic grouping of international sites that contain reliable economic data sources, reports, academic studies, documents, presentations, and assessments and practical tools. The information shared on these sites are a gateway for the AEITI to cross reference information and are a means for the organization to share findings with a broader public audience.

Table 5 highlights these important open sources.

Table 5 Key International Open Sources of Systematic Disclosure 2020

Organization or Institution	Link
Academia	https://www.academia.edu/
Dodd-Frank 1504	http://www.sec.gov/spotlight/dodd-frank/speccorpdisclosure.shtml
EI Source Book	http://www.eisourcebook.org/initiatives/initiative.php?id=41
Global Reporting Initiative	http://www.globalreporting.org/
Index of Economic Freedom	http://www.heritage.org/index
International Council on Minerals and Metals	http://www.icmm.com/
Mining Industry Human Resources Council	https://www.mihr.ca/
Natural Resource Governance Institute	https://resourcegovernance.org/
Natural Resources Canada ESTMA	https://www.nrcan.gc.ca/our-natural-resources/minerals-mining/mining-resources/extractive-sector-transparency-m/links-estma-reports/18198
Open Budget Survey	http://www.obstracker.org/
Open Contracting	http://www.open-contracting.org/
Open Government Partnership	http://www.opengovpartnership.org/
Open Oil	http://www.openoil.net/
Open Ownership	https://www.openownership.org/
Publish What You Pay	http://www.publishwhatyoupay.org/
Resource Contracts	http://www.resourcecontracts.org/
Resource Projects	http://www.resourceprojects.org/
Revenue Development	http://www.revenuedevelopment.org/
Revenue Watch	http://www.revenuewatch.org/rwindex2010/index.html
Special Inspector General for Afghanistan Reconstruction (Sigar)	https://www.sigar.mil/

Transparency Initiative	http://www.transparency.org/
UN Global Compact	http://www.unglobalcompact.org/
World Justice Project	http://www.worldjusticeproject.org/
Extractive Hub	https://www.extractiveshub.org/

Source: Internet Sites 2020

The systematic disclosure links are included in the AEITI Communications Strategy. They are described as important tools for the dissemination of AEITI reports, documents, and tools. These links are also integrated into the Multi-Stakeholder Group Handbook as references. Monitoring and up-keep of the links is done by the AEITI National Secretariat.

Section 2 on Systematic Disclosure in this document explores the Ministry of Mines and Petroleum's advances and initiatives towards the development of technology platforms for ease of access to information.

2.0 EITI Validation, Report and Scorecard

The following section outlines the AEITI background, current status and outlook. This section also highlights the EITI Validation, processes and procedures in relation the AEITI.

2.1 Background

AEITI has overcome many challenges despite ongoing obstacles and barriers that have challenged its implementation and operational procedures and practices. The Islamic Republic of the Government of Afghanistan (GoIRA) committed to implementing the EITI in March of 2009. The government showed its commitment to support the EITI by publicly endorsing it and selecting its' then champion Dr. Zakhilwal the Minister of Finance (MoF). The initial MSG was formed through a series of consultations with the support of donor organizations. EITI accepted Afghanistan as an official candidate country on 9th February 2010 by the EITI.

With the implementation of the MSG and establishment of the National Secretariat in the MoF a Work Plan was established that resulted in the initial's writing of 2 Reconciliation Reports (2008-2010 and 2010-2011). At this time the GoIRA supported the EITI implementation by allocating US$110,000 from the National Budget to its implementation and operation.

To date the AEITI Multi-Stakeholder Group (MSG) have produced 6 EITI Reports covering 9 Fiscal Periods as highlighted in Table 6 below.

The Afghan annual calendar period starts on 21st March to the 20th March. Reporting periods are defined based on these timeframes. The Afghan Calendar year does not operate on the Gregoria calendar, but on the Solar Hijri15 therefore reported dates appear both in the Gregoria and Solar Hejri.

Table 6 EITI Reports 2008 - 2019

Reporting Period	Report	Dates Published	Extension Requests
2008-2010	1st AEITI Report	1 August 2012	
2010-2011	2nd AEITI Report	13 October 2012	
2011 -2012	3rd AEITI Report	16 September 2014	Request for 6-month extension
2012-2013	4th AEITI Report	6 February 2016	Request for 4-month extension
2014-2015	5th AEITI Report	30 April 2017	Request for 2-month extension
2016-2017	6th AEITI Report	30 June 2019	Request for 6-month extension
2018-2019	7th Report*	Under Procurement	

There have been several requests for extensions in the reporting process, these are tied to political and security issues. Other factors include, lack of human resources, capacity, or are fiscal in nature. Afghanistan continues to be a challenging country and environment to operate in. These challenges are further explained in Section 3.2.1

2.2 EITI Requirements and Standards

Since its inception the AEITI has complied to 3 different EITI Requirements and Standards; 2011, 2016 and 2019. The recent 2019 EITI International in Norway has revised its requirements and standards to create the new 2019 EITI Requirements and Standards. The 2019 Requirements came into effect on June 2019. However, documents published prior the 21 December 2019 will continue to be validated against the 2016 Standards. Highlights of the changes and modifications to the 2016 to the 2019 Standards are identified as follows in Table 7.

Table 7 Updates to the 2016 Requirements

2016	Changes in 2019 Requirements and Standards
1.4	MSG is required to consider gender balance in their representation
2.4 (C)	which dealt with defining contracts, now includes that reporting should describe government policy and actual practice
2.6	For state-owned enterprise transparency, which was covered by additional amendments say that implementing countries are required to describe the rules and practices governing transfers of funds between state-owned entities and the state, including joint ventures and subsidiaries.
2.6 (A)	now states that the details on loans or loan guarantees provided by the government and state-owned entities to mining and oil and gas companies should be disclosed, including the repayment schedule and interest rates,
2.6 (B)	states that state-owned entities are now expected to publish their audited financial statements.
4.2	which previously dealt with the sale of state share of production and other revenues collected in kind, was amended for reporting on revenues for the sale of the state's share of production of oil, gas or mineral resources, and says that it should be disaggregated by sales contract rather than by buyer
4.2 (B)	which states that disclosures on the process for selecting buyers and of sales contracts are encouraged
4.2 (B)	of the amended Standard also says that the Multi-Stakeholder Groups (MSG), which is the decision making body of the EITI, and is made up of representatives from government, civil society and industry, is now expected to develop plans for disclosing contracts integrated into work plans covering 2020 and onwards
4.2 (C)	which states that buying companies are encouraged to disclose their payments to the State for purchases of oil, gas and minerals
6.2	which dealt with quasi-financial expenditure, now includes that the MSG can apply the International Monetary Fund's definition of quasi-financial expenditure.
6.3	which had to do with the contribution of the extractive sector to the economy, now includes reporting employment figure disaggregated by gender, project and role where available,
7.1	which related to outcome and impact, now states that the MSG is required to consider access challenges and information needs of different genders and sub-groups.
7.4	which dealt with the review of outcomes and impacts of EITI implementation, now has another section which states that the MSG is encouraged to document how it improved gender equality and social inclusion.

Source: Cross Comparative 2019

The corrective actions in this AEITI Addendum Report are written to meet EITI 2016 Requirements and Standards with consideration to the 2019 EITI Standards. It is the overall objective of the AEITI to be able to demonstrate progress towards 2016 EITI Standards but also 2019 EITI Standards. The following Table 8 highlights the 2019 EITI Standards.

Table 8 2019 EITI Standards

REQUIREMENT 1	Oversight by the multi-stakeholder group. Government Engagement Company Engagement Civil Society Engagement Multi-stakeholder Group Work plan
REQUIREMENT 2	Legal and institutional framework, including allocation of contracts and licenses. Legal Framework and fiscal regime Contracting and license allocations Register of licenses Contracts Beneficial ownership State participation
REQUIREMENT 3	Exploration and production. Exploration Production Exports
REQUIREMENT 4	Revenue Collection Comprehensive disclosure of taxes and revenues Sale of state's share of production or other revenues collected in kind Infrastructure provisions and barter agreements Transportation revenues Transactions related to state-owned enterprises Subnational payments Levels of disaggregation Data timeliness Data quality and assurance
REQUIREMENT 5	Revenue Allocation Distribution of extractive industry revenues Subnational transfers Revenue management and expenditures
REQUIREMENT 6	Social and Economic Spending Social and environment expenditures by extractive companies Quasi-fiscal expenditures Contribution of the extractives sector to the economy Environmental impact of extractive activities
REQUIREMENT 7	Outcomes and Impacts Public Debate Data accessibility and open data Recommendations from EITI implementation Review the outcomes and impact of EITI Implementation

Source: 2019 EITI Standards

2.3 Validation

Validation is important for the EITI process. It assesses progress and performance while safeguarding the integrity of standards and requirements held by EITI member countries. The validation process gives the Multi-stakeholder Group (MSG) an opportunity to assess its strategy and direction for meeting EITI Requirements and Standards. The EITI has changed its' Validation Process and procedures since the implementation of the AEITI in 2010. In 2015 EITI underwent an extensive consultation process that saw changes to the Validation process, Standards, and Requirements resulting in the 2016 EITI Standards and Requirements[16]. This has created some confusion regarding the number of Validations that the AEITI has undergone.

According to AEITI archives it has undergone 3 Validations from the International EITI Secretariat, Board and Independent Auditor (IA). The EITI because of requirement and standard changes refers to the 2018 EITI Validation as the 1st Validation according to the new Validation Guidelines. The 2nd Validation is expected to take place in July 2020.

Reports of the Validations can be found on the AEITI Website[17]. The EITI Website marks the most recent 2018 Validation as the only EITI Validation.

The following Table 9 highlights the 3 key Validation Reports and the timeframes in which they were conducted.

Table 9 EITI Secretariat Validation Reports on AEITI Progress

Published Date	Report	Site Visit	Link
30 June 2019	3rd Validation Report	28 January 2017	http://aeiti.af/Content/Media/Documents/AfghanistanValidationInitialAssessment01082018132202014753907553325325.docx
30 March 2015	2nd Validation Report	9 February 2013	http://aeiti.af/Content/Media/Documents/AfghanistansecretariatreviewaspresentedtotheBoard(Final)15320165451124553325325.doc
4 February 2013	1st Validation Report	9-18 December 2012	http://aeiti.af/Content/Media/Documents/13943486541184201572855740553325325.pdf

Source: EITI Website Afghanistan Validation 2020

The initial phase of the validation as per EITI Validation Procedures included a review of AEITI's 4th and 5th AEITI Report (2012-2013 and 2014-2015) and other relevant secondary data. On site consultations with the AEITI Multi-stakeholder Group and its constituents, and relevant stakeholders was undertaken in Kabul from 20th-25th January 2018. On the 9th July 2019 Report on Initial Data Collection and Stakeholder Consultation was provided to the AEITI in English and Pashtu. This was followed by a Draft Validation Report on 22nd July 2018, followed by comments from the AEITI MSG. A Final Validation Report was submitted to the AEITI on 11th September 2018. This was followed by a response from the then Acting Minister of Mines and Petroleum H.E. Nargis Nehan regarding the ongoing status of disclosure and commitment by the GoIRA and MOF and MoMP.

The EITI Validation according to the 2016 is carried out in 4 key stages as summarized in the steps below.

Table 10 The EITI Validation Process

Steps	Process
1	MSG is encouraged to undertake a Self-Assessment; a Guidance Tool is provided whereby the MSG with support of the National Secretariat compiles documentation
2	The EITI International Secretariat reviews relevant documentation and undertakes a country visit where stakeholders are consulted. Based on data and stakeholder consultation progress is measured and an initial assessment report is written by the International Secretariat. This is done in accordance to the EITI Validation Guide. The Report does not include an overall assessment of EITI compliance. This report is provided to the Independent Validator (IV), who is hired through a competitive process by the EITI International Board.
3	EITI International Board appoints an Independent Validator (IV), who turn reports to the Board via the Validation Committee. The IV assess the National Secretariats initial assessment in accordance with the Validation Guide as well as the EITI International Secretariat. The IV after a thorough review provides a Final Validation Report. The Validator will present their findings to the Validation Committee.
4	EITI International Validation Committee will review the Final Validation Report and supporting documentation; it is here that the EITI Board will make recommendations to the EITI Board on the country's compliance. Where applicable corrective actions will be required.

Source: EITI Requirements and Standards Website

2.4 Assessment Values and Level of Progress

The EITI Board through the assessment process measures the level of progress and compliance of the country in relation to the EITI Requirement as per the EITI Validation Guide. The following Table 11 highlights the assessment values as indicated.

Table 11 Assessment Values – Level of Progress 2016

Level of Progress		Description
	Outstanding Progress	Validation needs to demonstrate that all aspects of the requirement, including 'expected', 'encouraged' and 'recommended' aspects, have been implemented and that the broader objective of the requirement has been fulfilled through systematic disclosures in government/company systems
	Satisfactory Progress	Validation needs to demonstrate that all aspects of the requirement have been implemented and that the broader objective of the requirement has been fulfilled
	Meaningful Progress	Validation needs to demonstrate that significant aspects of the requirement have been implemented and that the broader objective of the requirement is being fulfilled.

■	Inadequate Progress	Validation needs to demonstrate that significant aspects of the requirement have not been implemented and that the broader objective of the requirement is far from fulfilled.
■	No Progress	Validation needs to demonstrate that all or nearly all aspects of the requirement have not been implemented, and that the broader objective of the requirement is not fulfilled.

Source: 2016 EITI Validation Guide[18]

The EITI Validation of Afghanistan: July 2018 Report highlighted the AEITI progress as in the following summary. The detailed Scorecard is available on-line and in the Appendix A. As stated in Table 12 the majority of EITI Requirements were met with meaningful progress and above. Those that were identified as inadequate are addressed in this document. The inadequate (9) and no progress (2) are addressed within this document. They form part of the 19 key corrective actions were identified and are addressed in this Addendum Report.

Table 12 AEITI Progress Against EITI Level of Progress

Level of Progress		AEITI
■	Outstanding Progress	1
■	Satisfactory Progress	6
■	Meaningful Progress	8
■	Inadequate Progress	9
■	No Progress	2

Source: 2018 EITI Validation Report

In reviewing the 30th March 2015 Secretariat Review of the AEITI and corresponding 3rd AEITI Reconciliation Report (21 March 2011 - 20 March 2012) under the 2011 EITI Requirements and Standards a cross examination of progress was undertaken between with the recent 2018 EITI Validation report. To illustrate progress and in using the EITI Scorecard as a framework the following Figure 2 was developed. It should be noted that this is subject to interpretation and other variables[19] and aims to provide a snapshot of progress over time. Values were assigned to each Level of Progress with 0 indicating No Progress, 1: Inadequate, 2: Meaningful, 3: Satisfactory, and 4: Outstanding progress.

As can be noted AEITI has made substantial progress from the 2012 Validation to the recent 2018 Validation.

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[18] *AEITI (2020) Source: https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*

[19] *It should be noted that the 3rd Reconciliation Report was measured against the 2011 EITI Standards and that the 6th Reconciliation Report is measured against 2016 EITI Standards; in the case of this graph the 3rd Reconciliation Report and 2012 EITI Validation Report was measured against the 2016 Standards. Note: Validation processes have changed over time.*

Figure 2 Measuring Progress 2012-2017 of AEITI

Source: Based on Reconciliation Reports, Scorecard and EITI Validation Report

The AEITI in measuring these outcomes can identify strengths, weaknesses and risks and opportunities. It is the aim of the AEITI to continue monitoring validation progress as it nears its upcoming Validation in 2020.

2.5 Outcomes and Consequences

As identified in Sections 2.3 Validation and 2.4 Values and Levels of Progress the EITI has changed the course of its' activities to the Validation Process. This has had a direct affect on the AEITI as described in the previous sections. Figure 3 in the flow chart below show the 2016 to present Validation Process.

Figure 3 The EITI Validation Flow Chart 2016 to Present
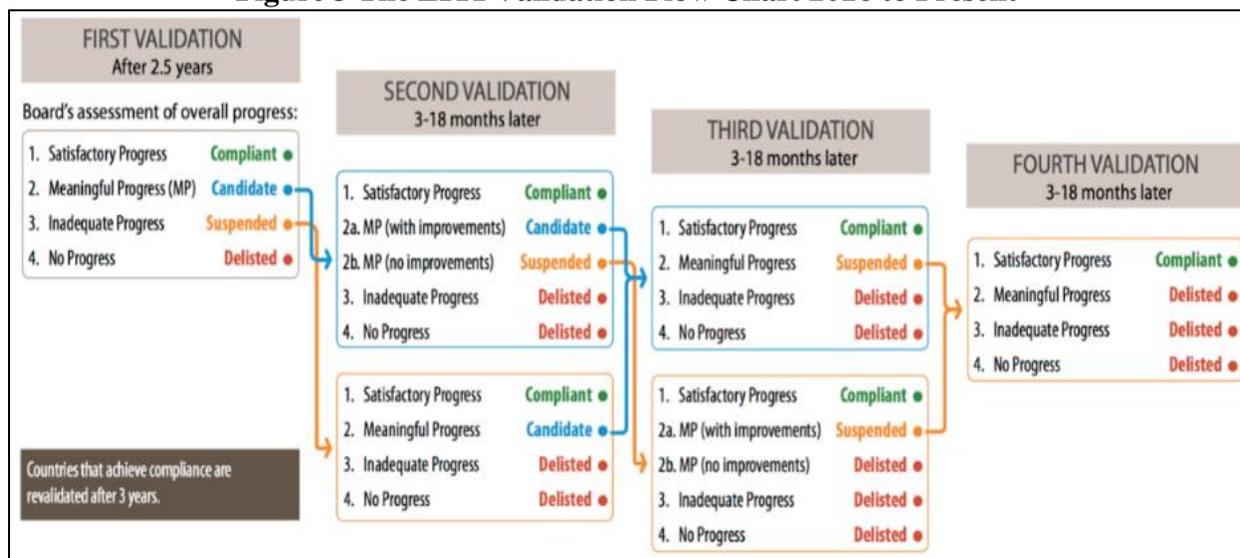
According to the 2016 Validation Afghanistan finds itself in the First Validation. Having made Inadequate Progress, AEITI is in a state of "temporary suspension". It can change this course of action through the second Validation process. As defined by the EITI Secretariat Afghanistan has 18 months to demonstrate to the EITI Board that is making meaningful progress towards meeting the 2016 and 2019 Standards. The AEITI is proposing to undergo an early Second Validation to be implemented in July of 2020. It is expected that the MSG will make a formal request the EITI Board in April of 2020. It should be noted that at the time of writing this document the Global Pandemic COVID-19 could influence the proposed scheduled dates as a result of Afghanistan's current lock-down.

3.0 Current Conditions and Progress of AEITI

The writing of the AEITI 6th AEITI Report and the Validation by the National Secretariat in 2018, the Afghan Extractives Transparency Initiative (AEITI) has continued to make substantial progress. The following section aims to provide a backdrop on some of the key developments, activities and initiatives that have been undertaken since the first AEITI Validation Report[21].

3.1 Government Initiatives and Development

Government of the Islamic Republic of Afghanistan's (GoIRA), continues to move towards improved governance, transparency and accountability for the extractives sector. GoIRAs commitment through the *Self-Reliance Through Mutual Accountability Framework (SMART Deliverables 2017/2018)* at the Brussels Conference in 2016, stressed its commitment to the EITI and its operations, referring to future amendments to the mining law including measures such as

public disclosure of mining contracts, and beneficial ownership of companies by the first half of 2018[22].

The Ministry of Mines and Petroleum pledged to "*ensure that the benefits of mineral resource exploitation to serve the interests of the Afghan people for generations to come*". This commitment along with an assessment of the sector in 2017, saw the development and implementation of the Mining Sector Roadmap: Reform Strategy in 2017 followed by Reform Strategy: Extractives Sector 2018 whose purpose is to implement the Roadmap[23]. The Mining Sector Roadmap: Reform Strategy was approved by the High Economic Council (HEC) in January of 2017, followed by the Reform Strategy: Extractives Sector in January of 2018. These strategies and their implementation have laid the foundation for current and existing reforms for the extractive sector.

The GoIRA and MoMP have through this initiative committed to improving governance ensuring "…*an open and accountable mining secto*r, to create economic growth and development. Figure 4 identifies the key Reform Documents available on the MoMP Official Website.

Figure 4 MoMP Governance and Reform Strategy 2017-2025

To implement and operationalize the Roadmap the Ministry developed a 7-year Extractives Industry National Priority Program (Reform Strategy) focused on 5 key Pillars or areas for improved governance and transparency. The key areas as identified are 1) Institutional Reform and Development, 2) Geological Management and Compliance, 3) Contract Management and Compliance 4) Transparent and Accountable Governance and 5) Growth and Enabling

Environment. Many of these Pillars and their sub sections align with the current EITI 2019 Requirements and Standards24.   The following Figure 5 illustrates the 5 Pillars.

Figure 5 Five Pillars Reform Strategy

"A knowledge-based, sustainable, transparent, and efficient extractive sector that supports Afghanistan's broad-based equitable development."

PILLAR 1	PILLAR 2	PILLAR 3	PILLAR 4	PILLAR 5
Institutional Reform and Development	**Geological Data Aquisition & Management**	**Contract Management & Compliance**	**Transparent & Accountable Governance**	**Growth & Enabling Environment**
1. Reform and Restructuring of the Ministry	1. Development of a Computerized and Indexed Information Management System for Geo-data	1. Review and Resolve Pending Contracts and Projects	1. Development of Policies and Strategies for the Sector	1. Conduct Value Chain Studies of Priority Commodities
2. Reforms and Development of SOEs	2. Engagement with International Geological Survery Departments	2. Prioritize New Projects Based on the Needs of the Gouvernement	2. Improvement of the Legal and Regulatory Framework	2. Ensure implementation of projects
3. Human Resources Development	3. Collation and Analysis of Data for Each Commodity, and Assessment of Data Gaps	3. Streamlining and Digitization of Cadaster System	3. Development of Robust Minerals and Hydrocarbons Fiscal Regimes	3. Local Content Strategies
4. Extractives Sector and Women	4. Data Dissemination	4. Efficient Revenue Collection and Reporting	4. Compliance with Transparency Standards and Donor Benchmarks	4. Explore the Potential for Regional Cooperation in the Extractive Sector
5. Development of e-Governance Systems	5. Capacity Development of AGS in Exploration and Data Recording	5. Stremlining and Digitization of Mining Inspection System	5. Illegal Mining and Formalization	5. Conducting studies for potential collaborations in regional market development
6. Effective Communications		6. Establish Credible Dispute Resolution Mechanism	6. Protection of Afghan Communities, Environment and Heritage	6. Develop a Corporate Social Responsibility (CSR) window
				7. Promote Private Sector engagement

*Source: MoMP Reform Strategy: Extractive Industry 2018*25

The Reform Pillars highlight key areas where short to medium term activities are emphasized. The short-term goals are identified as Pillar 1 Institutional Reform and Development and Pillar 3 Transparent and Accountable Governance. These are expected to be reached within a 2-year period. Pillars 2, 3, and 4 are aimed at being achieved within the medium 5-year period.
The following Table 13 outlines some of the key achievements in accordance to the 5 Reform Pillars. Current progress and status are described below.

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24 *It should be noted that although the MoMP Strategy documents were written in the time of the 2016 EITI Standards they reflect a broader initiative and scope that encompasses many of the 2019 EITI Standard. An example is gender inclusion, social and environmental expenditures.*

25 *Ministry of Mines and* https://momp.gov.af/index.php/dr/اصلاحات-ی استراتیژی-ادو-ارا-نقشه

Table 13 Current Status of MoMP Reforms 2019

Pillar		Highlights of Current Progress and Achievements	Dates
1	Institutional Reform and Development		
	Enhanced Legal Framework and Strategies	These have included the drafting and adoption of a new Hydrocarbon Law (2017)26, to improve the regulatory environment. The new law clearly identifies the roles and responsibilities of key actors and stakeholders. It also saw the establishment of a key monitoring body for the sector the Afghanistan Oil and Gas Regulatory Authority (AoGRA). Furthermore, the MoMP developed new mining laws (2018) and regulations (2019)27 to remedy short comings from the previous 2014 Minerals Law and 2009 Mining Regulations. The new laws focus on effective governance of the sector, highlighting a transparent bidding process for large scale mines, and a first come first serve application basis for small scale mines. The new law also puts into effect licensing based on technical and financial merit as opposed to royalty practices.	2018 2019
	Development of e-Governance Systems	Has adopted and operationalized the Mining and Cadaster Administration System (MCAS), the Non-Tax Revenue Collection System (NTRS) and the Transparency Portal (TP) to digitalize contract management, revenue collection and publication of license related information	2017
	Reforms and development of SOEs	An assessment of all 4 SOEs was undertaken and based on findings and according to governing laws 3 of the SOEs will be subject to corporatization. A corporatization strategy has been drafted.	2018
2	Geological Data Acquisition & Management		
3	Contract Management and Compliance		
	Tendering and Awarding New Contracts	Some 38 large scale and small scale (high value) and 147 small scale contracts were approved by the High Economic Council and the Cabinet. The MoMP tendered 10 large scale mining projects.	2019
4	Transparent and Accountable Governance		
	Combat Corruption	Ministry Anti-corruption Plan is developed and implemented based on the National Anti-corruption Strategy and Independent Joint Monitoring and Evaluation Committee (MEC). The e-cadaster	2019

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26 Hydrocarbon Law (2017) https://momp.gov.af/index.php/dr/قوانین-و-مقرر ه-های-معدنکاری :
27 Mining Laws (2019) Source: https://momp.gov.af/index.php/dr/قوانین-و-مقرر ه-های-معدنکاری

		system and licensing process are applied to reduce corruption.	
	Compliance with Transparency Standards and Donor Benchmarks	The Ministry of Mines and Petroleum and respective donors managed to achieve all but 1 key target and benchmark in 2019. Key Donors include the World Bank the European Union, USAID. and GIZ	2019
5	Growth and Enabling Environment		

Source: MoMP 2020

These reforms have had a positive and growing impact on the institution. Under the current AEITI champion and MSG Chair H.E. Minister Momand, the AEITI has begun to take an active and participatory role in monitoring the outcomes of the reform process. MSG discussions have been targeted to ensure continued vigilance over the roll-out of the 5 Pillars. This has provided AEITI an opportunity to increase its credibility as an organization and engage with a broader spectrum of stakeholders.

3.2 AEITI Developments and Initiatives

The Afghan Extractives Industry Transparency Initiative (AEITI) has made great strides with the continued support and commitment of the GoIRA. Transparency and anti-corruption initiatives through the Ministry's Anti-Corruption Plan 2019 (1398)[28] have provided a sector vision and strategy while focusing on key transparency initiatives such as data disclosure and license transparency. Considerable progress has been made in these areas.

Highlights for 2019-2020 saw the continued implementation of the Mining Sector Roadmap (2017) and the establishment of key benchmarks and targets set by donor organizations.

Some of these have resulted in important milestones being achieved for the MoMP and have positively impacted the AEITI vision and mission through continued public disclosure. These are described in Table 14 and are echoed throughout this document under various sections.

Table 14 AEITI Key Developments and Initiatives

Timing	Achievement	Description
In effect	Hydrocarbons Fiscal Regime	Comprehensive Hydrocarbon Regulations have been approved
In effect	Mining Law and Regulations	New Mining Law (2018) and Regulations (2019)
Ongoing Work	Artisanal Small-Scale Mining Formalization Strategy	ASM Formalization Strategy is approved and implemented. Monitoring system developed and implemented. Pilot of the ASM Strategy commenced in 5 provinces. 16 new ASM

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[28] *Anti-Corruption Plan forms part of the sectors vision and manner in which it should be managed. The Plan is focused on ensuring data disclosure and the transparency of the allocation of licenses as a mechanism for improved sector governance.*

		licenses issued for ASM miners including ASM illegal miners in 2019
Completed and Ongoing	Publication of extractives contracts, beneficial ownership of contracts, project level revenue and production data by value and volume	As per the mining law; comprehensive, accurate and timely publication of key data. MCAS and NTRS and Transparency Portal are the fundamental mechanisms for ensuring this continues. System established in 2018
Completed and Implemented	Data Collection and Data Quality Control Standard Operating Procedures	These procedures have been adopted to ensure that all project level revenue and production data by value and volume is regularly inserted in the MCAS and NTRS system
Completed and Ongoing	Data Reconciliation Committee	Committee is aimed at ensuring that data being disclosed and uploaded in MCAS and NTRS is accurate and spot checked on a regular basis
Completed and Ongoing	MCAS and NTRS and Provinces	Linkages have been created between 5 provincial offices and the MCAS-NTRS System with the MoMP in Kabul. Further provincial roll-out is expected in 2020
Initiated and ongoing	Ombudsperson	Based on article 94 of mining regulation. The Ministry must appoint a natural person as the Ombudsman. MoMP has initiated a strategy and plan for the implementation of an Ombudsperson.
Initiated and Ongoing	Gender Policy	• MoMP is currently developing a Gender Policy funded by the GIZ. It has established Devised Women Empowerment Action Plan (appointed Female Consultants in leadership positions)
	Public Outreach and Engagement	Included in the new laws and regulations

Source: MoMP 2020

3.2.1 Challenges and Opportunities

The AEITI in its 10-year history has faced continued challenges that it has met with resilience and strength. These have had short and long-term influences (negative and positive) on the AEITI human, social, economic, and environmental capital. Some are the result of weak institutional structures, tangled bureaucracies, limited human resources, and lack of fiscal support. They impact organizational leadership and support, influence decision-making, challenge timeliness and completion of tasks and morale.

The COVID-19 just like the ongoing terrorist security threats have created an environment that makes AEITI day-to-day operations a challenge. Meetings reports and workplans find themselves delayed or in suspension till situations improve. Yet, despite these external factors the AEITI has managed to produce creative solutions in attempts to forge ahead.

It is a snapshot perspective provides a glimpse into some of the organizations struggles and challenges over the last few years. The AEITI underwent 15 staff changes in the course of 4 years. Key positions have often been vacant as a result of lack of human resource capacity or lack of leadership. Some positions as in the case of the NS National Coordinator were left vacant for over 2 years jeopardizing leadership, direction, and day-to-day operations. This position was just filled in 2018. Issues such as high staff turnover, capacity and language constraints are also linked to weakness, that result in poor operations, insufficient protocols and procedures, inability to achieve assigned actions all while creating fractured services and inconsistencies. This not only impacts NS Staff, the MSG but also the Working Groups.

The results have seen a loss in institutional history and an ongoing "brain-drain". This results from job insecurity and layers of government bureaucracy that have seen staff without contracts or pay for several months. It is also compounded by government inefficiencies that are demonstrated in simple examples such as lengthy procurement processes, were it takes 6 months to get a simple printer cartridge, and were hiring of an Independent Administrator can take half a year, or were payments have been delayed resulting in the suspension of critical services to the AEITI such as its' website. These are just a few key examples of bureaucratic practices that stifle AEITI performance.

To add to the woes of the AEITI it has also been subject to government and Ministerial leadership changes (2010 and 2020) affecting the MSG vision and mission and direction. In a 2-year period (2017-2019) the AEITI Secretariat moved office locations 4 times starting in the Ministry of Finance, then on to external locations resting in the MoMP. The MoMP also underwent a large move during this period. Such moves came at a critical time during the EITI Validation period, and the writing of the 6th Reconciliation Report resulting in requests for extensions.

It directly impacted MSG members resulting in periods with high absenteeism and poor participation in the AEITI. Despite battling a leadership vacuum, inconsistencies in direction, limited access to venues, moving and ongoing security threats the AEITI continued to operate albeit in a limited capacity.

Not only has the AEITI faced these unexpected challenges but it in the course of its' life cycle has faced 3 different legal and regulatory systems, 2 different proposed Ministerial roadmaps and 3 changes in EITI Requirements and Standards, since its implementation. This is not including the high staff turnover in the MoMP, ongoing organizational restructuring and moves29, and the layers of information bureaucracy and manual systems that makes data access complex detective work with limited resources to undertake it.

Overall, the lack of continuity and stability have seen extensions requested from the EITI Board, its "temporary suspension" and an overwhelming number of comments on its performance. Despite this AEITI has continued to mobilize activities, perform, and attempt to achieve its

29 *Since 2017 the Ministry of Mines and Petroleum has physically moved to 2 different locations and currently rests in what is the Afghanistan Geological Survey Building. Space is limited and overcrowding is the norm, as infrastructure is poor with constant issues related to electrical outages, and water accessibility. Not all directorates are under one roof and some have been scattered throughout the city of Kabul. The AEITI is challenged under these circumstances as are MoMP employees.*

objectives to the best of its' ability. Reflecting on the AEITI prior to 2017 the organization has played an active role in the government reform process and have taken positive steps towards the MoMP in achieving important objectives and milestones. This document reflects these ongoing changes and developments.

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A special note: The COVID-19 has challenged the current MSG member meetings as per the 2020 proposed schedule. It has seen the first and second on-line meeting cancelled due to a lack of on-line participants (20th April 2020 and 28th of April). Key challenges have included members having limited to no internet or on-line mobile coverage in their homes. A new option for both the choice of either on-line or physical participation is provided for a scheduled 4th May 2020 meeting.

Section 1

Multi-Stakeholder Group

4.0 Multi-Stakeholder Group Oversight

The AEITI Multi-stakeholder Group (MSG) is core to guiding and leading the EITI vision and mission. It is a tripartite group comprising of government, industry and civil society members. Membership composition includes 18 core members (6 from each representative group), with 6 alternates if regular members cannot take part. A 9-person quorum is required to approve MSG action items. Civil society and industry members are elected to the MSG by their constituency groups. Government members are selected and nominated to the MSG. The MSG is guided by the MSG Terms of Reference (ToRs) that include Standard Operating Procedures. Gender representation is set at 30% in the ToRs. This target is a challenge to achieve[30]. Currently there are 3 female MSG members, 2 represent government, and 1 represents civil society. There is no female representation from industry.

The National Secretariat (NS) under the guidance of the MSG manages the day-to-day operations of the MSG. It is headed by the National Coordinator who manages a team of 9 employees. There are 2 female employees. The NS is responsible for administrative tasks and duties such as, meeting and workshop coordination, communications and outreach, finance, translations, and administrative and procurement management. The MSG and NS have a close working relationship. At the time of writing this report the MSG members completed their 3-year term and are working towards the election procedures as identified in the MSG Terms of Reference[31].

The terms of service are as follows; 2014-2017 followed by 2017-2020. The MSG has the right to information on the electoral selection process, yet constituencies are independent in the election and nomination process for potential candidates. Extensive consultations are undertaken by the CSOs to ensure that there is a constituent consensus on the election process. Election procedures are drawn up and agreed upon by the constituency groups and shared with the MSG This applies to industry representatives. Because of the COVID-19 outbreak it is unclear when the 2020 MSG elections will take place. The AEITI expects that once the Afghan government lifts the current quarantine restrictions the MSG members will conduct the MSG elections.

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[30] *Female participation in the sector is difficult to achieve based on a series of factors. These are further described within this section and in the Section 3 of Outcomes and Impacts*
[31] *AEITI (2020) Terms of Reference for the Multi-stakeholder TOR Link: http://aeiti.af/en/documents/category/msg-docs*

The MSG is chaired by the MoMP Minister his H.E. Mr. Enayatullah Momand (Acting Minister of MoMP)32. The Honorable Deputy Minister of Policy Mr. Zadran is the alternate for the Minister. H.E. the Minister of Finance is the Co-Chair. Under the leadership and active participation of the MoMP Minister and Deputy Minister the AEITI MSG has achieved a series of key objectives and outcomes. This is the result of stable leadership and clear directives, that influence positive and transparent discussions, improve attendance and participation33, monitoring, and an overall desire to achieve set targets.

4.1 EITI Requirement 1

The AEITI has committed to achieving the requirements set out in the 2019 EITI Standard. The purpose of Requirement 1 is to define key elements and actions that bind the Multi-stakeholder Group in its oversight and implementation of the EITI. Its purpose is to create a functional and operative team in a safe and inclusive environment that permits different interest groups to voice and express their opinions while finding "common ground" to achieve the EITI and AEITI vision and mission.

The 2019 EITI Requirements are identified in Table 15.

Table 15 EITI 2019 Requirement 1

2019 EITI Requirements 1 Overview

1.1 - 1.5	The EITI requires effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the government, companies, and the full, independent, active and effective participation of civil society. The key requirements related to multi-stakeholder oversight include: (1.1) government commitment; (1.2) company engagement; (1.3) civil society engagement; (1.4) the establishment and functioning of a multi-stakeholder group; and (1.5) an agreed work plan with clear objectives for EITI implementation and a timetable that is aligned with the deadlines established by the EITI Board.

Source 2019 EITI Requirements and Standards34

The International EITI Secretariat in its 1st Validation35 identified 3 areas of weakness that were. Associated with a) 1.4: functioning multi-stakeholder group, and b) 1.1: government engagement and d) 1.5: workplan. According to the scorecard 1.4 received inadequate progress and 1.1 and 1.5 received meaningful progress with additional support required. The following sections aim to illustrate the progress made from the EITI validation period to the present. There has been a sharp overall improvement not only to meet the Requirements outlined in 2016 but also 2019.

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32 *H.E. the President of Afghanistan introduced has requested the Minister of Mines and Petroleum to as the Chair of the MSG and be the 'Champion' for EITI (2018) April Progress Report 2018*

33 *H.E. the President, based on the recommendation of MSG Chair ; in the same directive in line with the Req 1.1, all the members of the MSG including Government's representatives are required strictly directed to actively participate in the MSG meetings (2018) Progress Report*

34 *AEITI Standards (2020) Source: https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*

35 *These were defined in the EITI Validation of Afghanistan Document (July 2018)*

4.1.1 Government Commitment

The Government of the Islamic Republic of Afghanistan (GoIRA) has demonstrated its' commitment towards the EITI and AEITI and has strengthened this since the 1st Validation Period36. The GoIRAs commitment is not just a verbal or written pledge endorsing the EITI and AEITI, but a commitment to transform the sector through institutional reform, systematic disclosure and on-going monitoring and evaluation.

The GoIRA under H.E. President Karzai saw a pledge to EITI in 2009 that saw the implementation of Afghanistan as a member country. H.E. President Ghani has continued in this fashion highlighting the importance of transparency and accountability of the extractives sector. This was expressed in his address to the European Union Anti-Corruption Conference in 201637. With the continued drive for resource development to lift Afghans out of poverty, H.E. President Ghani has announced sector reform, formalization and transparency as a public commitment during his inauguration speech of 202038. Figure 6 illustrates the President speaking on the importance of Extractives Sector Transparency and the AEITI39.

Figure 6 H.E. President Ghani Live on Transparency in the Extractives Sector

Source: AEITI Facebook Site

The Ministry of Finance and the Ministry of Mines and Petroleum have also continued to endorse anti-corruption and the AEITI over the last ten years. In June 2019 the former MoMP Minister

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36 GoIRA Commitment to AEITI (2020) Source: http://aeiti.af/en/news/president-ghani-puts-mining-reform-at-heart-of-the-governments-anti-corruption-efforts
37 H.E.President Ghani Addresses the European Union Anti-corruption Conference (2016) https://eiti.org/news/president-ghani-puts-mining-reform-at-heart-of-governments-anticorruption-efforts
38 H.E. President Ghani Inauguration Speech (March 10, 2020) https://president.gov.af/en/translation-of-president-ashraf-ghanis-inauguration-speech/
39 Video Clip of H.E. President Ghani discussing Sector Transparency and AEITI (2016) Source: https://www.facebook.com/AEITI/videos/1002844109806916/

Narhan endorsed the AEITI at the EITI Global Conference in Paris40, highlighting the importance of AEITI its achievements and sector reform.

The current Acting Minister of Mines and Petroleum the Honorable Mr. Enayatullah Momand has made continued public declarations supporting the importance of the AEITI and sector reform. The AEITI is currently working with the Ministers office on a web based public endorsement campaign highlighting anti-corruption and the importance of AEITI, highlighting the benefits and opportunities that it can bring to all Afghan citizens. Figure 7 highlights this on the Website.

Figure 7 Message from H.E. Minister Enayatullah Momand on AEITI 2020

Source: MoMP 2020

As highlighted in this report, the AEITI is central to the MoMPs drive for sector reform. The participatory development and implementation of the Mining Sector Road Map: Reform Strategy (2017) has proved an important step in combatting corruption and ensuring that national and Ministerial priorities are met. (See Section 3.1 in this document). Upon the request of the MoMP the Independent Joint Monitoring and Evaluation Committee conducted a Vulnerability and Corruption Assessment in 2018. The report identified sector vulnerabilities and of those revealed 191 recommendations were made. Of these 59 have been adopted into the MoMP Mining Sector Roadmap: Reform Strategy, while the remaining recommendations were identified as either non relevant or unachievable. It is important to note that these 59 recommendations are central to the Five Pillars for sector transformation and governance. These recommendations align with the EITI Standards[41]. It is important to note that the donor community through the GoIRA Anti-Corruption Action Plan identified 9 benchmarks for sector transparency. Of the 9 benchmarks a series of 37 activities were implemented from 2017 to 2020. Thirty-three were achieved and completed as of 2019. The benchmarks are tied to donor funding[42].

These are important initiatives and achievements that have been tabled at the AEITI-MSG meetings for input and further discussion. There has been ongoing goodwill on behalf of the government to communicate and engage in dialogue between distinct parties such as the Minister, Directorates, and the AEITI-MSG regarding sector reform. Not only is the MSG being informed but it is being actively consulted throughout different stages of the reform process[43]. The government has also identified the AEITI as a valuable tool in the oversight and monitoring of the reform. Valuable input is increasing value driven decision-making within the MoMP. This has increased trust and credibility amongst the MSG members and their constituents.

Furthermore, there have been some key structures put in place to ensure that actions are joint with mutual accountability between the MoMP and the AEITI as per the joint action plan addressing both the Corrective Actions and the Validation and other key issues. This has seen the implementation of weekly meetings between the Minister of the MoMP, Directorates and the AEITI-NS National Coordinator to monitor progress and ensure implementation. During the time of the writing of the 6th AEITI Report and Validation Period in 2018 the AEITI was still nested in the Ministry of Finance (MoF). Recognizing the importance of the AEITI and need for efficiency the H.E. the President established a special decree on 2nd December 2018 that signaled the shift of the AEITI to the MoMP, thereby aligning the Championship and Secretariat[44]. As a personal commitment H.E. President Ghani is also briefed regularly of AEITI progress and activities.

The transition of the AEITI was not smooth and proved to be disruptive for all parties involved especially the National Secretariat whose operations were in a holding pattern till it settled in the MoMP in 2019. Prior to this the NS had resided in 3 different locations. Having been displaced and without a National Coordinator until 2018 the NS and MSG still moved forward with key activities. The move within the MoMP has offered the MSG the opportunity to strengthen its communication and dialogue with the MoMP Minister and Deputy Minister and allow it to witness

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41 As highlighted in Section 3.1 and 3.2 the MoMP Mining Sector Roadmap: Reform Strategy has aligned some of the key anti-corruption strategies with the EITI 2016 and 2019 Requirements and Standards
42 Section 1 sub-sections 3.1 and 3.2 as well as 3 on Impacts and Outcomes discuss this in greater detail.
43 https://momp.gov.af/index.php/dr/پلان-ها-و-گزارش-فعالیت-های-وزارت-معـــادن-و-پترولیم/
44 EITI (03 December 2018) Second letter from Acting Minister of Mines and Petroleum, H.E Nargis Nehan

and monitor the MoMP reform process. There has been growing participation and collaboration between the MSG and Directorates to ensure a transparent reform process. Over the last year and a half AEITI activities have demonstrated in increased participatory dialogue and progress.

With the support and endorsement of the GoIRA (H.E. President Ghani)45 the MoMP has become an active leader and vocal participant (across the participating Directorates) in the AEITI process. The Minister is the current Champion and Chair of the AEITI MSG. The Deputy Minister of Policy is currently the Acting Chair when the Minister is unavailable. Attendance by of the AEITI participants to designated MSG meetings has improved considerably. This can be attributed to strong leadership and increased organizational stability and improved procedures and protocols.

In 2019 there were 8 MSG meetings held. This was due to a need for achieving positive outcomes to full-fill corrective actions and move forward on new initiatives and strategies. During this time government, civil society and industry showed positive participation that saw 35% of government members attend meetings, followed by 33% representing industry and 32% representing civil society. Attendance was balanced between the multi-stakeholders with almost equal shared participation. Appendix B MSG Meetings.

Figure 8 does not include the participation of the MSG chair or the Parliamentary representative. Instead it represents the 18 MSG members, as per their equal representation. Figure 9 illustrates the percentage of attendees in accordance to their sector for 2019.

Figure 8 Percentage Representation of MSG Members by Sector at Meetings for 2019
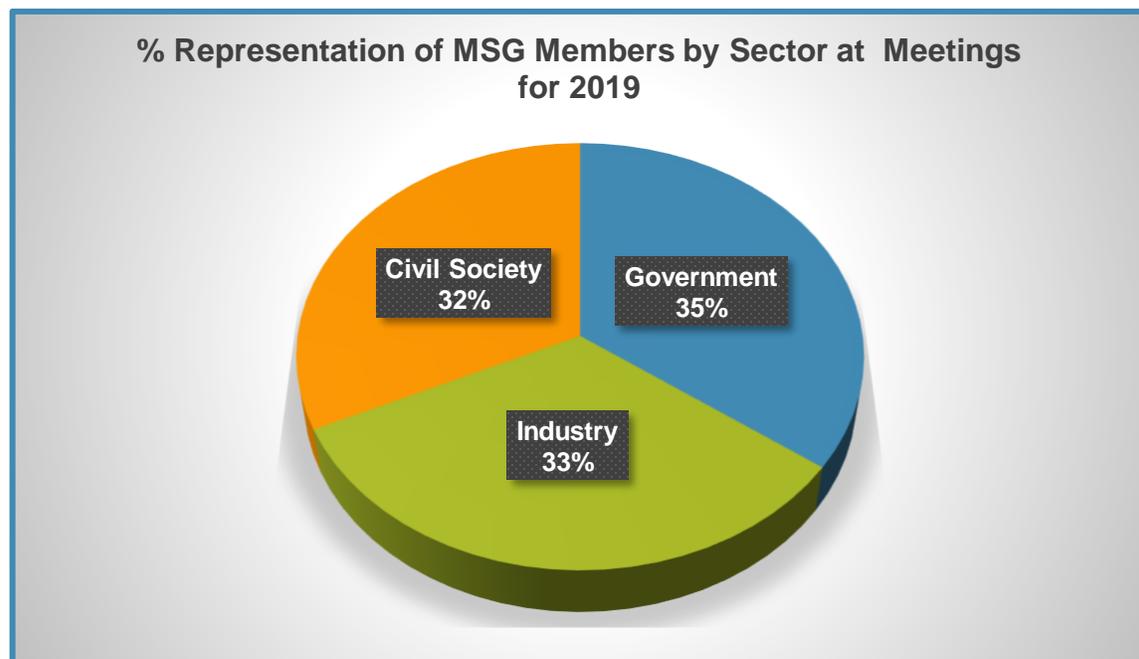
Source: MSG Attendance Sheets 2019

45 A Letter was Written by the President to ensure MoMP Participation in the EITI process: Letter dated 28th February 2017.

A cross comparison between attendance over time illustrates ongoing improvements in attendance. This is reflected and summarized in the graph below (Figure 9) and in the MSG Minutes and Attendance Sheets as per Appendix 1.0 Corrective Actions Multi-Stakeholder Group.
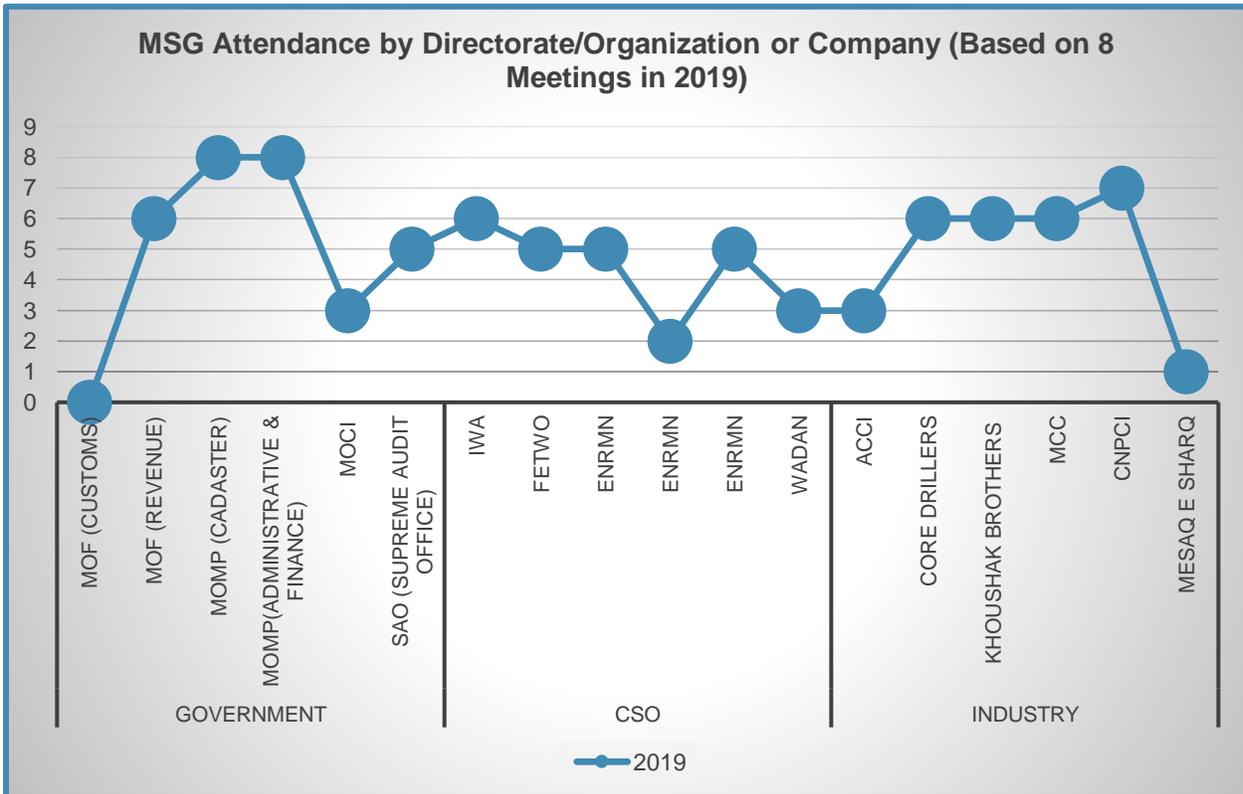
Based on Presidential orders, the MSG members are required to attend all AEITI-MSG meetings[46]. As per the MSG Terms of Reference any MSG member missing two or more consecutive meetings is requested to step down and replaced with a new representative. During the 40th MSG meeting attendance was discussed[47] in detail. It was concluded that appointed members of the AEITI Working Group would investigate this issue and draw conclusions and recommendations based on existing 2018-2019 attendance. Findings based on primary interviews would be presented to the AEITI – MSG in early 2019. As noted per minutes the following was determined:

The December meeting was held to discuss the poor attendance of certain members in the MSG Meetings and to provide recommendations to the MSG – in the previous MSG meeting dated 28th November, 2019, the Reconciliation and Validation Committee (G-1) was assigned by MSG to review the members' attendance in the meetings and to provide its recommendations to the MSG. In preliminary proceedings of the meeting, the members were briefed on the attendance history of the members – this included the absence of some members and the reasons to frequently skip the meetings also came under discussion[48].

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[46] *Presidential Orders (2019)*
[47] *40th MSG Meeting (April 9,2019) http://aeiti.af/en/documents/category/minutes-2015-2019*
[48] *IBID April 9, 2019*

Conclusions were summarized in December of 2019. Poor attendance was attributed by two MSG members as a result of having left their job post. This was the case for the Parliamentary representative and a member from the MoF. Other issues hampering poor attendance were identified as poor access to telecommunications and email, security threats, business and personal issues. It was determined by the Committee that no disciplinary actions would be taken yet mitigation measures would be implemented to ensure positive attendance in the future.

Mitigation measures include the following: a) mandatory training and MSG Handbook Manual outlining operations and obligations, b) signed declaration of commitment outlining requirements49, c) improved communication with MSG including follow-up.

4.1.2 Functional Multi-Stakeholder Group

There are several key ingredients required to make a fully functional Multi-Stakeholder Group that reach beyond the 2019 EITI Standards and Requirements as per Requirement 1. There is the need for a) strong leadership that encompasses vision and purpose, b) group intelligence, social awareness and sensitivity, c) shared common ground and goals and d) open and proactive communication as well as e) pro-active organizational management. Multi-stakeholder groups are complex and under ordinary circumstance are challenging to manage. The AEITI MSG is unlike other MSG bodies as it has been facing some exceptional external and internal circumstances that have required continued perseverance to overcome.

As described throughout this document the MSG has faced ongoing challenges. During 2018 to 2019 it managed to demonstrate targeted goals. The strengthening of the AEITI MSG began with a strong endorsement by the GoIRA, MoMP and positive new leadership under the MoMP Minister Momand and Deputy Minister. The hiring of a National Coordinator and the stability of a NS headquarter can be described as key milestones providing a base and leadership. It has strengthened and stabilized both the MSG and the NS. Meetings have been established on a regular basis to discuss progress and ensure action items are completed.

These changes have also allowed for the building of a stronger relationship and clearer communication between the MSG and the NS. An MSG Year End Exit Survey was conducted in December of 2019 to obtain feedback from members. MSG members were asked a series of key survey questions aimed at sharing open and unbiased opinions on AEITI governance, activities, outreach, and overall performance. Of the 18 member AEITI MSG some 12 members responded to the survey. The result of the survey is included in the AEITI Annual Progress Report 2019. Results of the survey provide AEITI with key baseline upon which lessons learnt can be applied to the incumbent MSG members.

It was identified through the survey that the working relationship between the MSG and NS had strongly improved. MSG members noted that the NS provided necessary meeting materials in advance and that they also received regular financial updates. Sixty-seven percent of the survey

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49 *MSG Meeting (December 2019):*

respondents felt very strongly that the communication between the NS and MSG is clear and transparent and 25% of responded stated that they agreed with this statement. The majority (67%) of the MSG respondents felt strongly that the NS members were taking positive actions in reporting to the MSG. Some 25% of respondents agreed with this statement. Figure 11 highlights this information.

Figure 11 Improved NS Reporting on to the MSG Meetings 2019

Improved NS Reporting on Actions to the MSG 2016

Disagree 0%
Neutral 8%
Strongly Disagree 0%
Agree 25%
Agree Strongly 67%
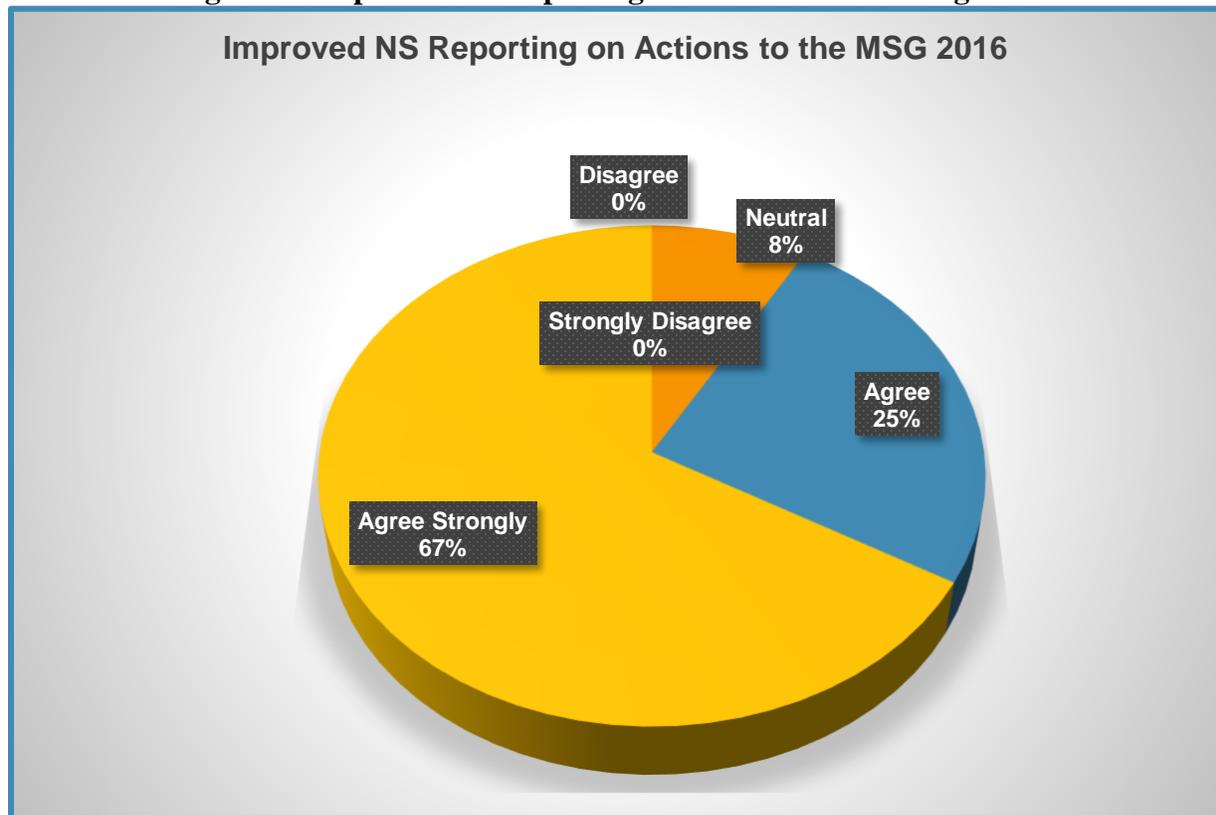
Source: MSG 2019 Survey

An increase in the number of MSG meetings from 4 in 2017 to 5 in 2018 and 8 in 2019 saw improved opportunities to work as a team and to address key issues, while approving action items, policies, reports, technical and outreach activities. Surveyed MSG members were asked if MSG meetings were frequent enough to ensure good governance[50]. As illustrated in Figure 12 42% of respondents strongly agreed that the MSG meetings are a vehicle to good governance.

[50] *MSG Survey (2020)*

Figure 12 Governance and MSG Meetings 2019
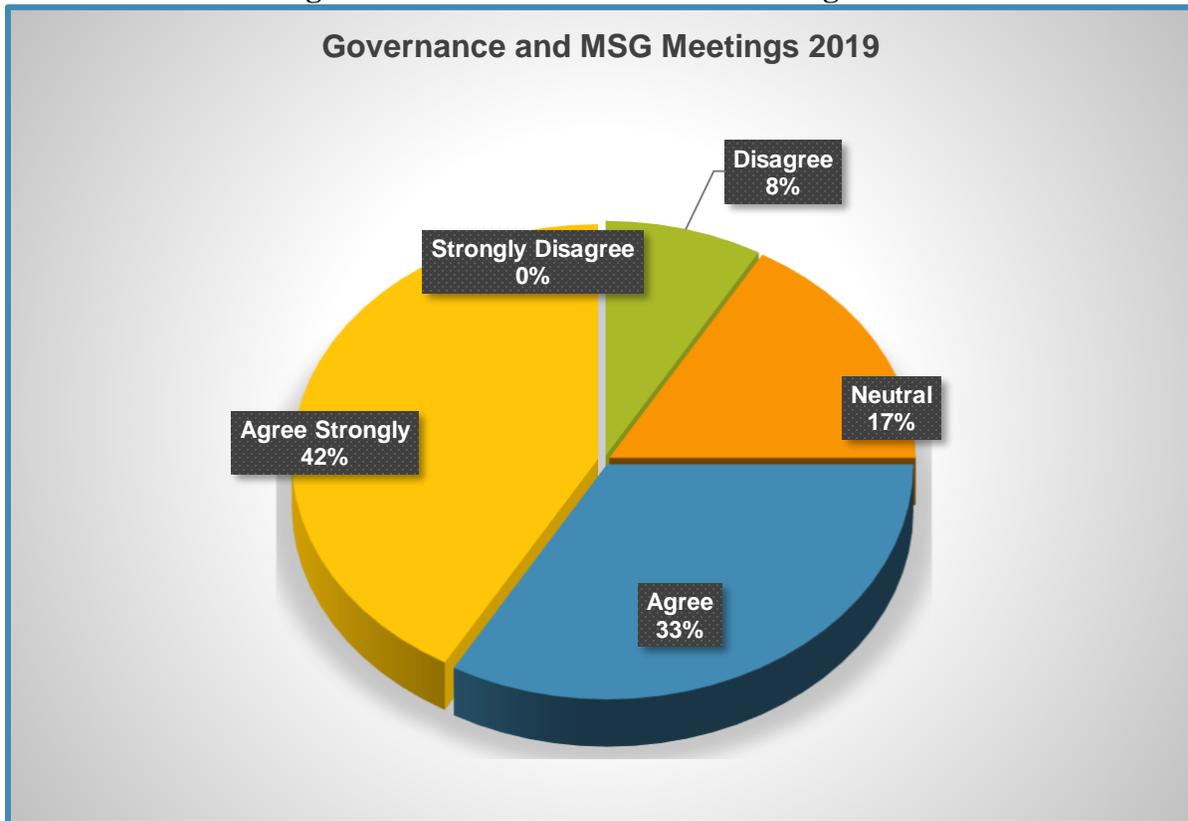
Source: MSG 2019 Survey

Key policies and procedures approved by the MSG include revised MSG and National Secretariat ToRs, MSG Standard Operating Procedures all aimed at defining roles, and responsibilities and improving overall governance. ToRs reflect an open membership process that is inclusive to diversity and permits a broader constituency base to participate. ToRs of the MSG and NS have also been aligned. This has enabled a more fluid and open path of communication and has improved processes and procedures to ensure that activities are implemented in a timely and productive manner.

There has also been an ongoing effort by the MSG and Secretariat to organize and ensure that procedures and practices are structured and codified. This specifically applies to document management such as, minutes, reports work plans and action plans, and procurement. The AEITI has established a Dropbox that is systemized and is currently being used as illustrated in Figure 13.

Figure 13 Drop Box System 2020
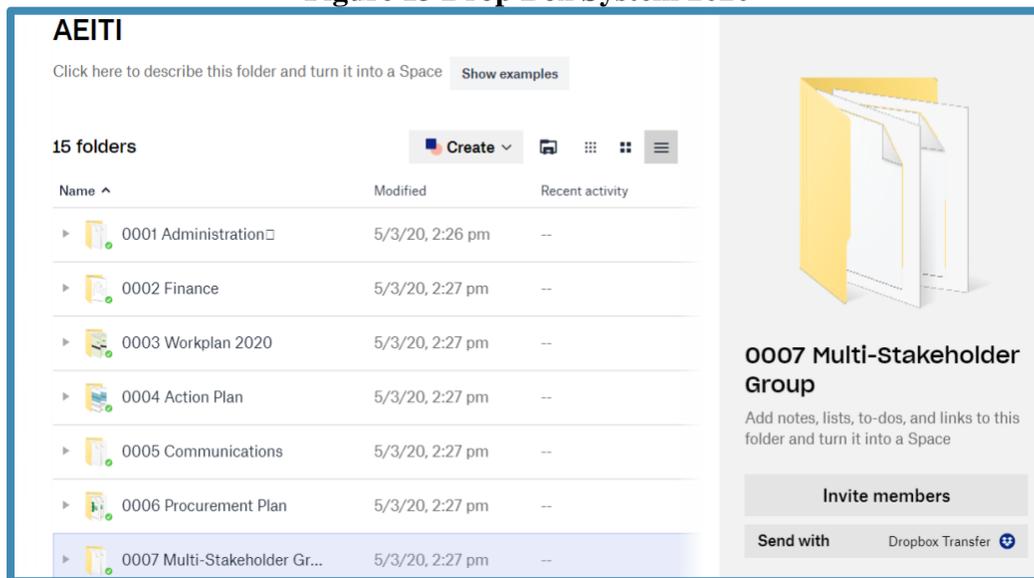
Minutes are also codified according number, dates as illustrated in Figure 14.

Figure 14 Codified MSG Minutes and Files
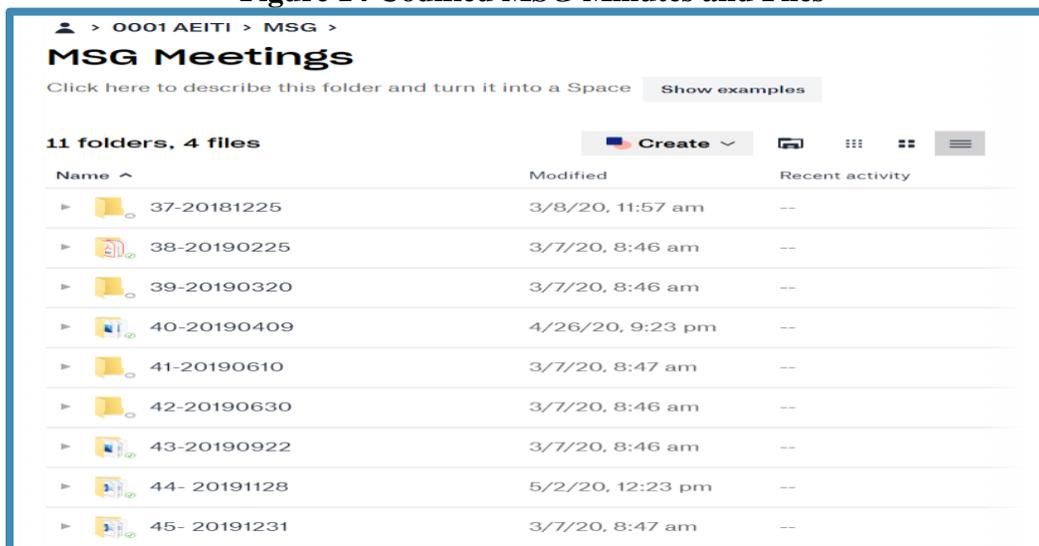
Transparency and open selection processes have been laid out in the Terms of Reference (ToRS) and Standard Operating Procedures (SoPs). February 2020 marks the refreshment of the MSG; however due to the COVID-19 the procedures have been delayed. Electoral Process Guidelines have been established in preparation of the MSG elections. These will be modified in consideration of the pandemic to ensure transparency.

Other key strategies and policies have also been established such as a Communications Strategy, Grievance and Redress Mechanism, a Gender and Diversity Policy and an MSG Handbook and

Training Guide. During 2020 a Stakeholder Engagement guide will be produced for the AEITI, Outcomes and Impact Strategy and an NS Operations Manual. These guidelines and tools aim to strengthen the MSG and the NS operations. Training and capacity building will also be undertaken. Some of the key tools that have been developed and are in place include and are not limited to the following as described in Table 16.

Table 16 Processes and Procedures for AEITI Governance 2020

1	MSG & Secretariat Terms of Reference	6	Grievance Handling and Redress
2	Standard Operating Procedures	7	Gender Strategy and Policy
3	Electoral Process Guidelines	8	Conflict of Interest & Representation Policy
4	MSG Handbook	9	Communications Strategy
5	Results Based Management Work-Plan	10	Monitoring and Evaluation Plan

Source AEITI Documents

The MSG Handbook and Training Manual will be issued in 2020 to incumbent MSG members so they understand their mission, roles and responsibilities, as well as overall stakeholder expectations. Training will assist in defining roles and responsibilities, accountability and operational procedures of the AEITI. Furthermore, it will strengthen current governance practices that include the publication of other key MSG decision-making documents on the AEITI Website[51].

The per diem practice discussed in MSG meeting on 25th December 2018 has been published on the website and included in the MSG ToR. Hence, it is understood by MSG members that their work is completely voluntary. The issue of per diems may be brought up with incumbent MSG members, however this has yet to be determined. Any key decisions made will be published.

The following Table 17 outlines some of the key questions posed to members and their responses in light of governance. Overall, there is a sense of satisfaction within the MSG that transparency and accountability govern the group. There is also a positive feeling that there is an opportunity to engage in transparent debate and discussion.

Table 17 MSG Survey Responses Related to Governance 2019

	Questions	Strongly Disagree	Disagree	Neutral	Agree	Agree Strongly
1	The MSG operates under a set of policies, procedures, and guidelines with which all MSG members are familiar	0%	0%	0%	42%	58%

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[51] *AEITI Website (2020) Source: http://aeiti.af/en/documents/category/minutes-2015-2019 and also http://aeiti.af/en/page/publications/minutes Meeting Minutes*

2	The Secretariat reports to all MSG members on all actions taken	0%	0%	8%	25%	67%
3	Nominations and appointments of the MSG members follow clearly established procedures using EITI Standards/Codes	9%	0%	9%	36%	46%
4	Newly elected MSG members receive adequate orientation to their roles and what is expected of them	8%	0%	25%	34%	33%
5	Each MSG meeting includes an opportunity for learning about the organization's activities	0%	17%	0	41%	42%
6	Each MSG meeting includes an opportunity for open and transparent debate and discussions on significant issues	0%	8%	17%	17%	58%
7	The MSG receives regular financial updates and takes necessary measures to ensure that the operation is sound	0%	17%	8%	25%	50%

Source: MSG 2019 Survey

It is acknowledged that certain areas need improvement and it is the aim of the AEITI-MSG and National Secretariat to implement measures to ensure continued and improved governance through the described policies, trainings, and communications flow. An annual AEITI MSG survey will be implemented each year for the benefit of monitoring and measuring progress and satisfaction. A mid-year review will also be undertaken to gain from lessons learnt on how to improve and strengthen the MSG and NS.

Civil Society Organization (CSOs) and its representatives continue to be engaged in public debate without restraint and coercion related to the EITI process. CSO statements as identified on the AEITI website such as Minutes, activities and programming reflect an active CSO group and representatives[52]. This is supported by the legal framework which acknowledges the participation of CSOs (2018 Law Article 100). Participation in the reform process, consultations by government on the amendment to the 2014 legal and regulatory framework and mutual agreements are all significant achievements in building trust and credibility amongst the tripartite stakeholders.

The engagement of the Afghanistan Civil Society Joint Working Group (CSJWG) with the AEITI is an important step in supporting the AEITI election process, the MSG recommendation, and its monitoring. It should be noted that the Mining Watch (MW) and Environment and Natural Resource Monitoring Network (ENRMN), civil society networks are also connected to the CCSJWGC umbrella. The CSO MSG member appointment and election process are all identified in the Action Plan. Figure 15 is a photo of the Civil Society Organizations in Action.

[52] *CSO Participation (2020) Source AEITI Website: http://aeiti.af/en/news*

Figure 15 Civil Society Organizations Elections 2019-2020

Source: AEITI 2019-2020

On the 4th May 2020 the AEITI MSG agreed upon a free, fair and transparent election procedure. An MSG authorized independent Election Committee authorized by the MSG is responsible to manage, monitor, and control the MSG 4th term (2020–2023). As a result of the COVID-19 elections it was decided to conduct the election through emails.

Publishing of documents in conjunction with other civil society organizations such as *Global Witness, Publish as you Pay* and other similar organizations, along with active participation on radio talk shows.

The GoIRA has put into place multiple measure to advance gender equality and women's empowerment most of which are grounded in the Constitution of Afghanistan assuring equal participation of men and women. The ratification on the promotion of the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) has been a slow process in the country. For extractives sector female inclusion and participation is limited. Currently, the MoMP is developing a Gender Strategy that is expected to be completed in 2020.

Ensuring gender diversity is an important step in providing a space to advance participation and decision-making over extractives sector revenue allocation. Female participation has the potential to reduce unequal control over resources and ensure that benefits and opportunities are sustainable. Currently the MSG has a 30% threshold for female participation. Finding female participants has proven to be a challenge for the MSG. This is indicative of the MoMP and the other sectors such as the industry and less so with civil society. The AEITI has developed a Gender Policy and will implement a Strategy that will align with the MoMP Gender Strategy. Its mission is to increase female participation and diversity. The 2020 MSG election is focused on increasing the number of female participants.

4.1.3 Workplan

The AEITI has taken proactive measures to ensure that the AEITI Workplan53 meets the 2019 EITI Requirement and Standard 7.4. Outcomes and Impact.

To ensure compliance AEITI has changed its Work Plan structure, aligning it with a Results Based Management (RBM) and a Performance Measurement Framework (PMF). The rationale is to ensure that the AEITI can focus on its' key vision and mission while aligning its administrative and fiscal operations with the work plan. Furthermore, by implementing such measures the AEITI can monitor and measure its outcomes and impacts on a weekly, monthly, quarterly, or annual basis.

The current Workplan follows the guidelines set out in the EITI Workplan Guidelines, with a stronger emphasis on the development of outputs that meet immediate, intermediate, and ultimate outcomes. Using the EITI Standards as the framework as Workplan Breakdown Structure activities were developed to capture necessary outcomes and outputs. The sample AEITI model framework is illustrated in Figure 16.

Figure 16 Sample of Workplan Breakdown Structure 2020

AEITI Vision						
To foster improved governance of the oil, gas and mining sector, by publishing robust data that generates public debate, builds capacity and empowers Afghans to make knowledge-based decisions over the allocation of their resources						
Ultimate Outcome						
1000	2000	3000	4000	5000	6000	7000
Oversight and Active Participation of Multi-Stakeholder Group of Activities and Reports to Promote Transparency and Accountability	Improving and enhancing transparency and accountability in the legal and institutional framework, including allocation of contracts and licenses for public disclosure and advocacy	Empower Afghan citizens through capacity building and awareness and debate on the status and use of its natural resources through state oversight of exploration activities, revenues, production and export	Empower Afghan citizens through capacity building and awareness and debate on the status and use of its natural resources through state oversight of Revenue Collection.	Empower Afghan citizens through capacity building and awareness and debate on the status and use of its natural resources through state oversight of Revenue allocations.	Empower Afghan citizens through capacity building and awareness and debate on the outcome and impact on its natural resources through social and environmental expenditures	Empower Afghan citizens through capacity building, awareness and debate on the outcomes and impacts of natural resource revenues
Intermediate Outcomes						
1100	2100	3100	4100	5100	6100	7100
Effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the government, companies and the full, independent, active and effective participation of civil society	Disclosures on how the Extractive Sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual framework that applies to the extractive sector and institutional responsibilities of the State in managing the sector.	EITI requires disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector.	An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires comprehensive disclosure of company payments and government revenues from the extractive industries.	EITI requires disclosures of information related to revenue allocations, enabling stakeholders to understand how revenues are recorded in the national and, where applicable, subnational budgets, as well as track social expenditures by companies.	The EITI Requirements related to revenue allocations include: (5.1) distribution of revenues; (5.2) subnational transfers; and (5.3) revenue management and expenditures.	Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about how resource revenues can be used effectively. The EITI Requirements related to outcomes and impact seek to ensure that stakeholders are engaged in dialogue about natural resource revenue management.

53 Workplan (2020) Source: http://aeiti.af/en/documents/category/msg-docs

Immediate Outcomes						
1200	2200	3200	4200	5200	6200	7200
Ensure government commitment company and civil society engagement, establishment and functioning multi-stakeholder group, agreed work plan, clear objectives, and realistic timetable, aligned with deadlines established by the EITI Board	The EITI Requirements related to a transparent legal framework and awarding of extractive industry rights include: (2.1) legal framework and fiscal regime; (2.2) contract and license allocations; (2.3) register of licenses; (2.4) contracts; (2.5) beneficial ownership; and (2.6) state participation in the extractive sector.	The EITI Requirements related to a transparency in exploration and production activities include: (3.1) information about exploration activities; (3.2) production data; and (3.3) export data.	The EITI Requirements related to revenue collection include: (4.1) comprehensive disclosure of taxes and revenues; (4.2) sale of the state's share of production or other revenues collected in kind; (4.3) infrastructure provisions and barter arrangements; (4.4) transportation revenues; (4.5) SOE transactions; (4.6) subnational payments; (4.7) level of disaggregation; (4.8) data timeliness; and (4.9) data quality of the disclosures.	The EITI encourages disclosures of information related to revenue management and expenditures, helping stakeholders to assess whether the extractive sector is leading to the desirable social and economic and environmental impacts and outcomes.	The EITI Requirements related to revenue allocations include: (6.1) social and environmental expenditures by companies; (6.2) SOE quasi-fiscal expenditures; (6.3) an overview of the contribution of the extractive sector to the economy; and (6.4) the environmental impact of extractive activities.	EITI disclosures lead to the fulfillment of the EITI Principles by contributing to wider public debate. It is also vital that lessons learnt during implementation are acted upon, that recommendations from EITI implementations are considered and acted on where appropriate and that EITI implementation is on a stable, sustainable footing.
Outputs						
1300	2300	3300	4300	5300	6300	7300
Activities	Activities	Activities	Activities	Activities	Activities	Activities
Outputs						
1400	2400	3400	4400	5400	6400	7400
Activities	Activities	Activities	Activities	Activities	Activities	Activities
Outputs						
1500	2500	3500	4500	5500	6500	7500
Activities	Activities	Activities	Activities	Activities	Activities	Activities

Source: AEITI Results Based Management Framework: Working Materials 2020

The RBM framework allows for efficient, effective, and the accountable use of public/donor funds and activities (outputs and outcomes) are linked to budgets and the procurement plan. Activities are designed to provide realistic outcomes that have set timelines. Potential risks are managed, and beneficiaries can identify "hot-spots" that may challenge progress. The RBM and PMF will allow the AEITI to measure progress against key indicators that can enhance value-driven decision-making processes, proving opportunities for 'lessons-learnt' to be incorporated into current and future planning.

Monitoring and evaluating progress is directly linked to the 2019 EITI Requirement 7.4., allowing the AEITI to streamline its operational procedures to ensure that key information is captured and reported.

The 2020 Workplan was approved by the MSG on 31 December 2019[54]. To ensure MSG participatory engagement a workshop (Report on Results Based Management for AEITI Stakeholders) was conducted in Kabul in 4 -5 February 2010 to introduce the RBM-PMF framework to the MSG and ensure that appropriate indicators are developed through a participatory process. A Results Reporting Framework (RRF) was also developed.

With the assistance of the World Bank the hiring of a Monitoring and Evaluation Specialist for the AEITI is anticipated to join the Secretariat in 2020. ToRs for the position were developed in January of 2020. The approved AEITI Work Plan 2020 is currently being implemented.

4.2 Systematic Disclosure Summary

Table 18 is a systematic disclosure summary of key discussed documents and references within Section 1 MSG Oversight of EITI Process and corresponding links. Appendix C AEITI Disclosure Documentation and Materials highlights specific AEITI website disclosure.

Table 18 Systematic Disclosure Multi-Stakeholder Group

Type	Link
AEITI Website	http://aeiti.af/en
Minutes	http://aeiti.af/en/documents/category/minutes-2015-2019
AEITI Reports	http://aeiti.af/en/documents/category/reconciliation-reports
Annual Progress Reports	http://aeiti.af/en/documents/category/annual-progress-reports
MSG ToRs	http://aeiti.af/Content/Media/Documents/FINALMSGTOR201904012010201951239414553325325.docx
National Secretariat ToRs	AEITI Secretariat ToR (http://aeiti.af/en/documents/category/aeiti-docs)
Government Decree of Appointments to MSG	http://www.aeiti.af/en/page/govt-sector http://aeiti.af/en/documents/category/minutes-2015-2017
AEITI Civil Society Guidelines	https://eiti.org/document/eiti-protocol-participation-of-civil-society
Conflict of Interest	To be Approved
Workplan	http://aeiti.af/Content/Media/Documents/2020Workplan20200129113202003137997553325325.xlsx
Results Based Management for MSG and Stakeholders	http://aeiti.af/en/documents/category/provincial-and-outreach-reports
Communications Plan	Communication Strategy 2020-2021 (http://aeiti.af/en/documents/category/aeiti-docs)
Grievance Handling	Draft to be approved in 1st Quarter 2020
MSG Operations Handbook	To Be Completed 1st Quarter 2020
Gender Policy	Completed 1st Quarter 2020

4.3 Validation Corrective Actions and Summarized Achievements

The following section is a summary of the comments made by the EITI International Secretariat 2018 on the corrective actions and a summary of the key achievements and mitigation measures undertaken to meet the 2016 EITI Standards. Table 19 highlights the Corrective Actions and summary of actions undertaken.

Table 19 Corrective Action #1 EITI Requirement #1-1.1

Corrective Action 1– Requirement #1-1.1

In accordance with Requirement 1.1, Afghanistan should ensure that a senior individual that has the confidence of all stakeholders, authority to coordinate action and mobilise resources provides consistent government leadership of the EITI. Afghanistan should also ensure that engagement is consistent across government departments. In

accordance with requirement 8.3.c.i, the government constituency is requested to develop and disclose an action plan for addressing the deficiencies in government engagement documented in the initial assessment within three months of the Board's decision. To strengthen implementation, Afghanistan is encouraged to ensure that government representatives on the MSG attend meetings regularly. Institutional disagreements over leadership of the EITI process should be addressed to ensure that the government is able to improve implementation at the operational level and use the EITI as a platform for reform. Given the importance of the Mutual Accountability Framework in the Afghan context, the government and development partners are encouraged to identify targets that will help Afghanistan address challenges to the sector through the EITI rather than continuing to focus on compliance.

The Government of the Islamic Republic of Afghanistan has continued to endorse the AEITI and its' importance in monitoring anti-corruption and has made several public statements highlighting its importance in the extractives sector.

H.E. President Ghani has taken special interests in AEITI progress and is regularly briefed on developments regarding the MSG and its progress. H.E. President has made it a point to house the AEITI in the Ministry of Mines and Petroleum where the AEITI-EITI Champion sits H.E. the Minister. The H.E. the President and Minister have voiced their continued support and endorsement of the AEITI to the public.

MSG leadership has been supportive, communication ongoing, and decision-making and planning have led to productive results. Consultation, participation and collaboration between the government and MSG members has increased resulting in the implementation and joint monitoring of key aspects of the MoMP Strategic Reform and key sector developments.

Corrective Action 2 – Requirement #1 - 1.4

In accordance with Requirement 1.4, Afghanistan should ensure that any deviations from the MSG's ToR are adequately and publicly codified. The MSG should ensure that its lack of per diem practice is publicly clarified. In order to facilitate compliance with the ToR, the MSG may wish to consider simpler and less prescriptive ToR while ensuring that all the elements in Requirement 1.4 are covered. to ensure that the invitation to participate in the group is open and transparent, that the nomination process is independent and free from any suggestion of coercion, and that civil society MSG members are operationally, and in policy terms, independent of government and companies. Bearing in mind the desirability of pluralistic and diverse representation, CSOs and industry may wish to consider ways of encouraging women to participate in the EITI process. To help planning, encourage participation of all stakeholders and ensure that papers are submitted in time, the MSG may wish to agree dates of quarterly meetings that are aligned with the EITI's reporting timeframes. To help members engage more actively, MSG members should consider working and publishing in local languages rather than English. The MSG should also ensure that there is sufficient advance notice of meetings and timely circulation of documents prior to their debate and proposed adoption.

AEITI-MSG has seen steady improvements in the attendance, equal participation and collaboration of its members. United on many fronts the increase in participation has seen industry, civil society and government an opportunity to engage in serious dialogue and debate that has led to important input in decision-making processes and has highlighted challenges and barriers that need to be overcome

With the establishment and refreshment of Terms of Reference and Standard Operating procedures, as well as the development of an MSG Operations Handbook the MSG members are bound to protocols and procedures that guide value-driven decision-making, good governance, improved communication and participation all enable AEITI operations to be more effective, transparent, productive and timely.

Inclusion of new policies such as: Gender Policy, Grievance Handling and Redress, Communications & Engagement Strategy, Conflict of Interest, Election Procedures.

Corrective Actions 3 – Requirement #1- 1.5

In accordance with Requirement 1.5, the MSG should ensure that its work plans are fully costed, updated regularly, consistently published online and are aligned with the reporting and Validation deadlines established by the EITI Board. Work plans should also be fully costed. In order to ensure that objectives are met, Afghanistan is encouraged to ensure that the AEITI procurement plan agreed with the World Bank and other sources of funding reflects the objectives of the MSG as explained by the AEITI annual work plan.

AEITI 2020 Workplan has been transformed into a results-based management and performance management document that is aimed at achieving immediate, intermediate, and ultimate outcomes, that can be measured and monitored over time. The workplan aligns with the procurement and budget. It is key to streamlining operations and meeting targets and schedules. It ensures that AEITI is monitoring impacts and outcomes.

Training on Results Based Management and Performance Management Frameworks, monitoring and evaluation was undertaken with the MSG in 2020.

Source: AEITI Validation Report July 2018

Section 2
Systematic Disclosure

5.0 MoMP and Systematic Disclosure

The Ministry of Mines and Petroleum (MOMP) with the support of the GoIRA is undergoing a digital revolution aimed at improving governance and in meeting downstream business and customer service needs. It is the vision of the MoMP to "…fulfill its role of promoting and regulating the extractives sector in a fully transparent manner by developing a clear and consistent governance framework…"[55] and "…to maximize the potential of the sector by attracting and retaining responsible investment…"[56]. This vision is supported by the MoMP *Reform Strategy Extractives Sector 2017* and the *Mining Sector Roadmap 2018* was approved by the High Economic Council (HEC) in 2017.

Under its' reform strategy the MoMP has highlighted the use of technology in its 5 Pillars. Pillar #1 Institutional Reform identifies the need for internal and external digitized platforms that shift manual operations and practices into fully functional digital procedures. The objective to improve internal institutional efficiencies, improve procedures and practices and accuracy of data and information. This is currently underway and is featured as the new e-governance system that aims to increase transparency and accountability.

Pillar # 2 Geological Data Acquisition and Management highlights the importance of ensuring that Afghanistan's geoscience information is available and accessible to policy makers, investors, and relevant stakeholders. The data management of geo-spatial information, licenses, contracts, activities, production, and drilling allows the government to collect and manage timely information that can be used to market and sell key natural resources to prospective investors and businesses, through a transparent tendering and bidding processes. As per the reform strategy the government has rolled out the Mining Cadaster Administration System (MCAS) in consultation with key stakeholders such as the AEITI. It has selected key information that is suitable for public dissemination, can be sold and is for internal use only. The AEITI has played an active role in these consultations and debates with the government resulting in the publication of all mining contracts, an outstanding achievement.

Contract Management and Compliance Pillar #3 of the reform strategy highlight contract compliance and the collection of non-tax revenue from extractive sector activities. Under reform practices tax collection will be shifted from manual practices into digitized revenue management system the currently implemented Non-Tax Revenue System (NTRS). It is recognized that the system is critical to the management of revenues as the manual systems are subject to vulnerabilities. The digital shift improves transparency and has made the MoMP and MoF responsive to sector investors. An MoU has been signed between the two institutions to ensure data sharing is done in real-time. It is expected that downstream MoU's between other institutions will be signed to further enhance the system. The MoMP and MoF have established a separate dedicated account where extractives revenues are collected, increasing oversight and management. Both Pillar #2 and #3 reform initiatives are key to ensuring that systematic disclosure for the sector is strengthened and operating systems are streamlined, the ease of doing business if enhanced and

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[55] *MoMP Mining Reform Strategy (2017) p.10*
[56] *MoMP Mining Reform Strategy (2017) p.10*

the accountability measures are incorporated within the system. With the new legislative and regulatory framework these systems as identified in Pillar 4 are strengthened and obligatory by law. In addition, the new law has aligned itself with the 2016 AEITI Standards.

> *Chapter 17: Article 100: The Ministry of Mines and Petroleum, the Ministry of Finance, License Holder, contractor and other relevant agencies shall, for the purpose of transparent and effective management of Mining revenues, comply with the financial reporting requirements and standards of the Extractive Industries Transparent Initiative.*

The Government of the Islamic Republic of Afghanistan (GoIRA) has committed to implementing proactive measures to ensure increased transparency under the following: a) awarding of licenses and contracts, b) beneficial ownership and c) state participation in the extractives sector. This is highlighted in the following Table 20 of the current legal requirements that focus on one of the key mandates of the EITI "public disclosure". The GoIRA and MoMP have committed to this in accordance to the current legal framework.

Table 20 GoIRA and MoMP Legal and Regulatory Commitment to Public Disclosure

Article	Applies to:	*Law*
Minerals Law Article 23 (6)	Publication of Contracts and Licenses and other key agreements	*The Ministry of Mines and Petroleum shall publish the terms and conditions of any Minerals Development contract, and other ancillary agreements within ten (10) days after entering into such Minerals Development Contract.*
Minerals Regulation Article 8 (3)	Extension of a Mining License	*Publish the License and approved Exploration Program, Mining Proposal or Small-scale Work Program in accordance with Article 25 of the Law.*
Minerals Regulation Article 9 (1)	Bidding process in Exploration Licenses and Exploitation Licenses	*the Ministry shall publish tender notices initiating a bidding process under Article 41(2) of the Law in Dari or Pashto as well as English;*
Minerals Regulation Article 9 (3)		*The Ministry shall publish Mining Concessions under Article 25 of the Law in Dari or Pashto as well as English and the Ministry may prepare the Mining Concession in dual languages to facilitate that.*
Minerals Regulations Article 17	Bid Bonds	*The Ministry may develop and publish procedures in relation to the form and requirements of bid bonds.*
Minerals Regulations Article 19 (6)(3)	Small Scale Mining License	*Publish the License in accordance with Article 25 of the Law. (Small Scale Mining License)*
Minerals Regulations Article 29	Variations of a Mining Concession	*The Ministry shall publish a copy of any variation of a Mining Concession on its website in accordance with Article 25 of the Law.*
Minerals Regulation Article 35 (6)	Export of Product	*The Ministry shall include details of Product exported pursuant to export permits granted in the revenue collection report to be published pursuant to Article 25(3) of the Law.*
Minerals Law Article 41	Access to Information	*The Ministry of Mines and Petroleum shall facilitate access for members of the public to the Register of Licenses, Applications, the Cadastral Survey Maps, non-confidential reports and agreements submitted by the Holders of*

		Licenses during normal business hours, and provide a copy of such documents upon public request upon payment of the prescribed fees.

Source: Afghanistan Minerals Law and EITI Standards

The legal (2018) and regulatory (2019) framework also defines disclosure mechanisms, audit obligations for the license holder and ineligibility of Politically Exposed Persons (PEP) to bid or hold a license. Key disclosure is supported by the implementation of the Mining Cadaster Administrative System (MCAS) and the Non-Tax Revenue System (NTRS) which are linked through the MoMP Transparency Portal[57] platform.

Data used in the Transparency Portal comes from 4 different key sources that include: a) MoMP provincial offices, b) MoMP Cadaster Administrative System (MCAS) c) Afghanistan's Customs Department and the d) Ministry of Finance. The MoF and Customs have their own databases of which the Ministry of Finance manages the Non-Tax Revenue System (NTRS) and Customs the ASYCUDA. Information is extracted from these databases via excel and used to inform the Transparency Portal. The MCAS automatically updates the relevant fields in the Transparency Portal and is managed by the Cadaster Department in MOMP. Information is collected by the Provincial MOMP offices from payment slips, bank receipts, license documents and other official correspondence, then entered onto the Transparency Portal. The Transparency Portal provides accessible and publicly available information on the extractives sector and is the 'cornerstone' for the mainstreaming of the EITI principles within Afghanistan. The 2019 EITI Requirements 4, 5, 6, and 7 highlight this importance.

Section 2 Systematic Disclosure documents the progress made since the 1st Validation and the 2016-2017 Reconciliation Report in disclosing key information. It highlights the legal and regulatory changes, licenses, contracts, exploration data, production, and export (data value and volumes). Beneficial ownership and State-Owned Enterprises as well as revenue allocation are also highlighted.

5.1 EITI Requirement 2

As the Ministry of Mines and Petroleum continues its efforts to reform the sector, update obsolete systems and install new checks and balances the EITI Requirement 2 are slowly becoming achievable for the AEITI. The MoMP emphasis on public disclose of information as supported by the newly implemented 2018 Legal and 2019 Regulations, has seen the AEITI make considerable progress from its 1st Validation in 2018.

Table 21 EITI 2019 Requirements 2

2019 EITI Requirements 2 Overview

2.1 - 2.6	*The EITI requires disclosures on how the extractive sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual frameworks that apply to the extractive sector, and the institutional responsibilities of the State in managing the sector. The EITI Requirements related to a transparent legal framework and*

[57] These systems were established in 2018.

awarding of extractive industry rights include: (2.1) legal framework and fiscal regime; (2.2) contract and license allocations; (2.3) register of licenses; (2.4) contracts; (2.5) beneficial ownership; and (2.6) state participation in the extractive sector

Source 2019 EITI Requirements and Standards58

5.1.1 Legal and Regulatory Framework, Licences and Contract Allocation

The Ministry of Mines and Petroleum (MoMP) is the responsible institution for defining and implementing policies and regulations governing the mining and petroleum sectors. The Ministry is responsible for negotiating and issuing licenses for mining and petroleum exploration and production. It is also responsible for the collection of non-tax revenues and geological data. For the ASM sector, the Ministry is responsible for the administration, monitoring and regulation of this sector.

The AEITI 6th Reconciliation Report covers the fiscal periods from 2015-2016 and 2016-2017 when the 2014 laws and 2009 regulations were in effect. Afghanistan is currently governed under new mining laws and regulations that were passed in 2018 (laws) and 2019 (regulations). The following Table 22 is a summary of the legal and regulatory approvals and publication dates in the national newspaper the Gazette of the laws and regulations.

Table 22 Legal and Regulatory Framework 2009 - 2019

Laws and Regulatory Framework 2009 - 2019		
2009	5th November 2008	Cabinet Approves Mining Law
	8th February 2009	Published in the Gazette
	14th December 2009	Regulation Approved Ministers Council
	31st December 2009	Published in the Gazette
2014	9th of August 2014	Cabinet Approves Mining Law
	16th of August 2014	Published in the Gazette
	N/A	Regulations for 2009 Apply to 2014 Laws
2018	5th September 2018	Cabinet Approves Mining Law
	13th October 2019	Published in the Gazette
	13th December 2019	Regulation Approved by the Cabinet
	25th January 2020	Published in the Gazette

Since the implementation of the 2014 and 2009 legal and regulatory framework there has been a continued emphasis on improved transparency and accountability by the GoIRA. The MoMP Afghanistan Mining Sector Roadmap (2018), highlighted four key legal issues that were identified as significant to improving the 2014 and 2009 laws and regulations. These were as follows: a) decision rights, b) tendering process, c) classification of mining assets, and d) royalty rates. As identified in this section the legal and regulatory framework has improved and previously identified weaknesses have been addressed in the current legal framework (2018 legal and 2019 regulatory) to facilitate the ease of doing business. This applies specifically to early stages of the

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58 *EITI (2020) Source: https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*

Mine Life Cycle were licensing and contracting and license allocation and license transfer[59] are key to establishing in-country investment.

The results have seen different definitions and approaches to the types of licenses and contract allocations as well as processes and procedures implemented.

The 2014 legal framework describes 5 license types for the mining sector that include: i) reconnaissance license, ii) exploration license, iii) exploitation license, iv) small-scale mining license, v) artisanal mining license and 1 authorization the vi) application for quarries and development contract

Definitions of license types according to the law are indicated and defined below in Table 23.

Table 23 License Types in Accordance with the 2014 Mining Law

Type of Mining	Area	Duration
Reconnaissance License	A Reconnaissance License Area shall consist of contiguous blocks such that its Area shall not exceed twenty thousand (20,000) square kilometers[60]	A Reconnaissance License shall be granted for up to two (2) years and may not be extended.[61]
Exploration License	An Exploration License Area shall be made up of adjacent blocks and the area of land on which an Exploration License may be granted shall not exceed two hundred and fifty (250) square kilometers[62]	From the date of registry, the Exploration License period shall be for up to three (3) years and may be extended for two (2) additional consecutive term
Exploitation License	Exploitation License may be granted shall not exceed fifty (50) square kilometers or be less than one (1) square kilometer	The duration of an Exploitation License shall not exceed thirty (30) years from the time of its registry,
Small Scale Mining License	The Area defined in a Small-Scale Mining License shall be of adjacent blocks and shall not exceed one (1) square kilometer and a depth of sixty (60) meters	A Small-Scale Mining License shall be for a period ten (10) years from the date of registration and is extendable
Artisanal Mining License	The area in respect of an Artisanal Mining License shall not exceed one (1) hectare, as adjusted to the cadastral block system and its area cannot be expanded[63]	An Artisanal Mining License shall be valid for five (5) years after its registration and can be extended for (5) years till finish deposit[64]

[59] Ministry of Mines (2020) Source: https://momp.gov.af/small-mines-projects-details
[60] Article 44, 2014 Mineral Law
[61] Article 43.(2), 2014 Mineral Law
[62] Article 49.(1), 2014 Mineral Law
[63] Article 69.(1) & (2), 2014 Mineral Law
[64] Article 68.(1) & (2), 2014 Mineral Law

Development Contract	The holder of a Minerals Development Contract may be granted up to (5) Exploitation Licenses in the Area of the Exploration License of its Contract	
Application for Quarry	The area in respect of a Quarry and Construction Materials Authorization shall not exceed one (1) hectare, and thirty (30) meters in depth[65]	A Quarry and Construction Materials Authorization shall be valid for five (5) years after its registration and may be extended for continuous terms up to five (5) years each

Source: 2014 Mining Law.

License and contract allocation under the 2014 laws and 2009 regulations are highlighted in the below Table 24. Under Article 16-34 in the Minerals law highlights the conditions for granting a license or enacting a contract. The Ministry of Mines and Petroleum as described in the law Article 19 (2) is the responsible agent for granting the licenses and contracts. This is further described in the regulations (2009).

Table 24 Types of Licenses and Granting Authorities 2014

Law	Type of Process
Article 19 (1)	A Reconnaissance License shall be based upon application.
Article 19 (2)	An Exploration License, Exploitation License and Small-Scale Mining License shall be based upon a bidding process.
Article 19 (3)	An Artisanal Mining License shall be based upon an application in accordance with the provisions of this Law and relevant Procedures.
Article 20	An Authorization [Authorization for Quarry and Construction Materials] shall be granted based upon application by the Ministry of Mines and Petroleum in accordance with the provisions of this Law.

Source 2014 Mining Law

According to the 2014 law Article 16 (4) "The Ministry of Mines and Petroleum may, in case of justifiable reasons, grant both an Exploration License and an Exploitation License in a single bidding process upon the concurrence of the Commission and approval of the Council of Ministers".

It should be noted that during 2016-2017 (1395-1396) the regulatory framework used for authorization of contracts/licenses and criteria used for the selection process is identified in the following key documents as per the MoMP website Table 25 below. Explanations are provided on the actual allocation and transfer process (including roles of relevant government entities and any non-trivial deviations from statutory procedure to practice.

[65] *Article 76.(1), 2014 Mineral Law*

Table 25 Legal Document Sources for 2016-2017 Reporting Period

	Link
2014 Mining Law (1393)	https://momp.gov.af/sites/default/files/og_01143_qanwn_madn_sal_1393.pdf
2009 Mining Regulation (1397)	https://momp.gov.af/sites/default/files/201906/ها20%منرال20%مقرره%_compressed.pdf

Source: Ministry of Mines[66]

The post publication of the 6th AEITI Report saw the GoIRA confirm non-trivial deviation in the awarding of contracts and licenses for 2016-2017 (1395-1396), resulting in concerns expressed by the AEITI Independent Administrator and stakeholders.

The Dubai AEITI Self Evaluation Workshop (2019) raised this issue and initiated various discussions around this key issue to gain further clarity. The issue was tabled at the AEITI Multi-stakeholder Group meeting in both its' 44th and 45th meeting[67] and it was agreed that the issue would be reviewed based on a sample size conducted through the MSG Technical Working Group and would be led by the MoMP Cadaster Directorate. For those licenses awarded a spot check was conducted from a sample list that included licenses; 1,12, 22, 32, 42, 52, 62, 72, 82 and 92. To cross reference the licenses provincial offices were contacted and requested to provide soft copies of the awarded licenses and contracts from submission to contract signing. The MoMP Cadaster directorate reviewed the award process of the 10-sample license and could not find indications of non-trivial deviation, according the related law and procedures.

In December 2019, an external European Union Advisor also examined the licenses and concluded that no non-trivial deviation took place. The findings were shared with the MSG and Independent Administrator confirming that no non-trivial deviation took place[68].

The awarding and licensing procedure for 2014 is highlighted in the following Table 26.

Table 26 Awarding of Licenses under 2014 Legal Framework

2014 Laws	Licensing and Awarding Procedure
Article 21-22 & 42-46 & 47-54 & 55-60 & 61-66 & 67-72 & 73-79	Submission of application and fee by the applicant
	Submission of work plan with technical and financial capabilities by the applicant
	Dispatching of a reporting representative to the area of interest by the provincial directorate for reporting purposes
	The evaluation of application and field report by the provincial directorate's designated committee

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[66] *Ministry of Mines Website (2014)*
[67] *Summary MSG Meeting Minutes for 44th and 45th MSG Meeting (2019)*
[68] *See 6th AEITI Reconciliation Report (2018) p. 43*

Asking for guarantees of the effective implementation of the work plan by the provincial directorate
Drafting of licensing contract by the provincial directorate and sending it to the center for the purpose of approval
Evaluation of the implementing processes of the provincial directorate by the center based on the related procedures
Checking of coordinates with the definite area for licensing and recording them in the related systems
Getting approval from the designated authorities and sending the contract for implementation to the related provincial directorate

Source MoMP 2014[69]

During the period of 2016 (1395) a total of 120 construction licenses were awarded; the said licenses were awarded in accordance to the mineral law (2014), based on the application process as opposed to the bidding process. These were identified as quarry licenses (authorization license) according to the law. It should be noted that during the year 2017(1396), no licenses (large – medium or small scale) were awarded. The 6th EITI Reconciliation Report stated that 186 licenses were awarded during this period. The discrepancies in terms of number of licenses awarded is correlated to the 2018 Mining Law Article 6(4) that saw the MoMP "…extending, *suspending, amending and revoking any Reconnaissance License, Small-Scale Mining License, Artisanal Mining License and Authorization in accordance with the provisions of the Law"* . It was noted that some of the license holders were suspended or no longer in operation and ceased to exist.

The applications were received by the provincial mining directorates who in turn evaluated and shared these with the central Cadaster Directorate of the MoMP in Kabul. The applications were reviewed and approved by the Cadaster Department and sent on to the Minister of Mines and Petroleum for final approval and signature.

The sample licenses awarded during this period (2016) (1395) were based in Kabul, Bamyan, Baghlan, Balkh, Badghis, Herat and Nangarhar. The 2014 Mining Law Article 74 was applicable to the licensing process. The process of awarding licenses is highlighted in the following Table 27. The authorization procedure is highlighted in Table 27.

Table 27 Authorization and Payment Procedure under the 2014 Legal Framework

Steps	Authorization	Corresponding Fee
1	Application form is provided at a non-refundable cost	2500 Afghani
2	Filled application form is delivered within 1 week to the Provincial Mining Office	
3	Application form evaluated within 2 working days by provincial cadaster department. Send delegation to the mine site	
4	Technical team undertakes assessment, collects coordinates feasibility study, environmental and social considerations	

[69] *Ministry of Mines Website (2014)*

5	Evaluation of report by provincial evaluation committee who either rejects or approves the application	
6	If rejected the applicant receives a formal letter along with justification after one week	
7	If accepted documents are processed with the Cadaster Directorate in Kabul – Central MoMP	
8	Evaluation process undertaken by both the Cadaster Directorate and the Provincial Directorate within a 7-day working period; based on this Minister of MoMP approves and shares a copy of authorization license with the small artisanal mine directorate. Submits original copy of authorization license to the respective Mine Directorate. Successful candidate pays a license fee	5000 Afghani
9	Authorization license is disseminated to the local Governors Office the IDLG and other related government entities.	

Source: Ministry of Mines[70]

The following flow chart (Figure 17) illustrates the authorization procedure according to the 2014 Laws and 2009 Regulations.

Figure 17 Authorization Licenses Business Process Map (2016 -2017 – 1395 -1396)
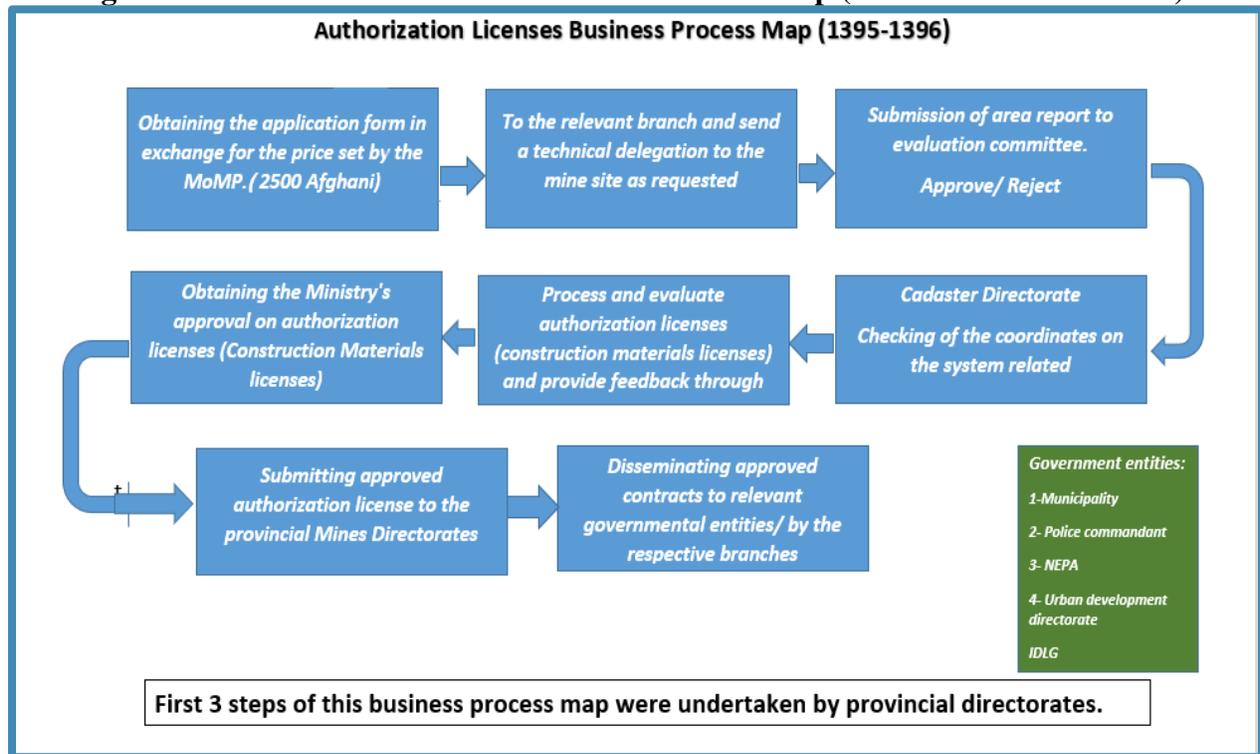
Source: MoMP Cadastre Department 2020

The 2018 laws and 2019 regulations have seen a streamlined approach to the licensing and contracting process unlike the preceding laws and regulations. Overall improved transparency measures in the area of license allocation and contract bidding is established and contracts are currently published as per the law. The 2018 laws identify 3 key licenses as per Article 26 (1) These are defined as follows 1) Small-Scale Mining Licenses, 2) Exploration Licenses and 3) Exploitation Licenses. Those activities such as artisanal mining and other mining activities that satisfy requirements under Article 26 (3) are to be conducted under small-scale mining licenses[71]. The following Table 28 highlights the legal and regulatory provisions that are currently in place.

Table 28 Mining License Laws (2018) Regulations (2019)

	Types of Licenses	Area	Duration
1	*"Mining Concession" is a written agreement entered into by the State and a Concession Holder in connection with the conduct of Mineral Activities which: - provides for the grant of an Exploitation License; or - provides for the grant of an Exploration license and a right of priority for the grant of an Exploitation license[72]*		
2	"Exploration license" means a license granted under Article 28(1) and Article 28(1), which authorizes Exploration in respect of large-scale mining projects in accordance with this Law[73]	The area of an Exploration license shall not exceed a total area of 250 square kilometers[74]	An Exploration license shall be granted for an initial term of 3 years and up to 2 additional terms of 3 years with the approval of the Ministry[75]
3	"Exploitation license" means a license granted under Article 28(3), Article 28(3) or Article 28(9), which authorizes Exploitation in respect of large-scale mining projects in accordance with this Law[76]	The area of an Exploitation license shall not exceed the area reasonably required for the conduct of Exploitation Activities[77]	An Exploitation license shall be granted for a term of 30 years and additional terms of up to 15 years with the approval of the Ministry[78]
4	Artisanal mining and other Mineral Activities that satisfy the requirements under Article 26(3) and 29	the maximum area of Small-scale Mining Licenses in the relevant Small-scale	A Small-scale Mining License shall be granted for a term of 5 years and additional terms of up to

71 Article 26 2018 Mining Law
72 Article 4. (10) 2019 Mineral Regulation
73 Article 4. (16) 2019 Mineral Regulation
74 Article 30. (2), 2019 Mineral Regulation
75 Article 31. (1), 2019 Mineral Regulation
76 Article 4. (17) 2019 Mineral Regulation
77 Article 30. (3), 2019 Mineral Regulation
78 Article 31. (2), 2019 Mineral Regulation

shall be conducted under a Small-scale Mining License79	Mining Area which shall not exceed one (1) square kilometer80	5 years with the approval of the Ministry81

Source: 2018 Mining Laws and 2019 Mining Regulations

It should be noted that the MoMP has through its reform process placed a strong emphasis on artisanal and small-scale mining. During 2016 it was estimated that some 1,400 illegal mines were in operation in Afghanistan82. This equals a substantial loss of revenues for the GoIRA and MoMP. This has seen to the development and implementation of the Artisanal and Small-Scale Mining Formalization Strategy 201883. In 2018 some 1,200 illegal mines were identified on 300 mining sites resulting in the closure of 33 illegal mines84. The implementation of this strategy also saw the securing of 5 ASM licenses in the provinces in the year 2019 under the new law and strategy.

The newly implemented legal and regulatory framework highlights on what ground licenses are granted and under what conditions companies are able obtain rights to explore and exploit the country's natural resources. License and contract allocation procedures (Exploration and Exploitation licenses) are highlighted in the 2019 Regulations Articles 9 to 18. Table 29 highlights the license and contract bidding process.

Table 29 Bidding Process in Respect to Exploration and Exploitation Licenses 2019

Tender Notices	Pre-Qualification Questionnaire	Request for Proposal Exploration	Request for Proposal Mining Concession Exploitation	Tender Proposal Submission And Receipt	Tender Evaluation	Follow-up on Bids
Article 9 & 10	Article 10 & 11	Article 12	Article 12	Article 13 & 14	Article 15	Article 16 to 18
Publish Tender or mining Concession in Dari or Pashto and English	Details initiating bidding process to interested parties	Request for proposal to includes geological information, exploration program, local content, environmental management and health and safety plan and other relevant materials as	Request for Proposal includes, mining proposal, community development plan, environmental management and health and safety plan and other relevant materials as	Procedures for tender submission by the bidder; includes documentation, bond etc. Receipt of tender and protocols and guidelines	Mining Technical Review Committee leads the evaluation Key A tender evaluation criteria	Procedures are outlined on the follow-up to the bidding process

79 Article 26. (2), 2019 Mineral Regulation
80 Article 19. (2)(2)2019 Mineral Regulation
81 Article 31. (3), 2019 Mineral Regulation
82 War in the Treasury of the People Global Witness May 30, 2016
83 MoMP Website (2020) Source:
https://momp.gov.af/sites/default/files/201904/ASM%20SS%20Formalisation%20Strategy%202018_V4_reduce_0.pdf
84 MoMP Mining Cadastre Directorate (2019)

		stipulated by the regulations	stipulated by the regulations			

The current criteria set by the regulatory framework (2019) evaluates potential bidders based on the following key criteria a) technical expertise, b) key personnel associated with the bidder d) experience and e) financial criteria. This is highlighted throughout the bidding and evaluation process as expressed in the regulations Articles 10-18. The Mining Technical Review Committee has identified set criteria as laid out by the regulations and has developed a set of procedures that enables a transparent process for awarding licenses and contracts. Bidding criteria and guidelines are available on-line at the MoMP website for a minimal fee. In accordance with the law the publication of Bidders Beneficial Ownership has also been made available on-line.

The following Figures 18 and 19 highlight the steps leading to the license process under the 2018 Law and 2019 Regulations. The business processes map illustrates a more complex process than the previous legal and regulatory framework (2014 & 2009) with on-going checks and balances.

Figure 18 Business Process Small-Scale Mining 2018 Law-2019 Regulations
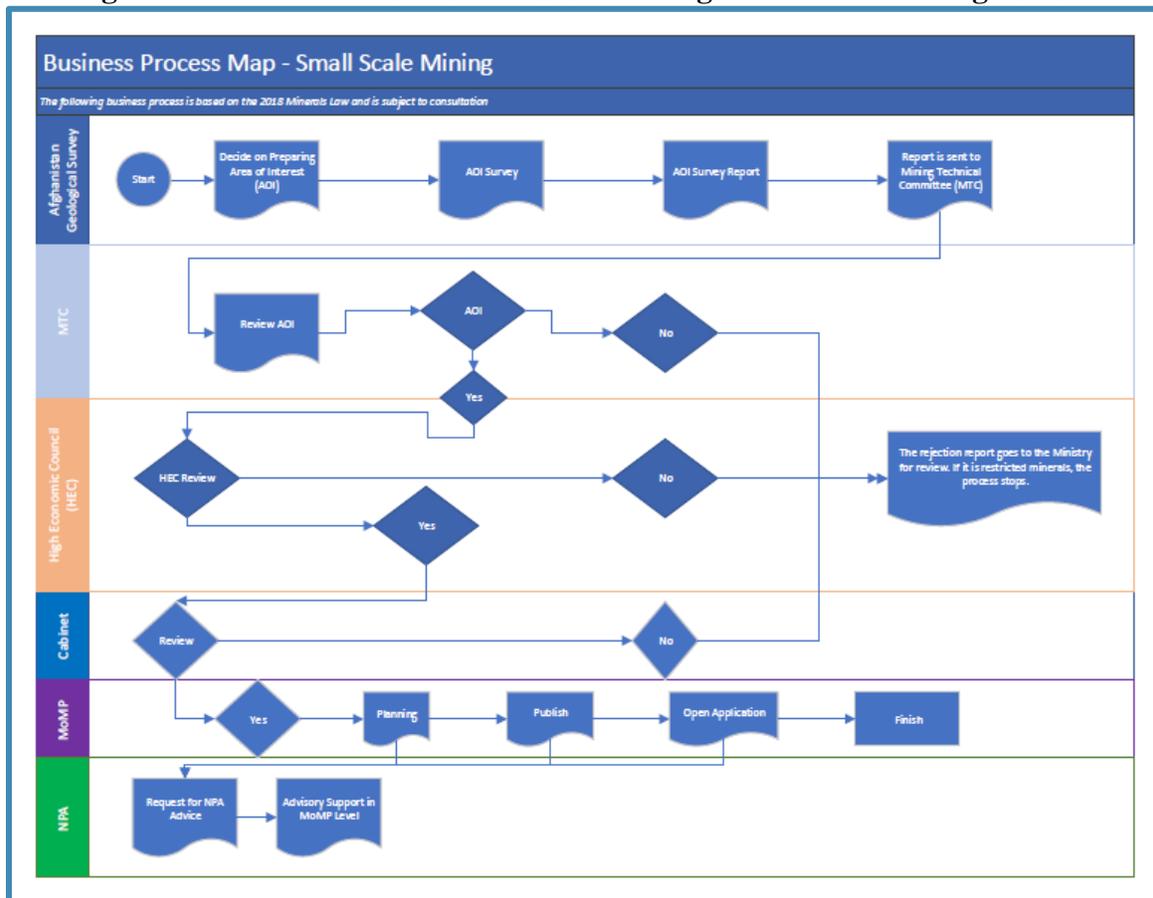
The current 2018 Law and 2019 Regulations provide that an Exploration License carries a priority right for issue of an exploitation license. This corrects a deficiency in previous 2014 Minerals

Laws that offered no such opportunity and therefore provided little incentive for potential investors to undertake exploration activities. As is noted in the Large Scale business flow chart Figure 16 the new law and regulation assign joint technical responsibility of the evaluation of the bidding process between the MoMP and the following authorities: National Procurement Committee (NPC), National Procurement Authority (NPA), High Economic Council (HEC), and the Mining Technical Committee (MTC). Experience will vary between the different entities and experience. The MoMP Directorate General for Large-Scale Mines (DGLSM) is key for guidance and expertise.

Figure 19 Business Process Large Scale 2018 Law-2019 Regulations
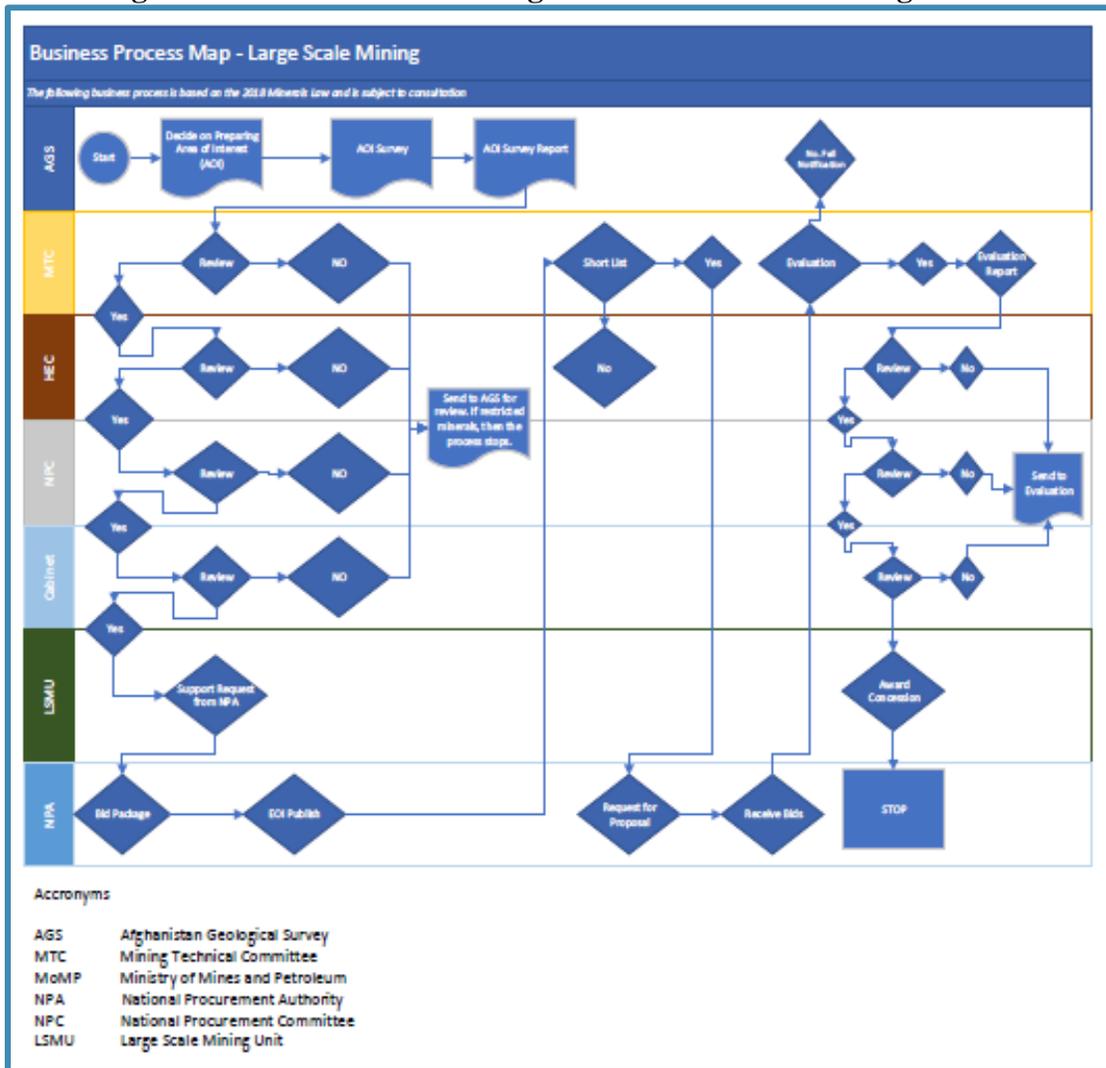
Source: Ministry of Mines 2020

The transfer of licenses under the 2018 laws and regulations (2019) are identified in Table 30. The MoMP approves the licenses based on the licensee's ability to fulfill the terms as per the law and regulations.

Table 30 License Transfers and License Allocations Law (2018) and Regulations (2019)

Mining Law	
Article 39 1A	*A License Holder shall not transfer a License or a License Interest unless: a. the License Holder has obtained the prior written approval of the Ministry in accordance with the Regulations; and*
Article 39 B	*in the case of an Exploration License or an Exploitation License, the License Holder has complied with any additional requirements under the Mining Concession.*
Article 39 2A	*The Ministry shall approve the transfer of a License or a License Interest if the Ministry is satisfied that: the License Holder has complied in all material respects with this Law;*
Article 39 2B	*in the case of an Exploration License or an Exploitation License, the License Holder has complied in all material respects with the terms of the Mining Concession; and*
Article 39 2C	*in the case of an Exploration License or an Exploitation License, the transferee has adequate technical and financial capacity.*
Hydrocarbons Law and Regulation	
Law Articles 58 Regulations Article 52 & 53	*Unless approved by the Cabinet and authorized by the Authority, the Contractor shall not assign, transfer, or pledge the rights or any part thereof granted under the Contract to any other Person. This Article shall not apply to the subcontracts mentioned in Article 36 of this Law*

Source MoMP Laws and Regulations 2018-2019

The Directorate General of Cadaster its' sub Directorates are responsible for ensuring the data collection process and accuracy are correct. This applies to the role of the Large-Scale Mining Directorate General and its sub-directorates. Data on exploration, exploitation licenses, beneficial ownership, are all generated through these directorates and checked prior to be disclosed. Licenses awarded are monitored and evaluated for reporting purposes, as per the Mineral Law.

To ensure quality control and to monitor the current license data input the MoMP MCAS System the MoMP has developed and approved a set Standard Operating Procedure (SoP) and an Operations Guide on the Mechanism for the Validation and Quality Control of data in the Ministry of Mines and Petroleum posted on the MoMP Website (2020). The process outlined is to ensure that data quality control mechanisms are in place and that the detection of missing information, discrepancies are discovered or rectified and checked prior to the data being disclosed on the MoMP website or Transparency Portal. According to their roles and responsibilities participating Directorates from the MoMP and MoF through the Data Reconciliation Committee can cross check data. The Committee meets on a regular basis to ensure objectives are met and accurate information is disclosed. This Committee provides an opportunity through technology to monitor and evaluate the data disclosure process. The AEITI plays a participatory role on this committee in an oversight capacity. Section 6.1.1 on Production highlights further information regarding this process, including a process map.

Under the new legislation all licenses and contracts are currently available on-line. These are posted on the Transparency Portal through the support of the Mining Cadaster Administration System (MCAS) Figure 20 illustrates the Transparency Portal. Licenses and contracts can be found on the Transparency Portal.

Figure 20 Transparency Portal Licensing 2020
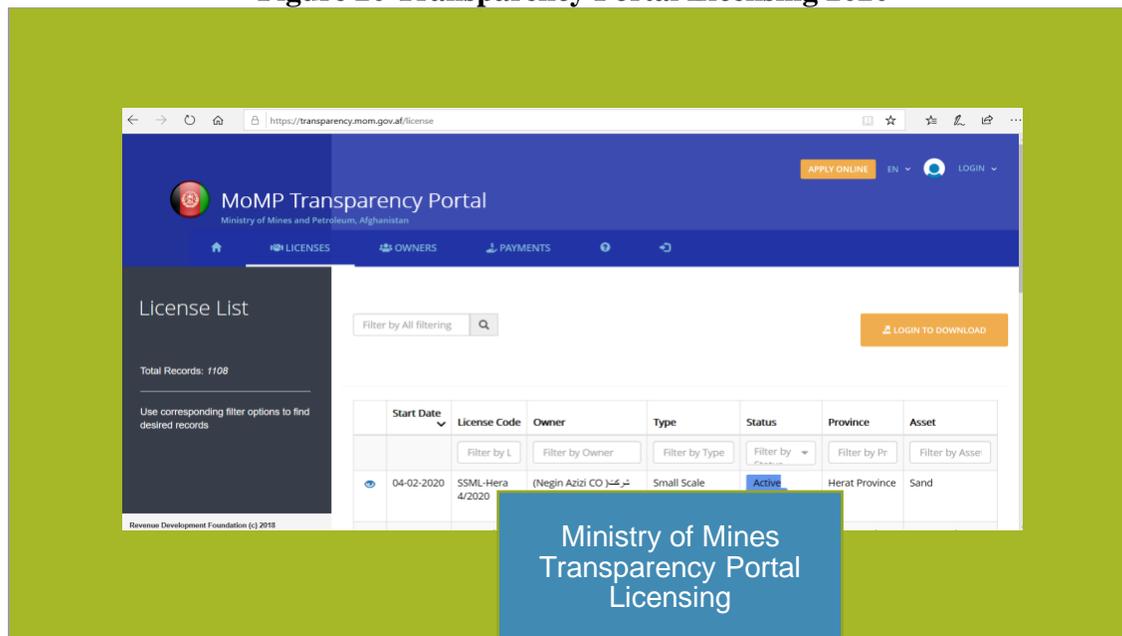
Source: Transparency Portal Licensing 2020

5.1.2 Register of Licenses

The Government of the Islamic Republic of Afghanistan (GoIRA) as part of its Mining Sector Roadmap (2017) committed to the development and implementation of a Mining Cadastre Administration System (MCAS) and the Non-Tax Revenue System (NTRS). Despite years of donor assistance, the MoMP had no computer-based licensing system and either used manual record keeping or outdated programs for revenue reporting[85]. The Ministry of Finance on the other hand has institutionalized the use of the Standard Integrated Government Tax Administration System (SIGTAS) for tax collection and the Automated System for Customs Data (ASYCUDA) for customs revenue. Initially these systems were Kabul based however they have been rolled out to select provinces, were manual record keeping or little to no record keeping has been the norm[86]. Security issues, poor internet coverage, electrical outages lack of human capacity still hamper the day-to-day operations of these systems. This is specifically relevant to the State-Owned Operations (SOEs) and is further discussed in this section.

Considering the MoMP Strategic Reform process towards increased transparency and operational efficiency the MCAS system was initiated in 2018 and continues to be developed by the Revenue Development Foundation (RDF in Norway), a non-profit consultancy supporting the government to efficiently manage MoMP revenues. The objective of RDF in conjunction with the MoMP is to provide systematic disclosure through a web-based Transparency Portal hosted through the Ministry of Mines and Petroleum Website.

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[85] *Prior to 2017 the MoMP was struggling to collect data on reporting fees, licenses and contracts and overall information of provincial mining exploitation due to poor communication between the provinces and central MOMP. An attempt at setting up a cadastre system had been initiated through the Ministry of Commerce and Industries and the Afghan Central Business Registry, however the lack of engagement during this time from the MoMP -Cadastre Department was poor.*

[86] *USAID Democracy International (July 2017) AEITI Institutional Assessment*

The Portal currently provides information on and not limited to licenses, licence areas, ownership information, production reporting, and other related materials that align with the EITI 2019 Standards. Discussions at the 28th November 2019 MSG has determined that the MoMP would work towards addressing any gaps identified of those required to meet systematic disclosure needs. As of 22nd April 2020, the items in the Table 31 have been addressed. Additional information been displayed on the website and Transparency Portal.

Table 31 Disclosures for the MCAS According to EITI Standards 2019

	Regular, systematic capture and disclosure of:
1	Exploration data (new and existing licences, pending applications, progress reports, relinquished licences, etc.) from SOEs and private mining companies
2	Mining licence data (change of ownership, applications for expansion or reduction of the licence area, etc.)
3	Mining production data (collection of monthly production and export data, stockpiles, as applicable)
4	Mining revenue data (value of monthly production, actual sales, method of calculation used for value determination)
5	Social and environmental expenditure by SOEs and mining companies, disaggregated by province, gender, etc.

Data to be collected on a continuous basis; to be verified and released on the MoMP transparency portal on a monthly basis.

Source: MoMP IT and EITI 2019

Additional Information can be incorporated within the system to improve it. The MoMP IT Directorate in consultation with the wishes of key stakeholders within the Ministry can make necessary adjustments to the system to enhance operations and efficiency and the disclosure platforms. Currently, new operational elements are being incorporated into the site to improve the monitoring of traffic and to collect key statistics on users, location, time spent on site and other key elements to measure the use of the materials and information posted. This is important for the MoMP and the AEITI in support of key indicators and lessons to be learnt to enhance public outreach.

The roll out of the system to the provincial offices is still in the stage of continued development and refinement. Training on the implementation and integration of the systems has been ongoing. Provincial staff recently received training on the system in December 23, 2019. Continued training is expected for 2020 -2021.

The system is being tested with the support of European Union international experts. The website and portal have undergone a series of facelifts to make the site and portal user friendly and easily accessible. A video has been developed to provide users with simplified instructions on how to navigate and use the system. Figure 21 demonstrates the current website and portal snapshot including key drop down tabs.

Figure 21 The MoMP Website and Transparency Portal 2020
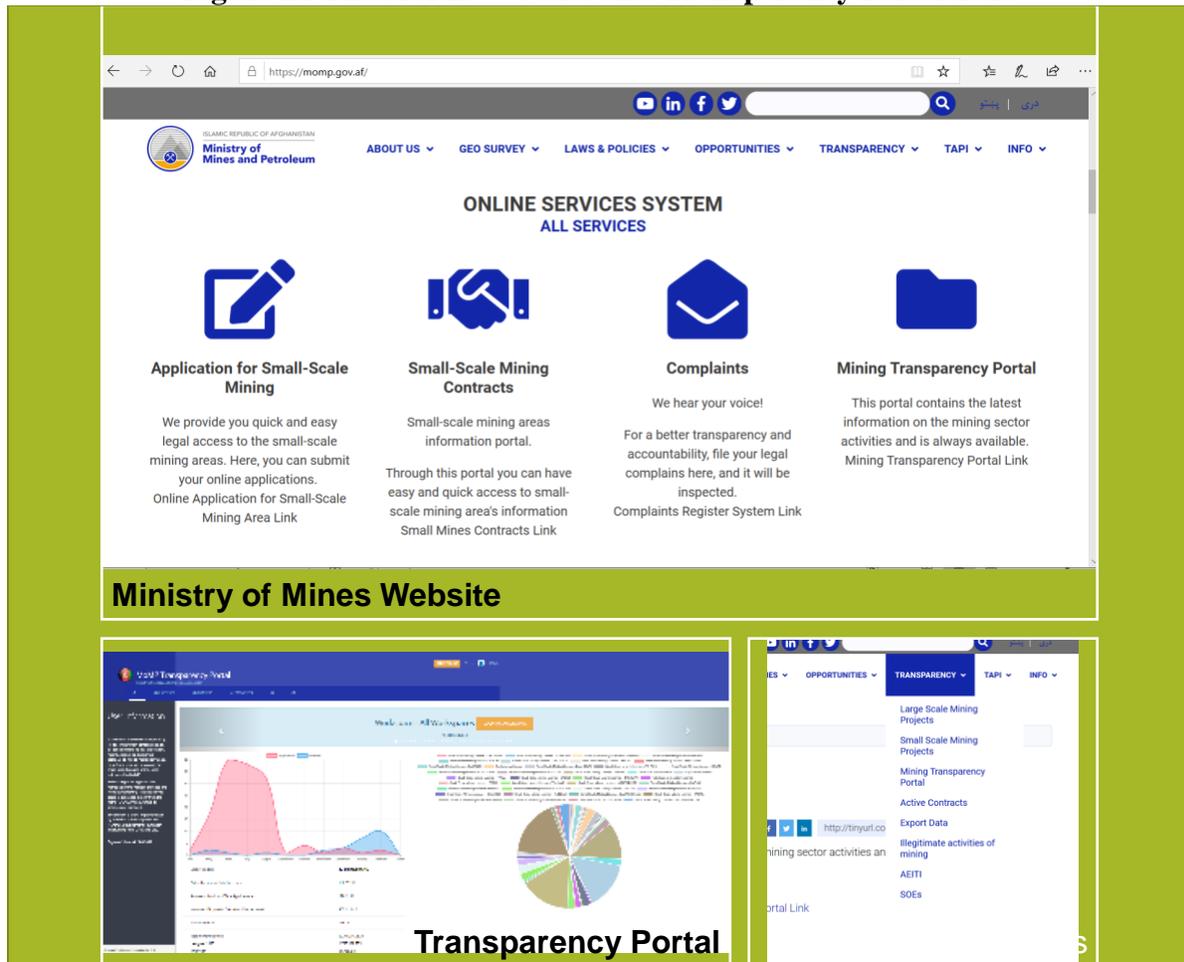
The MCAS is a centralized system that is managed by the MoMP IT Directorate were data is uploaded and the system is maintained. In 2019 the system was rolled out to an operational status in the following key provinces; a) Bamyan, B) Panjshir, C) Kapisa, D) Kandahar and E) Logar. To ensure that the system was functional a series of verification tests were conducted in December of 2019. These resulted in positive affirmations from the Provincial offices that the MCAS is functional with positive results of connectivity and data linkage. Figure 22 illustrates the central to regional network system.

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[87] MoMP Website (2020) Source: https://momp.gov.af/

Figure 22 Database System with Connectivity from Central to Regional 2020
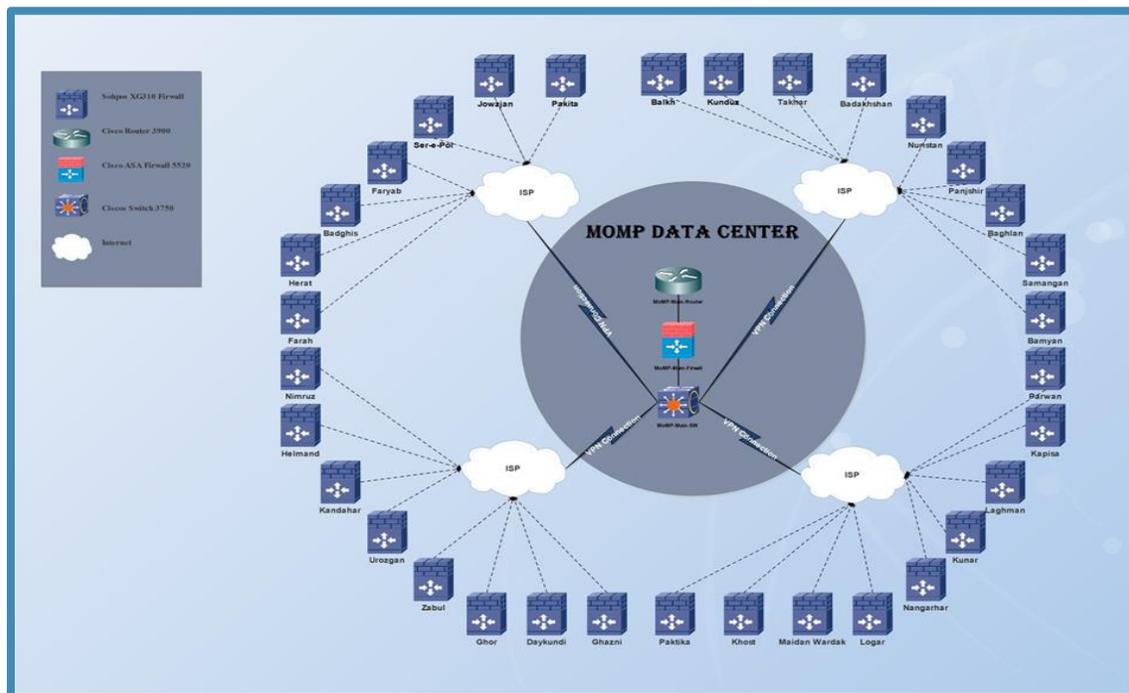
Source: MoMP IT 2019

The Standard Operating procedures for the following Mining Cadastre and Revenue Collection, have been identified and have become operational. Table 32 highlights the current and proposed operational standards.

Table 32 Standard Operating Procedures for MCAS & NTRS 2019-2020

Standard Operating Procedures for MCAS & NTRS
SOP on Data Quality Control
SOP on Data Collection
SOP on Production Level Revenue and Production Data (Revenue and Volume)
SOP on AEITI Systematic Disclosure

MoMP Mining Cadaster 2019

Further work on the MCAS will ensure that the current data gaps are captured and disclosed, ensuring alignment with the systematic disclosure requirements as per EITI. These include and have been discussed and approved by the 45th MSG meeting (31st December 2019).

Table 33 AEITI Systematic Disclosure

Regular, systematic capture and disclosure of:
Exploration data (new and existing licenses, pending applications, progress reports, relinquished licenses, etc.) from SOEs and private mining companies
Mining license data (change of ownership, applications for expansion or reduction of the license area, etc.)
Mining production data (collection of monthly production and export data, stockpiles, as applicable)
Mining revenue data (value of monthly production, actual sales, method of calculation used for value determination)
Social and environmental expenditure by SOEs and mining companies, disaggregated by province, gender, etc.

Source: AEITI MSG 45th Meeting 2019

The following illustrates the user-friendly disclosure platforms found on the Transparency Portal: Licensing Dashboard. Figure 23 illustrates the State-Owned Enterprise Northern Coal Enterprise as an example.

Figure 23 Licensing Transparency Portal and Dashboard 2020

Licensing General

Map Coordinates

Payments

Contract Terms

Production
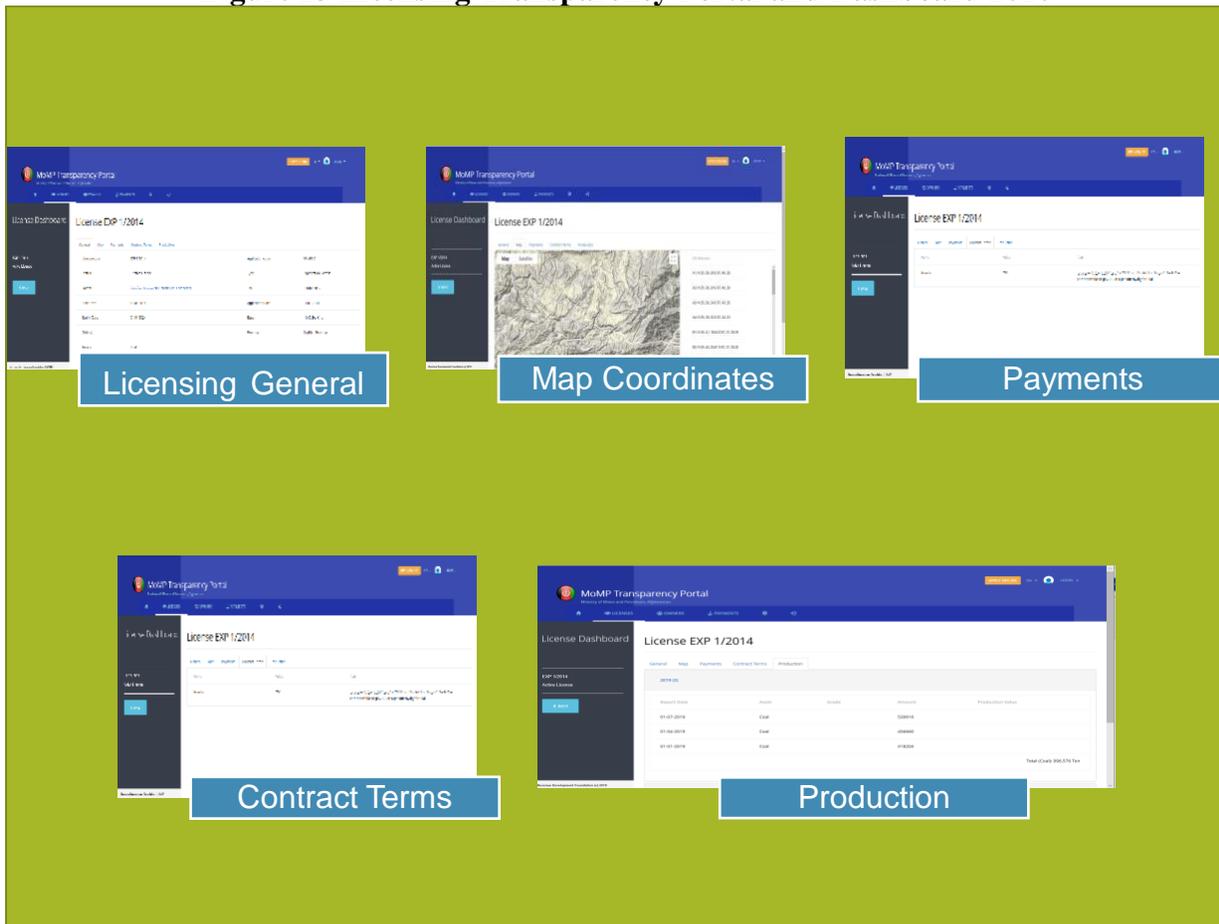
Source: MoMP Transparency Portal: Licensing Dashboard 2020

The online Ministry of Mines and Petroleum is currently capable of receiving online applications[88] for small scale licensing purposes. It can be accessed through the MoMP homepage. It is fully functional; It will take time and capacity to engage the public in using this system. Figure 24 illustrates the MoMP License Registration.

Figure 24 MoMP License Registration 2020
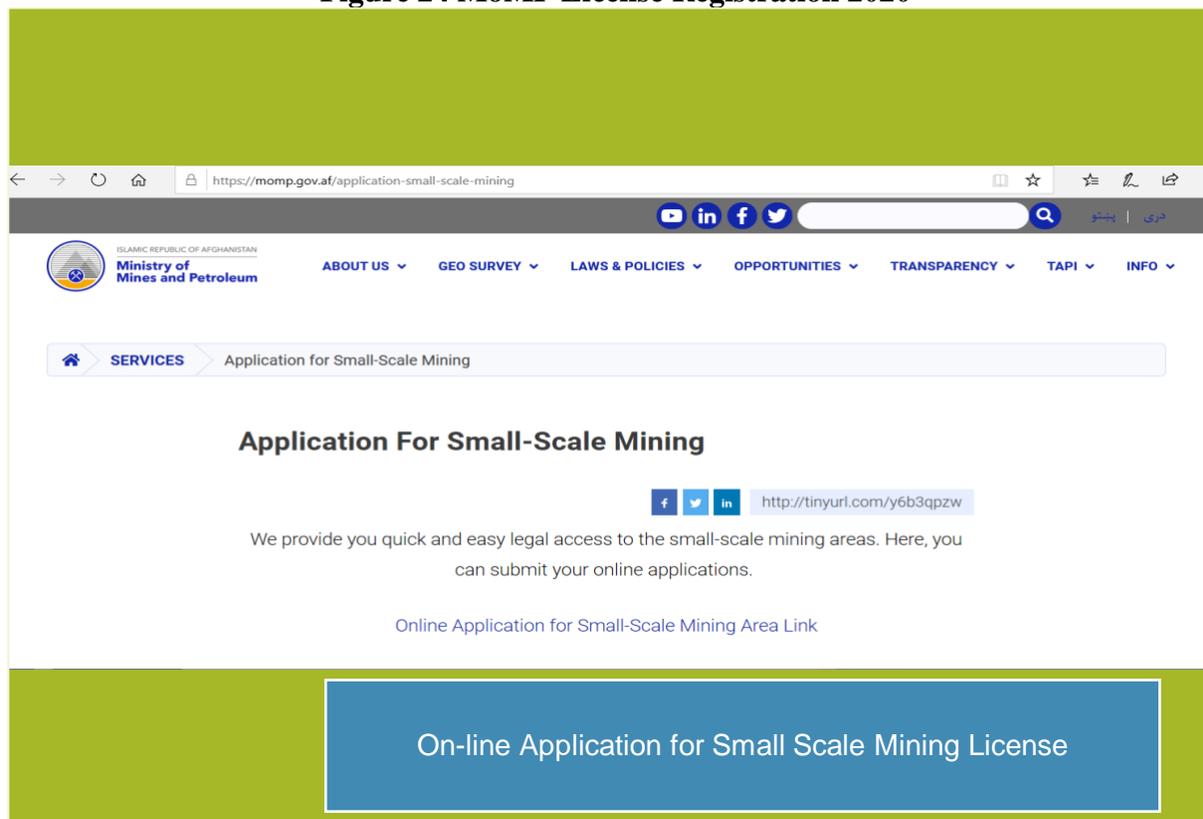
Online availability of contracts is also found on the MoMP Homepage as highlighted in the 2018 Legal framework. The contracts for the years between 2016 and 2017 have been uploaded and cross-checked by the Technical Committee to ensure that the data is accurate and there is an alignment between the licenses and contracts and the respective TIN numbers. Contracts continue to be uploaded for previous years and post 2017. The portal page is pictured below in Figure 25.

[88] *MoMP (2020) Source: https://momp.gov.af/application-small-scale-mining*

Figure 25 MoMP Small Scale Information Portal Contracts 2020
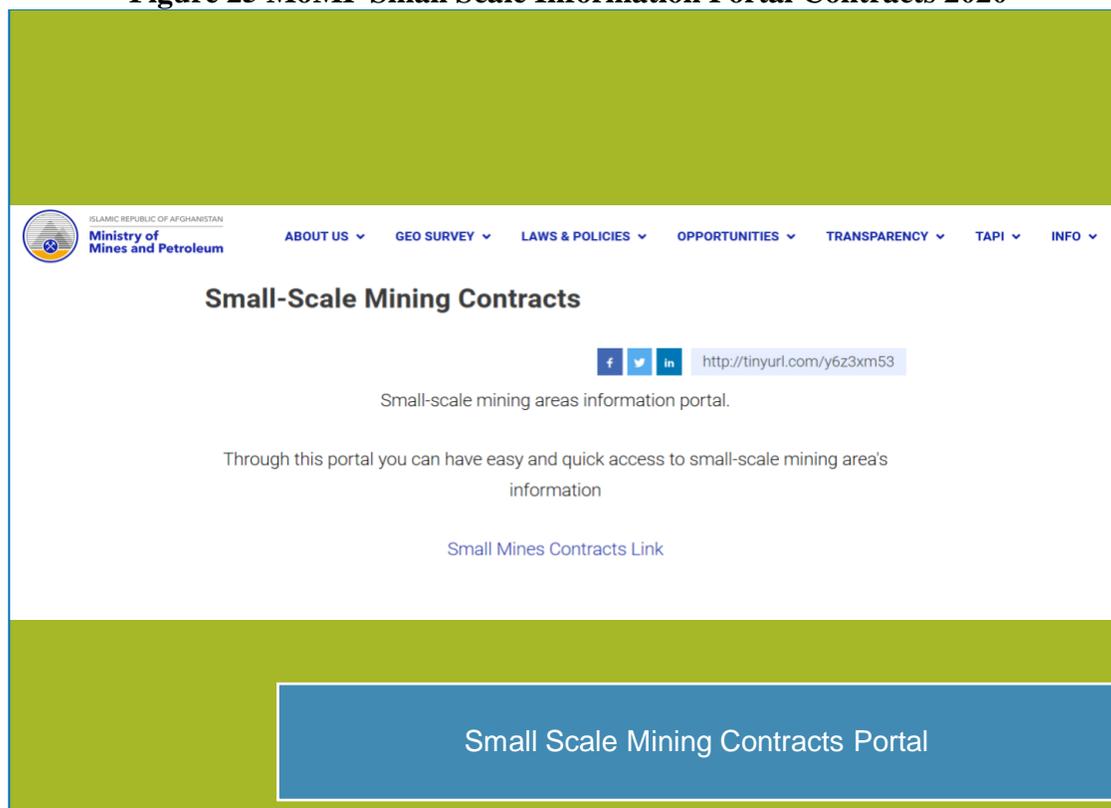
Source: MoMP Transparency Portal: Licensing Dashboard 2020

5.1.4 Beneficial Ownership (BO) and Politically Exposed Persons (PEP)

It is estimated that most corruption cases involve anonymous companies[89]. By declaring the real owners of companies, the GoIRA can establish a fair and transparent market that can bolster revenue collection. The GoIRA as supported by the 2018 Minerals Law aims to make this happen through Article 100 Extractives Industry Transparency Initiative (EITI)[90]. Beneficial ownership highlighted as a part of the MoMP transparency reform.

The EITI 2019 Requirements for disclosing beneficial ownership information and Politically Exposed Persons (PEP) was set for the 1st January 2020 for implementing EITI countries. The MoMP has already taken the initiative to collect the required information based on the awarded contracts (post-January 2020) and has made significant progress in publishing these on the Transparency Portal.

Figure 26 is taken from the MoMP website and illustrates the published list of Beneficial Ownership. Currently there are 127 licensed companies listed on the MoMP Website.

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[89] *Open Ownership (2020) Public Beneficial Ownership Source*
[90] *Mining Laws and Regulations (2019) Source: https://momp.gov.af/dr/□□□□□□□□-□□□-□□□□□□-□-□□□□□□*

Figure 26 Beneficial Ownership Publication 2020

A [roadmap based on beneficial ownership](#) was developed as early as January 2017 and implemented in June 2018. The AEITI MSG began early coordination with the Ministry of Trade Commerce and Industry (MoTCI) on examining registered business licenses and cross examining and verifying data with contracts and licenses. The AEITI Technical Working Group (TWG) continued to pursue BO and PEP. The MSG also worked towards clarification of the definition of BO and proposed ownership thresholds for disclosure. It was determined that the definition would be that "*a beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity*"[91].

The MoMP in coordination with the AEITI has collected as per [EITI Guidance Notes 22](#)[92] signed forms by the management of the company and disclosed such information for all of its post 2016 contracts and licenses on the [Transparency Portal](#).

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[91] *Definition in accordance to the EITI Definition*

[92] *EITI Guidance Note 22 Beneficial Ownership (May 2016) Source: https://eiti.org/files/documents/guidance-note-22-beneficial-ownership-roadmap-en-2016.pdf*

Figure 27 Beneficial Ownership MoMP Website 2020
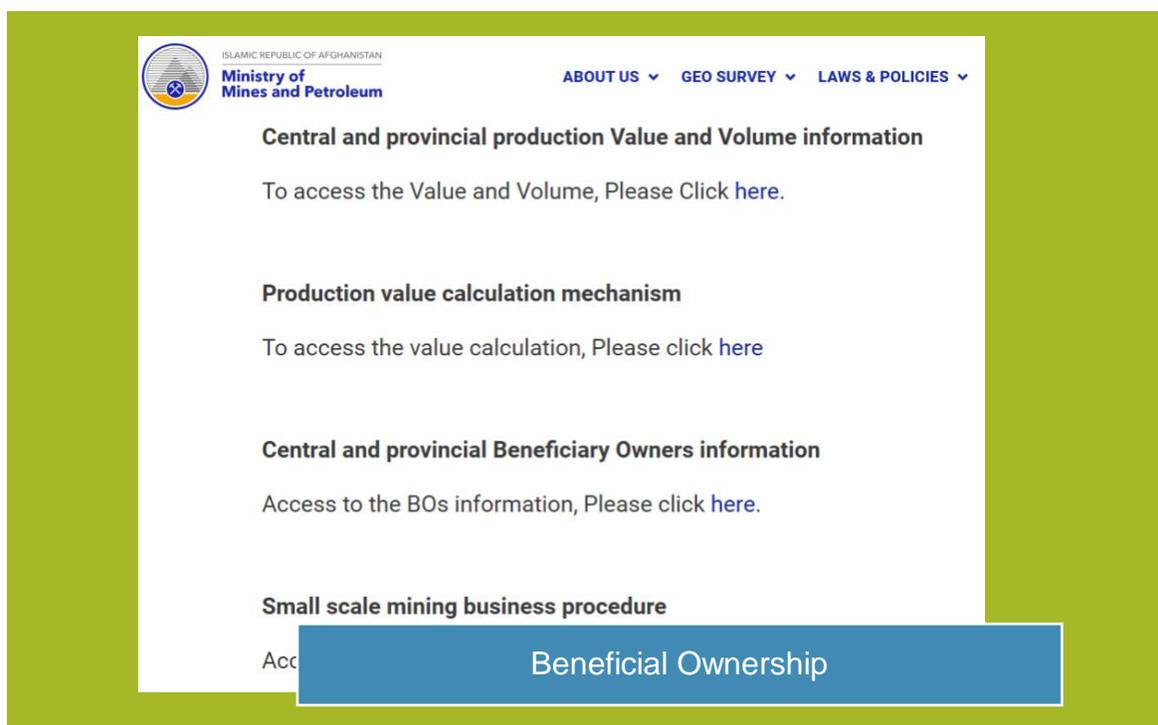
Source: MoMP Website 2020

This was done to assure accuracy of the beneficial ownership that the companies provide. Information disclosed has included a) the nationality, b) and the country of residence, c) as well as identifying any politically exposed persons. Other data has been collected on the national identity number, date of birth, residential or service address, and means of contact are disclosed were available and possible. The data that has been collected and declared is based on ownership of companies and not control.

There has been ongoing correspondence between AEITI and Revenue Development Fund (RDF) that has highlighted a few key points in relation to BO and PEP. These are expressed in Table 34.

Table 34 Correspondence Highlights on Beneficial Ownership 2020

A)	Not all license categories contain Beneficial Ownership; as some are government entities (SOEs), MoMP agreements or are gemstone permits or export permits related to gemstones.
B)	Not all BO information on licenses and contracts granted in 2020 has been collected
C)	Access to BO is on the Transparency Portal, however it is not easily accessible. Currently the steps in access are as follows; a)click on the eye icon of license and contract, b) then click on general tab c) followed by a click on the company name and the BO of the company is highlighted.

Source: Correspondence 2020

The AEITI continues to strive towards making progress on BO and PEP and ensuring disclosure of information on the MoMP website Transparency Tab.

5.1.5 State Participation in Extractive Sector

State Owned Enterprises are rooted in historical anecdotal information that does not make it easy to untangle legal requirements and enterprise portfolios. Tracing the rules and practices governing Afghanistan's State-Owned Enterprises (SOEs) date back as early as 1970's when many of these were established under the Soviet era. Under the Presidency of Dr. Ahmadzai Najibullah (1990's) several laws were implemented to govern these enterprises.

Under the 2005 the State-Owned Enterprise Law[93] Northern Coal Enterprise (NCE), Afghan Gas Enterprise (AGE), Kod-e-Barq (KB) and Jabal al-Saraj (JS) are managed under the control of the Ministry of Finance.

The Presidential Decree on Adverse Land Possession 1382 highlights that any land unclaimed belongs to the State. During the period in which the SOEs were established they operated under Article 75. Section 2 of the Afghan Constitution and were subject to the following governing bodies their laws and regulations as highlighted in Table 35.

Table 35 Key Laws and Regulations Governing State Owned Enterprises

	Governing Laws for State-Owned Enterprises	Linkages
1	Sector Specific laws and regulations; mining, petroleum, gas	https://mof.gov.af/index.php/dr/اسناد-و-قوانین
2	Corporate laws and regulations governing SOEs	https://mof.gov.af/en /
3	Laws and regulations related to SOE disclosure	https://momp.gov.af
4	SOE by-laws or similar founding documents	https://momp.gov.af/soes
5	Environment, social, heritage and health laws and regulations	http://legacy.npa.gov.af/Beta/Dari/ProcuringEntities/BO.aspx
6	Land rights laws and regulations	http://w.mudl.gov.af/dr/اسناد-حکومتداری
7	Procurement laws and regulations	https://ageops.net/en/documents/procurement-law-and-rop/procurement-law
8	Anti-corruption laws and regulations	https://www.sacs.gov.af/uploads/strategy_pdf/Strategy_en.pdf
9	Labour laws and regulations	https://molsa.gov.af/en/labor-law

Source: World Wide Web 2020

It was decided by the AEITI-MSG in 2018 that the 6th Reconciliation Report would include the Northern Coal Enterprise (NCE), and Afghan Gas Enterprise (AGE), as the focus of the report. Kod-e-Barq (KB) would not be included given the nature of its operation fertilizers as opposed to mining and Jabal al-Saraj (JS) cement was excluded as falling below the financial threshold with earnings under US$ 7 million during 2016-2017.

Information on the State-Owned Enterprises has been publicly disclosed through the Ministry of Mines website on the Transparency Tab under SOE. The publicly posted information provides material information that was not available during the 1st Validation Period and is not included in the 6th AEITI Reconciliation Report. Currently the MoMP has disclosed external third party

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[93] *Presidential Decree on Adverse Land Possession -1382 The Official Gazette: Decree of President of the Transitional Islamic State of Afghanistan on (Immovable) Property (Land) Issue 83 Date: 18/8/1382*

assessments, reports and data on the SOEs that include and are not limited to: a) the restructuring of the SOEs, b) their retained earnings, c) reinvestments, d) third party financing and government ownership e) report on the coal industry, d) balance sheets and income statements, e) SAO audit reports, f) legal and regulatory documents as well as g) geo-spatial coordinates.

Further information pertaining to the a) legal framework governing structure, b) overall organizational structure, c) the management and operations, d) as well as founding documents, e) memorandums of association, d) Board of Directors and governance and by-laws has all been made available.

Figure 28 illustrates the SOE Portal and the Overview of State-Owned Enterprise and AEITI Benchmark Document found in the Portal. The SOE Addendum and AEITI Benchmark document address some of the key 1st AEITI Validation recommendations.

Figure 28 State Owned Enterprise (SOE) Legal and Regulatory Framework
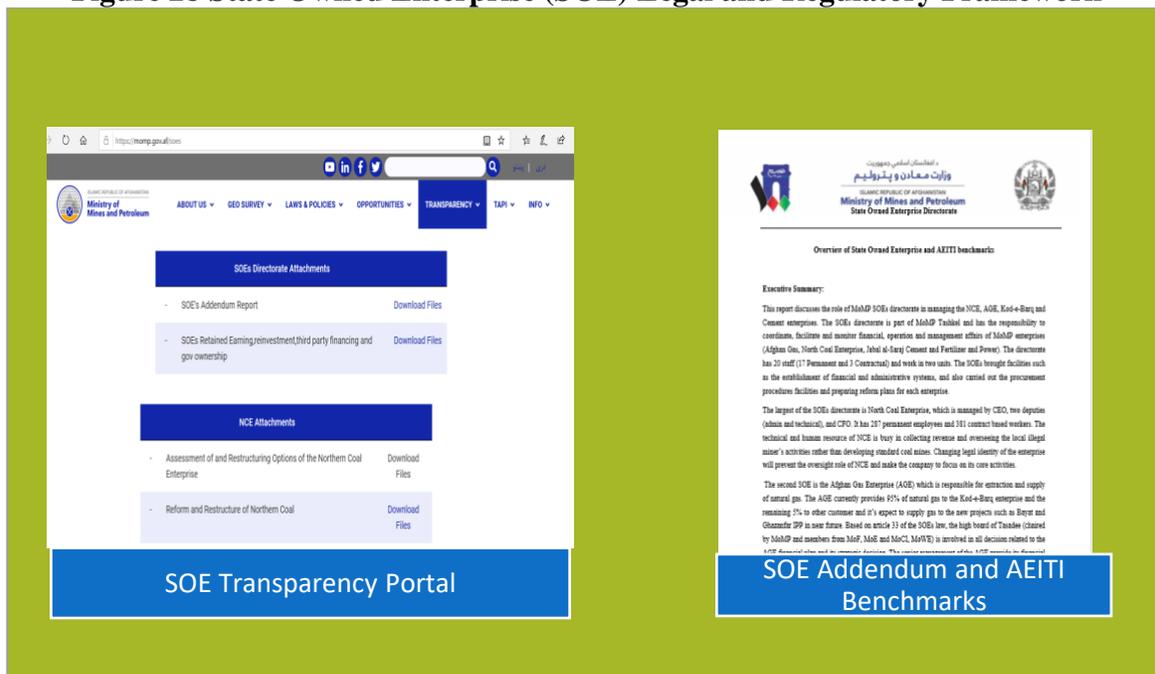
Source: MoMP Transparency Portal SOE 2020

The following documents address organizational and governance structure as well as Memorandums of Association and can be found on the Transparency Portal. The government ownership structure has not changed and there is no account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies

Figure 29 Transparency Portal State-Owned Enterprise 2020

Afghan Gas Enterprise Legal Documents

Northern Coal Enterprise Legal

Northern Coal Enterprise Legal

Northern Coal Enterprise Legal

Northern Coal Enterprise: Memorandum of Association
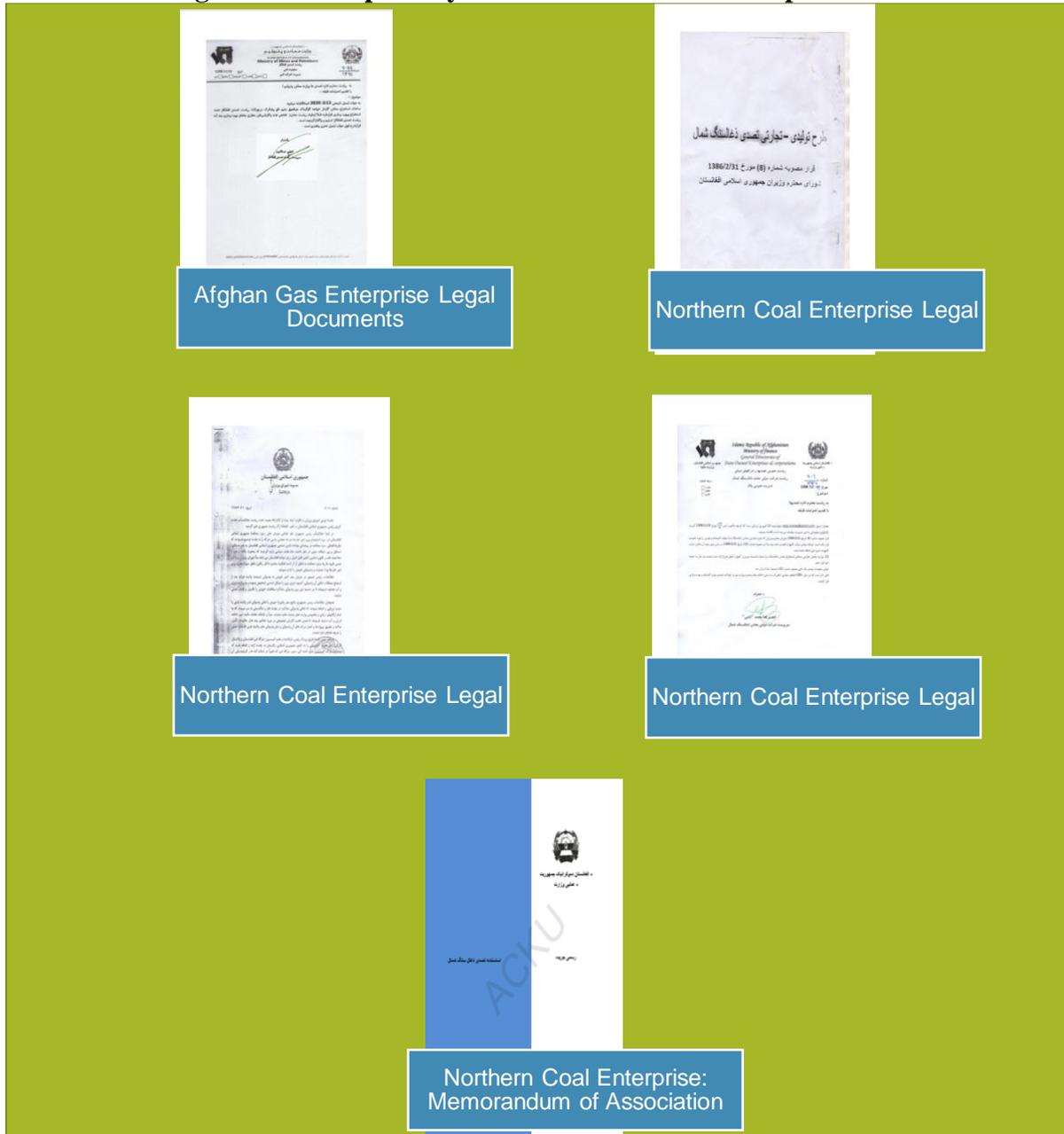
Source: MoMP Website - Transparency Tab - SOEs 2020

Currently, the State-Owned Enterprises are under the control and management of a Board of Directors Chaired by the Minister of the Ministry of Mines and Petroleum (MoMP). The following organigram in Figure 30. The Chairperson of the SOE High Board and Minister of the MoMP are responsible for providing guidance and instruction on the management of the SOEs through the SOE Directorate who in turn receives regular updates on the activities of the 4 SOEs. This structure is further explained in the MoMP website Transparency Tab.

Figure 30 Overall Management Structure of the SOEs
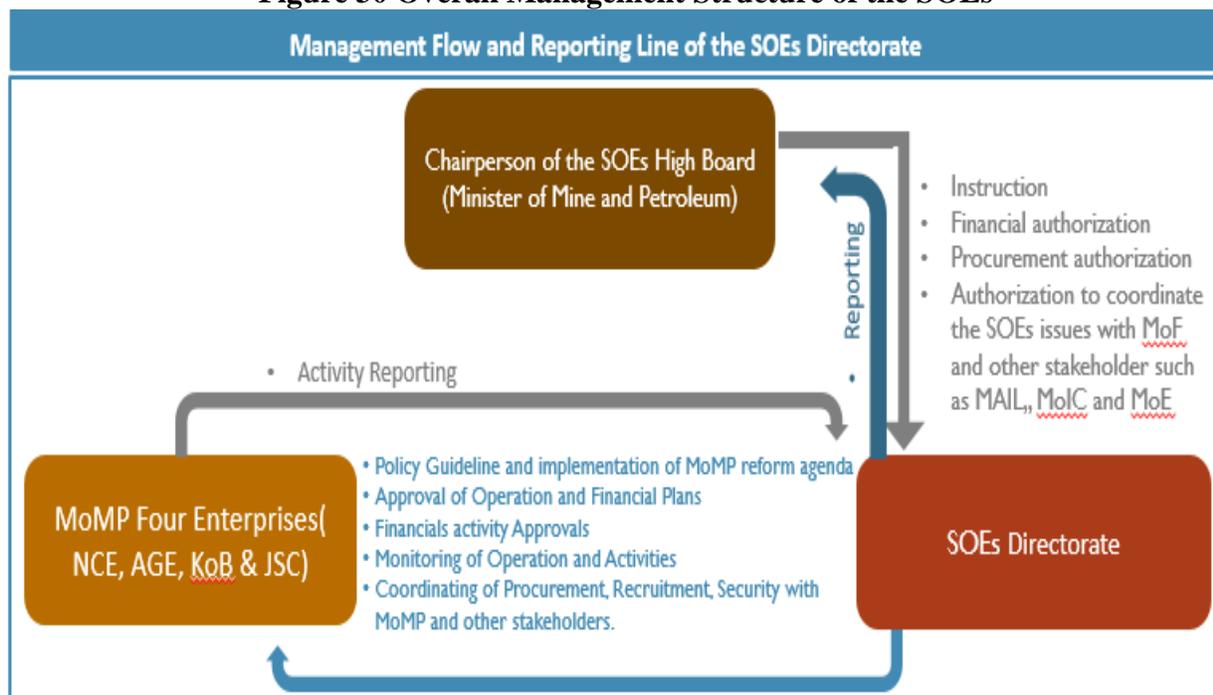
Source: MoMP State Owned Enterprise Directorate 2020

The MoMP State-Owned Enterprise Directorate is the legal responsible entity for the oversight of the SOE operations, both fiscal and administrative. It reports directly to the Board of Directors and the Chair.

It is also responsible for coordinating, facilitating, and monitoring the AGE and NCE as well as the other 2 SOEs. The MoMP- SOE Directorate is divided into two units: a) Coordination Office and the b) Evaluation and General Management Office. This is illustrated below in Figure 15. The Coordination Office is the lead on coordinating the 4 SOEs through sub-offices which are in the provinces. The Evaluation and General Management Office consists of 3 sub-offices that are each tasked with financial management duties: 1) record and monitor financial affairs including annual financial planning, and reporting, and 2) to collect and review monthly, quarterly and annual financial reports that are communicated to the MoF SOEs directorate for further processing. It has been identified that the office has faced challenges in the lack of human resources and capacity and skills to manage some of the key duties and functions constraining the effective and efficient operation of the unit and Directorate as a whole.

Figure 31 SOE Management Ministry of Mines and Petroleum
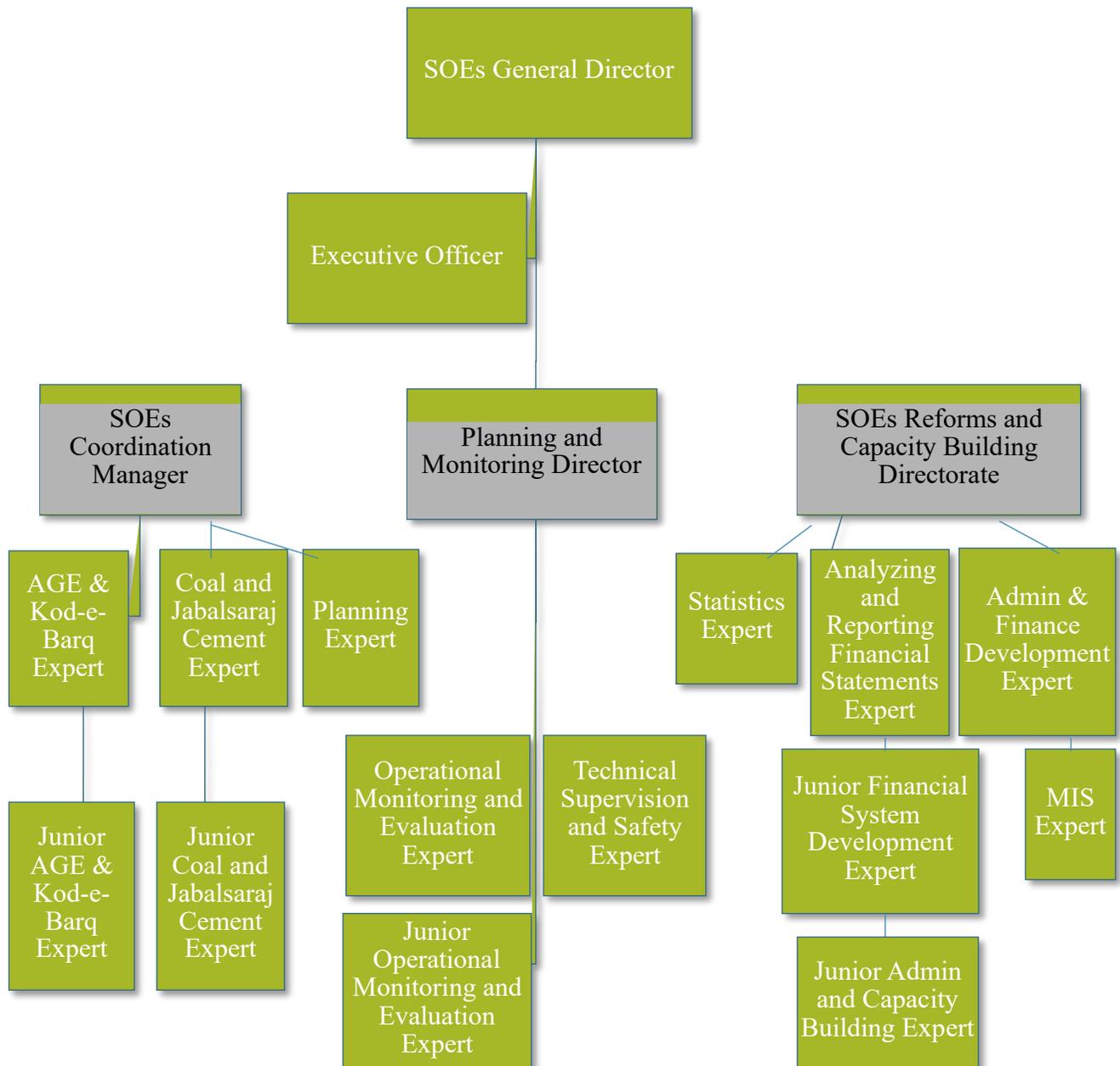
Other key resources and documents have also been made public on the portal as related to the SOEs; these include and are not limited to documents on previous assessments, reform and restructuring documents on AGE and NCE. Two key existing studies conducted be external consultants (Tetra Tech & Unicon) are currently on-line94.

94 *State Owned Enterprise (2020) Source: http://mom.gov.af/en/page/transparency-information/soes*

Under the GoIRA and MoMP reform process it is expected that the State-Owned Enterprises AGE and NCE will be corporatized in 2020. Section 7 Sub Section 7.1.2 highlights the EITI Requirement #4 4.5 State Owned Enterprise Transactions and discusses SOEs in further detail.

5.2 Systematic Disclosure Summary

The following Table 36 is a summary of the key links for documents, materials, and references for this section.

Table 36 Systematic Disclosure

Type	Link
Contracting and License Allocation	
Mining Laws and Regulations	https://momp.gov.af/sites/default/files/2019-06/قانون20%معدن_compressed.pdf and
Mining Law 2018 English	https://momp.gov.af/sites/default/files/minerals_law_2019english.pdf
Mining Law 2018 Dari	https://momp.gov.af/laws-and-regulation
Mining Regulation 2019 English	https://momp.gov.af/sites/default/files/mining_regulations_2019_english.pdf
Mining Regulations 2019 Dari	https://momp.gov.af/laws-and-regulation
Mining Laws 2009	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Mining Regulations 2009	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Mining Laws 2014	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Mining Laws 2018	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Hydrocarbon Law 2009	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm and https://momp.gov.af/sites/default/files/2019-03/Hydrocarbons_Law_2009-%28Unofficial_English_Translation_dated_March_2014%29-Final_0.pdf
Hydrocarbon Law 2017	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Bidding Projects	http://mom.gov.af/en/page/transparency-information/projects-in-bidding
Bid Evaluation Contracts	https://momp.gov.af/sites/default/files/bid_evaluation_criteria_4.pdf
Licenses Portal	https://transparency.mom.gov.af/license
Licenses Dashboard	https://transparency.mom.gov.af/dashboard
Register of Licenses	
Register License	https://transparency.mom.gov.af/license
License Owner	https://transparency.mom.gov.af/owner
License	https://transparency.mom.gov.af/license/589
Revenue Licenses	https://afghanistan.revenuedev.org/license/589
Transparency Licenses	https://transparency.mom.gov.af/license/64022
Transparency Licenses	https://transparency.mom.gov.af/license/696
ASM Formalization Strategy	https://momp.gov.af/sites/default/files/2019-04/ASM%20SS%20Formalisation%20Strategy%202018_V4_reduce_0.pdf
Beneficial Ownership	

Beneficial Ownership Roadmap	https://eiti.org/files/documents/aeiti_bo_roadmap_draft_29.01.171.pdf
Beneficial Ownership Disclosure	https://www.bing.com/search?q=momp+beneficial+ownership&form= EDNTHT&mkt=en- us&httpsmsn=1&msnews=1&rec_search=1&plvar=0&refig=b7ac45aa 38e44a3d9e2afe9bfb839e4e&PC=HCTS&sp=- 1&pq=momp+beneficial+ownership&sc=0- 25&qs=n&sk=&cvid=b7ac45aa38e44a3d9e2afe9bfb839e4e
State Participation	
State Owned Participation	https://momp.gov.af/soes
Summary Addendum to SOEs Benchmark	https://momp.gov.af/sites/default/files/soes_addendum_report.pdf
State Owned Enterprises	
Northern Coal Enterprise: Memorandum of Association (Dari)	https://momp.gov.af/sites/default/files/nce_memorandums_of_associati on.pdf
Northern Coal Enterprise: Legal	https://momp.gov.af/sites/default/files/trh_tjarty_dhghalsng.pdf
Northern Coal Enterprise: Legal	https://momp.gov.af/sites/default/files/mswbh_10_shwray_wzyran.pdf
Northern Coal Enterprise: Legal	https://momp.gov.af/sites/default/files/mktwb_mswbh_10_w_8.pdf
Afghan Gas Enterprise: Memorandum of Association (Dari)	https://momp.gov.af/sites/default/files/age_memorandums_of_associati on.pdf
Afghan Gas Enterprise: Legal Documents	https://momp.gov.af/sites/default/files/age_legal_documents.pdf
Data Disclosure and Data Quality	
Data Quality Operations Handbook	https://momp.gov.af/sites/default/files/data_quality_mechanism_.pdf
Standard Operating Procedures	https://momp.gov.af/dr/طرزالعمل-ها-و-چارچوب-های-کاری

5.3 Validation Corrective Actions and Summarized Achievements

The International EITI Secretariat identified 3 key areas that required corrective actions to be taken. In accordance to the EITI 2016 Standards the AEITI failed to achieve meaningful progress in relation to the Requirement 2, instead achieving "inadequate progress". The Requirements are cited as: a) 2.2 license allocation, b) 2.3 license register and c) 2.6 state participation. As documented in this summary section there has been substantial progress achieved since 2018. The MoMPs continued reform process with systematic disclosure initiatives are well underway and with the monitoring and oversight support the AEITI.

Table 37 Corrective Actions 4 & 5 & 6 as Identified by the 1st EITI Validation

Corrective Actions 4 – EITI Requirement # 2 - 2.2
In accordance with Requirement 2.2, Afghanistan should ensure that the number of licenses awarded and transferred in the year(s) under review in both mining and oil and gas be publicly accessible, alongside a description of the actual allocation and transfer process (including the roles of relevant government entities) and any non-trivial deviations from statutory procedures in practice. Afghanistan should clarify the technical and financial criteria (and their weightings) used for assessing license allocations and transfers. Afghanistan may also wish to comment on the efficiency of the current license allocation and transfer system as a means of clarifying procedures and curbing non-trivial deviations.

With the introduction of the 2018 Mining Law and 2019 Regulations and the ongoing MoMP reform there has been a strong focus on systematic disclosure as identified in Article 100 Extractives Industry Transparency Initiative of the Minerals Law.

All licenses and contracts from 2016 and onward have been disclosed.

The new Legal and Regulatory framework supports new mechanisms that have been put in place for the tendering, licensing, contracting for exploration or exploitation or transfer of licenses. The oversight of key bodies as described by the law and regulations have been implemented,
new Standard Operating Procedures, the development of selection criteria for license allocation and contract bidding have been developed and publicly disclosed on the MoMP website.

Corrective Action 5 – Requirement # 2 - 2.3

In accordance with Requirement 2.3, Afghanistan should maintain a publicly available register or cadastre system with timely and comprehensive information on all mining, oil and gas licenses including license-holder name, dates of application, award and expiry, commodity(ies) covered and coordinates. The MSG should work with the MOMP to ensure all license information listed in Requirement 2.3.b is available for all extractive licenses active in the period under review.

The MCAS and NTRS System and the Transparency Portal platform is fully operational and functional and is being rolled out on the provincial level.

Licenses and contracts including Beneficial Ownership/Politically Exposed Persons are publicly disclosed and the information is available on-line through the Transparency Portal

Guidelines and standard operating procedures have been established and implemented for data collection and data quality and input with oversight by a multi-stakeholder Technical Committee for ongoing review and monitoring of which AEITI plays an important role. This information is fed into the MCAS system in real-time. The NTRS system is fully functional and is linked into the Transparency Portal.

An MoU between the MoMP and MoF has been signed to ensure that the systems are operating and linked and under standardized procedures

Licenses, TIN and coordinates have been spot checked for accuracy.

Corrective Actions 6 – Requirement #2 – 2.6

In accordance with Requirement 2.6, Afghanistan should provide an explanation of the prevailing rules and practices related to SOEs' retained earnings, reinvestment and third-party financing. The government should also ensure annual disclosure of any changes in government ownership in SOEs or their subsidiaries and provide a comprehensive account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies. AEITI may wish to align reporting with the government's corporatisation strategy for the two extractives SOEs with a view to providing annual diagnostics to support reforms. As a first step and in the absence of publicly available information on the SOEs, AEITI may also wish to pursue the publication of existing studies of SOEs that have been conducted for the MOF and MOMP but that are not currently available to the public.

Currently the MoMP has disclosed external third party assessments, reports and data on the SOEs that include and are not limited to: a) the restructuring of the SOEs, b) their retained earnings, c) reinvestments, d) third party financing and government ownership e) report on the coal industry, d) balance sheets and income statements, e) SAO audit reports, f) legal and regulatory documents as well as g) geo-spatial coordinates.

Further information pertaining to the a) legal framework governing structure, b) overall organizational structure, c) the management and operations, d) as well as founding documents, e) memorandums of association, d) Board of Directors and governance and by-laws has all been made available.

The AEITI has promoted the disclosure of SOE studies for public disclosure. These are currently available for public viewing.

The government ownership structure has not changed and there is no account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies

6.0 Exploration and Production

The Exploration phase of both the Mine Life Cycle and the Oil and Gas Life Cycle involve the search for natural resources. Depending on the nature of the company and the resources sought the legal and regulatory framework will outline certain payments required, including business and licensing fees, corporate income taxes, and other payments or bonds required to initiate work. These payments usually increase with the development and operation phases if the resources are found viable for extraction.

The development phase of a resource extraction project will see the building of infrastructure to exploit the resource. There is little to no production in this phase and there are relatively little to no payments made to the government on the national or local level.

Once in the operation or production phase the resources are being produced. During this time companies will make payments based on their production levels some of this comes in the form of royalties. In the early production they might not make any payments based on profits such as corporate income tax, resource rent taxes or other required payments. This usually occurs further along the production life cycle as project development and extraction increase. It is usually when production levels have increased, and investment costs have been recovered that the government receives a larger portion of taxes. Thereby generating more revenue.

6.1 EITI Requirement 3

During the 1st EITI Validation Report of Afghanistan: July 2018 under the EITI 2016 Requirements and Standards were applied. During this time the EITI 2016 Standards were referred to as Monitoring and Production. Currently they are referred to as Exploration and Production.

Table 38 EITI 2019 Requirements 3

2019 EITI Requirements 3 Overview	
3.1-3.3	*The EITI requires disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector. The EITI Requirements related to a transparency in exploration and production activities include: (3.1) information about exploration activities; (3.2) production data; and (3.3) export data.*

Source 2019 EITI Requirements and Standards[95]

6.1.1 Production Data

Since the AEITI 6th AEITI Report the MoMP has disclosed production data along with production value and volume calculation mechanism which is published on the MoMP website. Similarly, project/contract based production data is also available on the Transparency Portal. Production data has also been linked with royalty payments and is available on-line. Data quality has improved since 2016-2017 with the implementation of new Data Collection and Data Quality Control

Standard Operating Procedures as well as the establishment of an internal Data Reconciliation Committee. A new Directorate in the MoMP has also been formed to review data. Additional information is also provided in Section 2 Subsection 5.1.1. Figure 32 highlights the SOPs for Data Collection and Quality.

Figure 32 Standard Operating Procedures for Data Collection and Quality
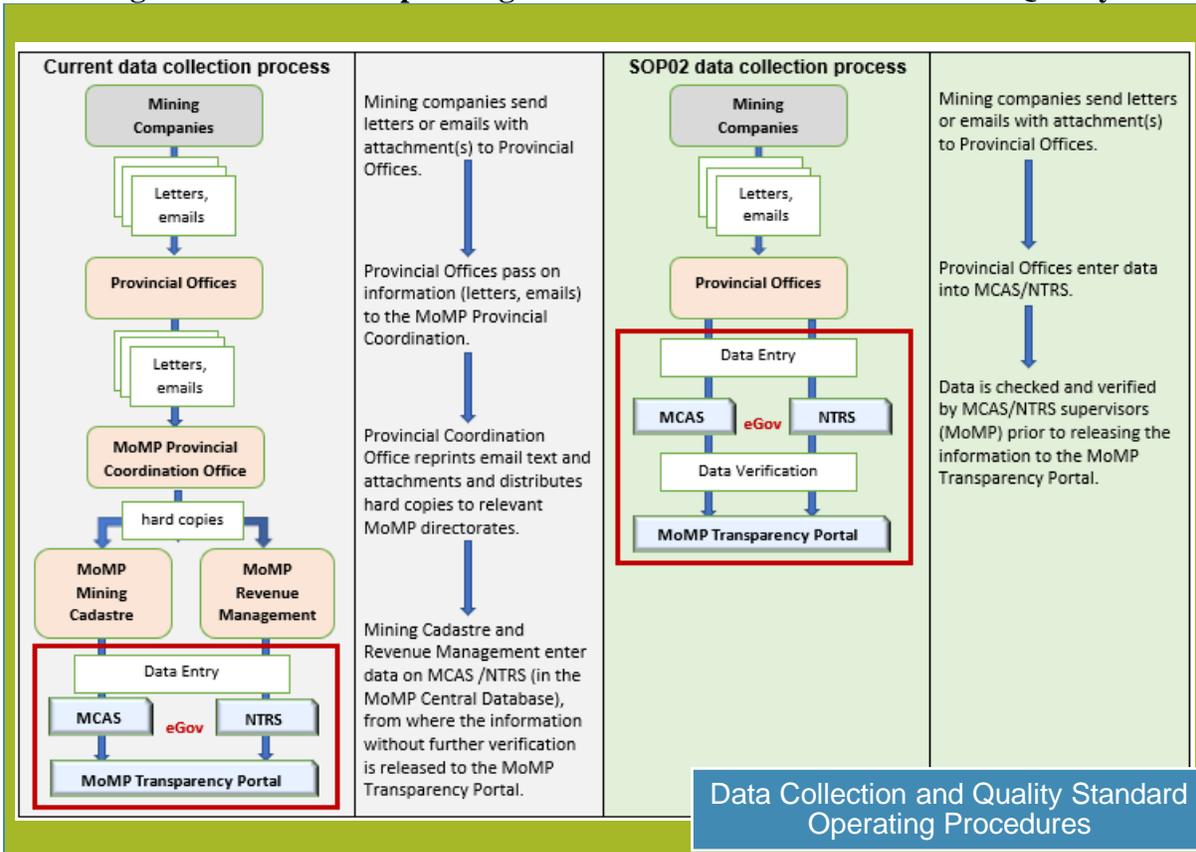
Source: MoMP 2020

In conjunction with this the MoMP created in 2018 a Mining Revenue Management Directorate. These have allowed the MCAS and NTRS system to operate more efficiently and timely through the release of accurate information. It should be noted that a monitoring framework has also been applied to ensure corrective measures are taken when required. The Ministry of Finance (MoF) has two key procedural systems collecting revenue streams and these are the Automated System for Customs Data (ASYCUDA) this is specifically a customs management revenue collection system and the Standard Integrated Government Tax Administration System (SIGTAS).

Currently the MoMP website has created two separate links for 1- value and volume for 1395 and 1396 and 2- value calculation mechanism as explained in Dari (consisting of background, value calculation method, value per mineral and sources for pricing). Figure 33 demonstrates a view of the Transparency Tab of the MoMP website.

Figure 33 Transparency Tab Production Volume and Data 2020

Production Value and Volume & Calculation
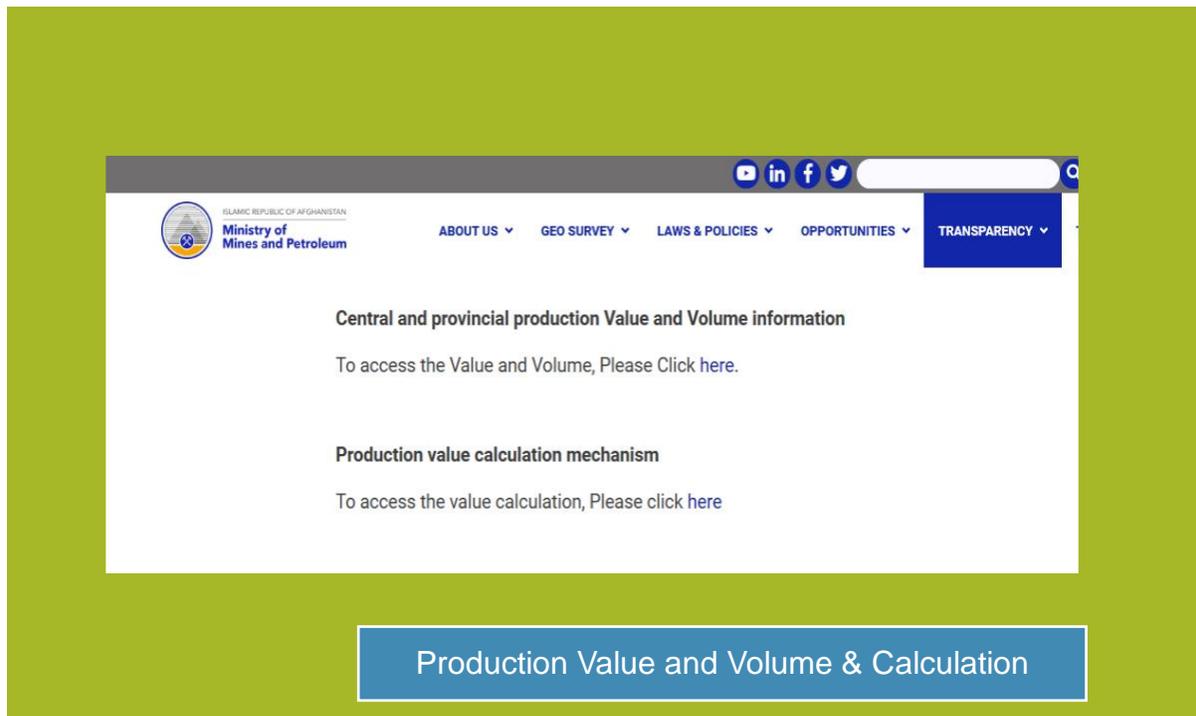
Source: Transparency Tab 2020

One of the legacy challenges that MoMP, MoF and AEITI have faced is the lack of clarity around production data and its calculation. The issue stems from figures either being "actual" or "planned" production. There is evidence of mixed data collection by the government making it a challenge to decipher the actual figures and reconcile difference. In some certain cases it was noted that royalties are collected based on planned production as opposed to actual production. Data reliability is often the greatest challenge for government as a result of a lack of robust record-keeping and accounting.

To clarify and mitigate inconsistencies the AEITI Multi-stakeholder Group (MSG) during the 45th Meeting held in 2019 the MSG determined that both "actual" production data and "planned" production should be reported along with the calculation mechanism. This would ensure consistent data quality by following material companies. This is currently disclosed in the Transparency Portal.

It should be noted that royalties are disclosed on the Transparency Portal as indicated below in Figure 34.

Figure 34 Transparency Portal Royalties 2020

Discrepancies were identified in the 6th AEITI Report 2016-2017 (1395-1396) regarding production volume. These discrepancies in figures were related to the mining of coal and talc. During 2016 the production of these mineral resources was higher than in 2017 where a dramatic decline in production volume occurred. One of the key reasons for this decline was that in 2017 the government banned the export of unprocessed minerals, thereby decreasing the volume in production. This was further highlighted by the temporary closure the Pakistan and Afghanistan boarder. The result saw production volumes decrease for talc and coal due to the ban.

Another identified discrepancy in production value and volumes is specific to the Aferasiab Company. The Aferasiab signed a 10-year coal contract with the MoMP in 2014. The initial 2 years were to be spent on the exploration phase however, the company was challenged in getting its Feasibility Report approved by the MoMP creating setbacks for the company. The MoMP had requested continual amendments to the report. In turn the company finally withdrew its application for exploitation and continued forward in conducting exploration. Thereby the company has not moved forward on producing coal as was originally outlined in the contract.

6.1.2 Export Data

Since the AEITI 6th AEITI Report and the implementation of the Transparency Portal (MCAS & NTRS) export data (volumes and values) for all extractive commodities exported are now publicly accessible where export data's disclosure has been complete while work is underway on imports data. Meanwhile in the absence of reliable official data, Afghanistan will at least ensure that estimates are comprehensively disclosed and compared. The export data can be found here: https://customs.mof.gov.af/afghanistan-customs-statistics-reports/

6.1.3 Exploration Data

In addition to the production data, the Ministry of Mines and Petroleum has also published the information on exploration data based on the EITI standard requirements and comments in the Self-Assessment Workshop. The information on Exploration Data is available online on the MoMP website – transparency tab.

6.1.4 Report on Informal Mining

To ensure greater transparency in the Afghanistan EITI implementation process, the MoMP has prepared and published a report on the informal mining which is available online on the MoMP Website on the Transparency Tab Illegitimate mining or at:https://momp.gov.af/index.php/illegitimate-activities-mining. The Artisanal Small-Scale formalization strategy is also available on-line96.

6.2 Systematic Disclosure Summary

The following Table 39 is a summary of the key links for the systematic disclosure of Exploration and Production data, volumes, and values. These can be found on the MoMP website and Transparency Portal.

Table 39 Systematic Disclosure Revenue Collection

Type	Link
Production Data	https://momp.gov.af/index.php/small-mines-projects-details
Production Value and Volume	https://momp.gov.af/central-and-provincial-production-value-and-volume-information
Production Calculation	https://momp.gov.af/production-value-calculation-mechanism
Export Data	https://customs.mof.gov.af/afghanistan-customs-statistics-reports/
Data Quality Control Mechanism	https://momp.gov.af/eiti-disclosures
Transparency Portal	https://transparency.mom.gov.af/dashboard

6.3 Validation Corrective Actions and Summarized Achievements

The International EITI Secretariat identified 3 key areas that required corrective actions to be taken. In accordance to the EITI 2016 Standards the AEITI failed to achieve meaningful progress and instead achieving inadequate progress for Requirement a) 3.2 production data and as achieving no progress for the Requirement b) 3.3 export data. Table 40 highlights the Corrective Actions number 7 and 8 to be taken and the summarized responses.

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96 *Artisanal Small Scale Formalization Strategy (20190 Source MoMP: https://momp.gov.af/sites/default/files/2019-04/ASM%20SS%20Formalisation%20Strategy%202018_V4_reduce_0.pdf*

Table 40 Corrective Action 7 & 8 EITI Requirement #3 - 3.2 & 3.3

Corrective Actions 7 – EITI Requirement #3 - 3.2
In accordance with Requirement 3.2, Afghanistan should ensure that production volumes and values for all extractive commodities produced are publicly accessible. Where comprehensive disclosure of production figures for all minerals produced is not technically-feasible (e.g. for security reasons), Afghanistan should ensure that the reasons for non-disclosure are clearly explained and that publicly-available estimates are comprehensively disclosed and assessed. Afghanistan may wish to use EITI reporting to explain challenges in the production of official production statistics and track the implementation of key reforms in the MOMP's mine inspection and oversight.
MoMP has disclosed production data along with production value and volume calculation mechanism which is all published on the MoMP website. Similarly, project/contract-based production data has also been disclosed.   **Production Value calculations have been agreed upon and the MoMP has disclosed its formula for calculating production value. Any discrepancies from previous data has been the result of mixed data collection issues. This has been mitigated by new Data Collection and Data Quality Control Mechanism.**   **Data Collection and Data Quality Control Standard Operating Procedures as well as the establishment of an internal Data Reconciliation Committee have been established and have been working to ensure that all data has been verified or reconciled prior uploading on the MCAS and NTRS Site. Spot check are also be conducted.**
Corrective Action 8 – EITI Requirement #3 - 3.3
In accordance with Requirement 3.3, Afghanistan should ensure that export volumes and values for all extractive commodities exported are publicly accessible. In the absence of reliable official data, Afghanistan should at a minimum ensure that estimates are comprehensively disclosed and compared. Afghanistan may wish to use EITI reporting as a diagnostic tool to identify discrepancies in export data from different sources and support the government's efforts to curb smuggling.
The Transparency Portal (MCAS & NTRS) export data (volumes and values) for all extractive commodities exported are now publicly accessible where export data's disclosure has been complete while work is underway on imports data.   **Data Collection and Data Quality Control Standard Operating Procedures as well as the establishment of an internal Data Reconciliation Committee have been established and have been working to ensure that all data has been verified or reconciled prior uploading on the MCAS and NTRS Site. Spot check are also be conducted**

7.0 Revenue Collection

Governments often find themselves in the dilemma of not receiving their fair share of extractives sector revenues. There are many contributing factors which can impact revenue collection. The government in some cases may not be enforcing the rules or applying the law around revenue collection, or companies may be using tax avoidance strategies or loop-holes. In some cases, the government may not have struck a poor deal with companies as a result of inexperience on behalf of government negotiators or corruption.

With the application of the GoIRAs anti-corruption policies and reform it is anticipated that revenue collection will increase in the coming years. In 2018 the MoMP highlighted that some outstanding revenues were collected from 14 contractors in Kabul worth approximately USD 4,666,550 and 16 contractors in the provinces approximately valued at USD 100,000 were collected[97]. The ongoing IT systemization and improvements of the Ministry of Finance (MoF) through its' Tax Revenue System(NTRS) and its' linkage with the Ministry of Mines and Petroleum MCAS and Transparency Portal platform will increase the oversight of revenue collection as it shifts from previous manual systems into modern digitized and e-government systems.

7.1 EITI Requirement 4

The EITI 2019 Standard 4 highlights the importance of company and government revenues. The AEITI has been working with the MoMP and the MoF towards disclosing key information on revenue collection for the extractives sector as defined by Table 41.

Table 41 EITI 2019 Requirement 4

2019 EITI Requirements 4 Overview	
4.1 - 4.9	*An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires comprehensive disclosure of company payments and government revenues from the extractive industries. The EITI Requirements related to revenue collection include: (4.1) comprehensive disclosure of taxes and revenues; (4.2) sale of the state's share of production or other revenues collected in kind; (4.3) infrastructure provisions and barter arrangements; (4.4) transportation revenues; (4.5) SOE transactions; (4.6) subnational payments; (4.7) level of disaggregation; (4.8) data timeliness; and (4.9) data quality of the disclosures.*

Source 2019 EITI Requirements and Standards[98]

7.1.1 Comprehensive Disclosure of Taxes and Revenues

AEITI the MoMP have made ongoing progress in disclosing material payment flows, and that the decisions on materiality of revenue. The MoMP Transparency Portal has made available disclosure of material revenues from non-material companies. These are presented on-line and are disaggregated by revenue flow rather than by company. Currently, there are 3 key institutional entities that collect extractives sector data. These are the Ministry of Finance, the Ministry of

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[97] *MoMP (2018)*
[98] *https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*

Mines and Petroleum and the Authority Customs (ACD). The MoF operates and manages the Standard Integrated Government Tax Administration System (SIGTAS) which is for the collection of tax revenues. The Automated System for Customs Data (ASYCUDA) collects data relating to exports and is managed by the Customs Authority. The MoMP manages the Mining Cadastre Administration System and the Non-Tax Revenue System (NTRS) were the data collection of non-taxable revenue streams is collected. The MCAS and the NTRS feed into the Transparency Portal. All four systems are currently connected and feed into the Transparency Portal. A Memorandum of Understanding was signed by the MoMP and the MoF in 2019 to connect these systems so that they could display 'real-time' data under one portal. It is expected that as the systems become more mainstreamed and institutionalized that other key automated systems will be integrated under the Transparency Portal. More detailed information on these systems are described under the following Section 2 Introduction and Subsection 5.1.2 Register of Licenses and Subsection 6.1.1 revenue Collection.

7.1.2 Transportation Revenues

It was determined through a meeting held in 2018 between the Ministry of Mines [99] and representatives of Ministry of Transport and Aviation that the government of Afghanistan does not have any revenue stream from transportation of minerals and oil and gas by road.

It is confirmed by Ministry of Finance that instead of collection of toll fees, a fix amount is added on the imported fuel. In addition, it is also confirmed by the Ministry of Transport and Aviation that no Transportation Revenue is collected in Afghanistan. Therefore, it is not applicable in Afghanistan.

7.1.3 State Owned Enterprise Transactions

Since the EITI Secretariat Validation Report and as a result of the Self-Assessment Workshop, the MoMP and State-Owned Enterprise Directorate have made meaningful progress in disclosing key information[100]. During 2019 available data was collected from the SOEs Afghan Gas Enterprise (AGE) and Northern Coal Enterprise (NCE) and the financial statements were also audited by the Supreme Audit Office (SAO) upon request of the AEITI[101]. The audit reports are published on the MoMP website and are accessible through https://momp.gov.af/index.php/soes.

It should be noted here that the Ministry of Finance (MoF) approved the manual financial statements for 2016 and 2017 for both AGE and NCE. These financial statements are received and reviewed by the MoF on an annual basis at the end of each fiscal year (December 22, 2016 and 2017).

On completion of the SAO Audit in August of 2019, the Auditor drafted a formal Audit Board Letter based on AGE and NCE financials and submitted this to the SOE Directorate, Ministry of Finance and the AEITI. The AEITI MSG discussed this report at their 45th Meeting held on 31st December 2019 and approved the quality of the reports as both financial statements received

[99] Meeting was held with Deputy Minister Rabani with Ministry of Transportation (2018) Progress Report April 2018
[100] https://momp.gov.af/sites/default/files/soes_addendum_report.pdf
[101] Minutes of 42nd MSG Meeting 30th June 2019 (http://aeiti.af/en/documents/category/minutes-2015-2019)

adverse opinion from the SAO. The SOE Directorate under the recommendations and guidance of AEITI – MSG, the MoMP and MoF took a series of steps to improve AGE and NCE data quality and control at the ground level. Some of these improvements included and were not limited to the installation Enterprise Resource Planning (ERP) system and computerized scales systems for North Coal Enterprise. The MoMP introduced a monitoring system for all SOEs for regular meetings. In addition to this ongoing capacity building and training for staff on planning, reporting administrative and filing systems also Quick-books and ERP. These specific actions would meet EITI standards/corrective actions for the 6th Reconciliation AEITI Report 2016/2017.

In late August the SOE Directorate hired two financial officers to work with AGE and NCE, The financial officers were tasked to input the following data; 1- receivable (expected and actual) 2- assets and liabilities, 3- transfers or loans to and from Government, SOEs and companies (terms of transfers, applicable financial rate and modality financial payments) into the Quick-book accounting system. Results produced the following statements: a) balance sheet and b) an income statement. In early December 2019, it was reported that 75% of the data entry work for AGE was completed for the years from 2016 to 2017 with completion expected by years end. This was achieved and the work is ongoing for preparation of the AGE and NCE financial systems for the 2018 to 2019 fiscal years audit. It is expected that this work will be completed in first half of 2020 and the results published in the AEITI 7th Report for 2018-2019.

Progress with AGE was faster and less challenging then with NCE. As identified by the SAO Auditor, due to geographic location, security issues, human resources, and capacity as well as weak record keeping the Northern Coal Enterprise (NCE) faces challenges in the submission of relevant information and financial documentation to the SAO. The SAO sent a draft Audit Board Letter (Report) to the SOE Directorate, MoF and the AEITI Office (November 2019). Currently, receivables (expected and actual), assets and liabilities, transfers or loans etc. are being entered into the ERP (Enterprise Resource Planning) accounting system. It should be noted that this is a standard system and is used by the MoF in compliance with its' regulatory framework for the extractives industry (mining).

Figure 35 Balance Sheets and Income Statements 2016-2017
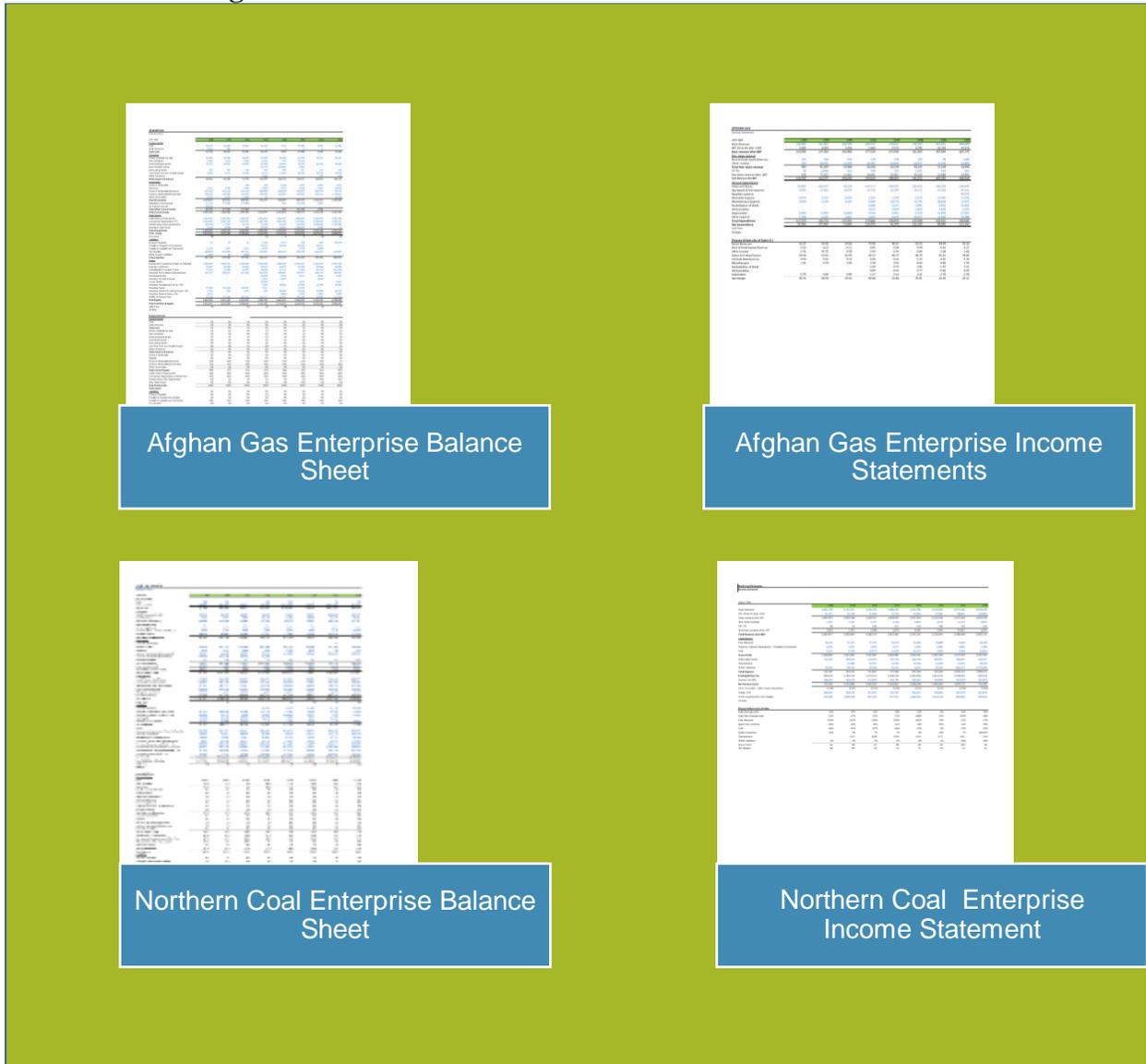
Afghan Gas Enterprise Balance Sheet

Afghan Gas Enterprise Income Statements

Northern Coal Enterprise Balance Sheet

Northern Coal Enterprise Income Statement

Source: MoMP Transparency Tab SOE 2020

According to Article 23 of the State Owned Enterprise law, the SOEs cannot retain more than a total of 25% of annual profits and 25% of calculated funds at the end of each fiscal year based on the approval of financial statements (statement of profit & loss on the balance sheet). SOEs are expected to make annual allocations (25%) to the following funds based on annual net profits for the purpose of growth, bonuses payments to employees, compensation, or unexpected losses. To MoF controls these expenditures and approvals. The following Table 42 describes the profit sharing structure of SOEs.

Table 42 Profit Sharing Structure According to the Law on SOEs

Type	Percentage
Bonus Funds	Up to 15%
Development Fund	Up to 5%
Social and Cultural Funds	Up to 3%
Reserve Funds	Up to 2%

Website MoMP on SOEs 2020

At the end of each fiscal year law requires the SOEs to transfer the remainder (75%) of the net profit to the Ministry of Finance. SOEs may not reinvest in other companies or corporations as prescribed by the law (Article 16). The only exception is in the case of a joint venture between the private and public sector if agreed upon by the MoF. Neither AGE nor NCE have any such agreements. The SOE law (Article 26) permits 3rd Party financing, yet none of the SOEs have done so. The SOEs have provided no loans or grants to any companies.

It was identified that both AGE and NCE will be corporatized sometime in 2020; a date has not been determined for the restructuring as it is linked to the current political environment. A draft corporatization plan has been produced (in Dari) by the MoMP and is waiting for approval from the MoF. A corporatization study and proposal has been developed for both AGE and NCE. Both studies are available on-line (Transparency Tab MoMP Website) and outline proposed steps forward. Figure 36 highlights some of the key documents available on-line.

Figure 36 Corporatization Assessments and Plans 2020

Afghan Gas Enterprise Corporatization

Afghan Gas Enterprise Corporatization Dari

Afghan Gas Enterprise Divestiture and Restructuring

National Coal Enterprise Reform and Restructure

Source: MOMP Transparency Portal SOE 2020

There is also a proposal for restructuring divesture and transfer of assets document for that is disclosed. During the process of corporatization, it is expected that the potentially 2018/2019 and onward financials will meet International Finance Reporting Standards (IFRS) if mandated by the MoF and corporate status is given. Currently the MoF operates on a "cash basis" as opposed to an "accrued basis", it is expected this may change for future financial reporting.

In November 2019 the SAO released the Final Reports with a Board Letter for both AGE and NCE financials for 2016-2017. These are illustrated in Figure 37 and are available on-line.

Figure 37 Supreme Audit Office Draft and Final Letters and Reports

FINAL Letter
Afghan Gas Enterprise

FINAL Report
Afghan Gas Enterprise

FINAL Letter
National Coal Enterprise

FINAL Report
National Coal Enterprise
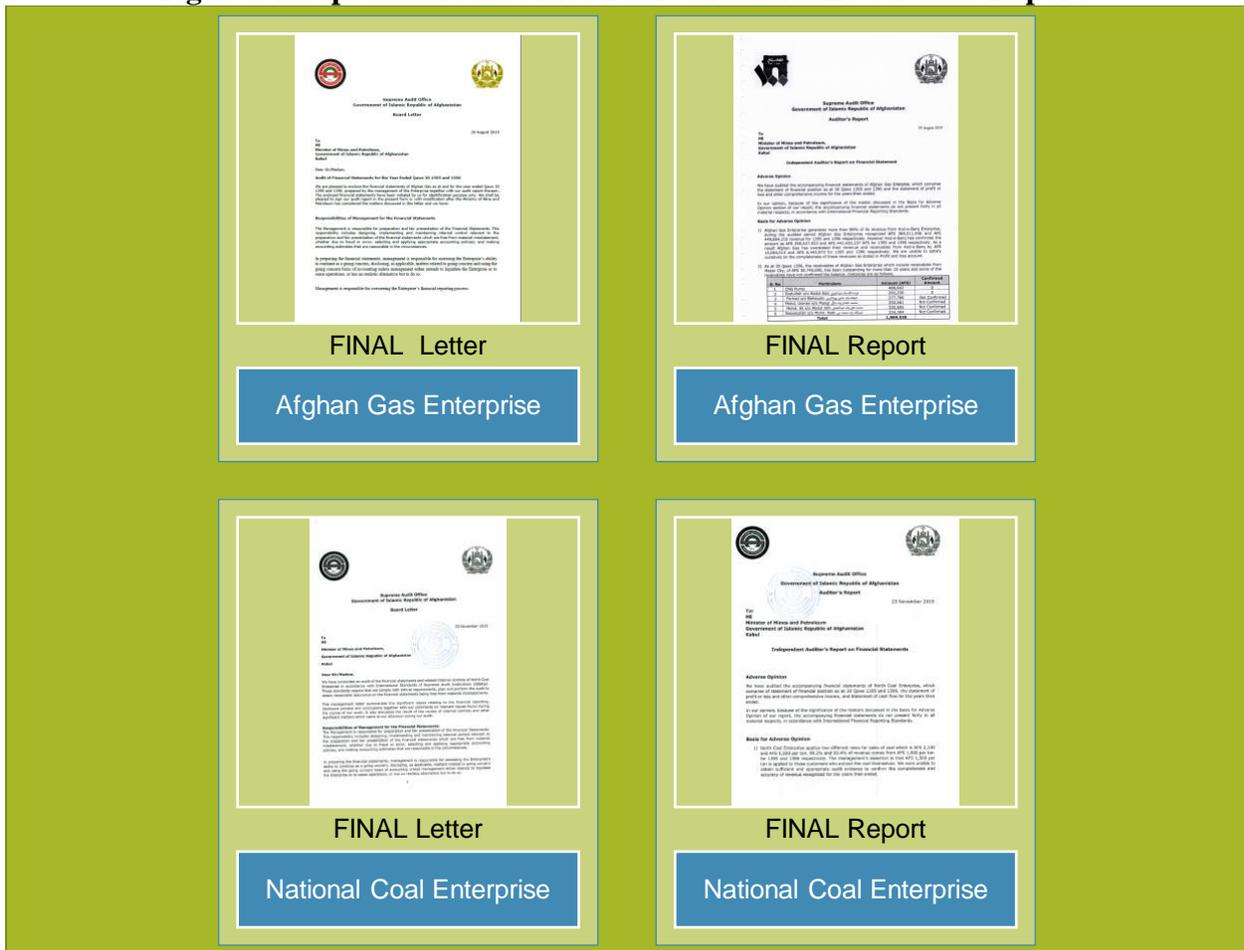
Source: MoMP Transparency Portal SOE 2020

7.1.5 Data Quality and Disclosure

The AEITI has taken steps to ensure that the Terms of Reference (ToRs) for the Independent Administrator are in line with the ToRs recommended by the EITI Board. There are no deviations from this and the AEITI has used the TOR template to Tender for Consultancy Firms.

The AEITI has been moving forward in attempt to ensure that a review of actual auditing practices by reporting companies and government entities is reliable. It is noted that local company accounting, or book-keeping practices are predominantly manual with no to limited auditing practices. Other companies utilize electronic accounting practices and are audited by Independent Auditors. These practices are based on a company per company basis. The government is also facing similar challenges and is in the process of transitioning from manual to electronic format. Provincial government offices are predominantly operating in manual while again transitioning slowly to electronic. Training and skills development to adapt to new systems is ongoing and will reinforce stronger practices.

Data quality control systems have been a frequent discussion point during MSG meetings [102]. Mechanisms for ensuring data quality control determined by the MSG have stated that for all reporting entities the MSG has agreed that each template provided to company must be signed by a Board level or senior level manager confirming the information. Furthermore, all figures reported would need to be detailed by payment and date in the supporting schedule, and any updated information, supporting documents or confirmation from reporting entities need to be made available in line with the Independent Auditor Assessment (IAA) policy for data quality control. Companies that have modernized accounting systems would be audited by third party auditors. It was also discussed that each company needs confirm from a registered external auditor that the figures reported are in accordance with instructions issued by the IA and that they are completed and in agreement with the accounts for the fiscal years presented.

In the March 2019 MSG Meeting the MSG agreed that for government agencies and State-Owned Enterprises should obtain confirmation from the Supreme Audit Office (SAO) that identified transactions are reported in accordance to the instructions issued by the IA. This is to assure confirmation and agreement on specified forms and on instructions issued by the IA and that work is completed and accounts for fiscal years are addressed. Government agencies will be required to provide an audit report that their financial statements for the fiscal years under review were audited by the SAO under International Organization of Supreme Audit Institutions (INTOSAI)'s auditing standards.

Disclosure of information from companies is the result of contract clauses that indicate that there is a general obligation to disclose information to the government. Those companies involved in the MSG have all agreed as per the data disclosure policy to reveal their information.
Currently the MSG are taking steps to ensure reports are provided in a timely manner. Templates and formats are being reviewed to ensure that information meets EITI Board Requirements and Standards. It should also be noted that provisions for ensuring confidentiality have also been undertaken.

7.2 Systematic Disclosure Summary

The following Table 43 is a summary of the key links for the systematic disclosure of 2019 EITI Requirement 4.

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[102] *MSG Meetings on Data Quality:* *http://aeiti.af/Content/Media/Documents/MinutesofMSG20190324442019242073255325325.pdf*

Table 43 Systematic Disclosure

Type	Link
Taxes and Revenues	
MSG Minutes	http://aeiti.af/en/documents/category/minutes-2015-2019
Data Disclosure	https://momp.gov.af (Transparency Tab)
State-Owned Enterprises (SOE)	
Overview of State-Owned Enterprises	https://momp.gov.af/sites/default/files/soes_addendum_report.pdf
Supreme Audit Office Audit Report	https://momp.gov.af/sites/default/files/nce_audit_report_for_1395_1396_30_nov.pdf
Northern Coal Enterprise: Letter	https://momp.gov.af/sites/default/files/nce_audit_board_letter_report_for_years_1395_1396_30_nov.pdf
Northern Coal Enterprise: Audit Report	https://momp.gov.af/sites/default/files/nce_audit_report_for_1395_1396_30_nov.pdf
Northern Coal Enterprise: Balance Sheet	https://momp.gov.af/sites/default/files/2019-03/North%20Coal%20enterprise%20-Balance%20sheet.pdf
Northern Coal Enterprise: Income Statement	https://momp.gov.af/sites/default/files/2019-03/North%20Coal%20enterprise-Income%20statement%20.pdf
Northern Coal Enterprise: Reform and Restructure	https://momp.gov.af/sites/default/files/reform_and_restructure_of_nothern_coal.pdf
Northern Coal Enterprise: Restructuring Strategy	https://momp.gov.af/sites/default/files/momp_coal_industry_05_06_2018_1.pdf
Afghan Gas Enterprise: Letter	https://momp.gov.af/sites/default/files/2019-03/Proposal%20for%20restructuring%20divestiture%20and%20transfer%20of%20assets.PDF
Afghan Gas Enterprise: Audit Report	https://momp.gov.af/sites/default/files/age_final_audit_report_of_1395_1396.pdf
Afghan Gas Enterprise Balance Sheet	https://momp.gov.af/sites/default/files/2019-03/Afghan%20Gas%20Enterprise%20Balance%20sheet.pdf
Afghan Gas Enterprise Income Statement	https://momp.gov.af/sites/default/files/2019-03/Afghan%20Gas%20Enterprise%20Income%20statement.pdf
Afghan Gas Enterprise Business Reform Strategy (August 2015)	https://momp.gov.af/sites/default/files/2019-03/Final%20Report-AGE-UNICON%20.PDF
Afghan Gas Enterprise Reform Strategy (Dari-Summary)	https://momp.gov.af/sites/default/files/2019-03/Afghan%20Gas%20Enterprises%20Corporatization.pdf
Afghan Gas Enterprise: Proposal for Restructuring, Divestiture and Transfer of Assets (October 2014)	https://momp.gov.af/sites/default/files/2019-03/Proposal%20for%20restructuring%20divestiture%20and%20transfer%20of%20assets.PDF
Independent Administrator	
AEITI Independent Administrator	http://aeiti.af/Content/Media/Documents/AEITI_summary_data_template_2016_(1396)_Final20102019452107335533253325.xlsx

7.3 Validation Corrective Actions Required and Summary Achievements

The following recommendations were highlighted in the EITI Validation Report 2018 related to the disclosure of taxes and revenues.

Table 44 Corrective Action #9 EITI Requirement 4 - 4.1

Corrective Actions 9 – EITI 2019 Requirements 4 - 4.1
In accordance with Requirement 4.1, Afghanistan should ensure that all companies selected in the scope of reporting comprehensively report all material payment flows and that decisions on the materiality of revenue flows are based on government unilateral disclosure of total extractives revenues, including those not statutorily-mandated but nevertheless collected. Afghanistan should also ensure that full unilateral government disclosure of material revenues from non-material companies is presented disaggregated by revenue flow rather than by company.
The MoMP Transparency Portal has made available the disclosure of all material revenues from non-material companies. These are presented on-line and are disaggregated by revenue flow as well as by company. This work is ongoing. Capacity development of staff is ongoing.
Corrective Actions 10 – EITI 2019 Requirement 4 - 4.4
In accordance with Requirement 4.4, Afghanistan should ensure that its assessment of the materiality of any revenues from the transportation of oil, gas and minerals be publicly documented and that any such material revenues be disclosed disaggregated to levels commensurate with the reporting of other payments and revenue streams.
The Ministry of Transport and Aviation confirms that no transportation revenue is collected in Afghanistan. Therefore, it is not applicable in Afghanistan
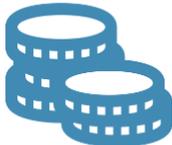
Corrective Actions 11 – EITI 2019 Requirement 4 - 4.5

In accordance with Requirement 4.5, Afghanistan should undertake a comprehensive assessment of transactions between extractives SOEs and government entities to ensure that the reporting process comprehensively addresses the role of SOEs, including transfers between SOEs and other government agencies.

Although not without its; challenges 2019 saw available data collected from the SOEs Afghan Gas Enterprise (AGE) and Northern Coal Enterprise (NCE) and saw the public disclosure of the financial statements of both SOEs. The Supreme Audit of Afghanistan undertook the auditing task under International Accounting Standards with the support of the AEITI MSG.

Currently the SOEs are working on shifting from taking manual record keeping to digital record keeping. In keeping with international recognized Accounting Standards

Corrective Actions 12– EITI 2019 Requirement 4- 4.9

In accordance with Requirement 4.9, Afghanistan should ensure that the ToR for the IA is in line with the standard ToR approved by the EITI Board and that agreement on any deviations from the standard ToR be properly documented. Afghanistan should ensure that a review of actual auditing practices by reporting companies and government entities be conducted before agreeing procedures to ensure the reliability of EITI information. Afghanistan should ensure that the quality assurances agreed for EITI reporting be clearly documented, that compliance with agreed procedures by reporting entities be clearly assessed and that the IA provide a clear assessment of the comprehensiveness and reliability of EITI reporting. The MSG should also ensure that summary data tables for all EITI Reports are prepared in a timely manner in line with requirements of the Board-approved IA's ToR.

The AEITI applies the Terms of Reference (ToRs) for the Independent Administrator in line with the ToRs recommended by the EITI Board.

Data quality and collection and oversight are not only being implemented but are currently seeing a standardized approach. Mechanisms such as the AEITI Working Group, the multi-stakeholder Data Quality and Control Committee (Members include Ministry Directorates and AEITI) to ensure data quality control and oversight have been implemented.

Improved systems as the MoMP reform process continues will see digitized mechanism replace the current manual procedures and practices that are being applied in most Directorates, as the progressive shift to e-governance continues.

8.0 Revenue Allocation

Once extractive sector revenues are captured, they can find themselves being allocated through the government system on the national provincial to regional and local level. Extractive sector revenues can play an important role in contributing to infrastructure, education, health and in promoting small and medium enterprises that can bring about local employment opportunities. Understanding the channels of revenue flows and the expenditure of these revenues can make a difference to local livelihoods and for the sustainability of future generations.

8.1 EITI Standard 5

With the MoMP push for good governance and transparency there has been an increased emphasis on highlighting revenue allocation as highlighted in the EITI Requirement 5 Table 45.

Table 45 EITI 2019 Requirement 5

2019 EITI Requirement 5 Overview

5.1 – 5.3	The EITI requires disclosures of information related to revenue allocations, enabling stakeholders to understand how revenues are recorded in the national and, where applicable, subnational budgets, as well as track social expenditures by companies. The EITI Requirements related to revenue allocations include: (5.1) distribution of revenues; (5.2) subnational transfers; and (5.3) revenue management and expenditures.

Source 2019 EITI Requirements and Standards[103]

8.1.1 Distribution of Revenues

All the government revenues including extractive industry revenues are collected in Afghanistan's single account called "*Treasury Single Account (TSA)*". This account is the government's national account, whereas by start of each fiscal year, the budget is distributed or allocated to every agency/ministry through this account, which will be recording in the national budget document. All the extractive industry revenues are collected in cash. All the revenues collected through the government are recorded in the national budget document. In summary revenue is collected into the National Account where it is transferred to the Afghan budget cycle. All revenues generated go directly to this account. There are no subnational transfers. Figure 38 highlights the Budget Structure and Figure 39 highlights the Planning Process.

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[103] *EITI (2020) Source: https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*

Figure 38 National Budget Structure 2020
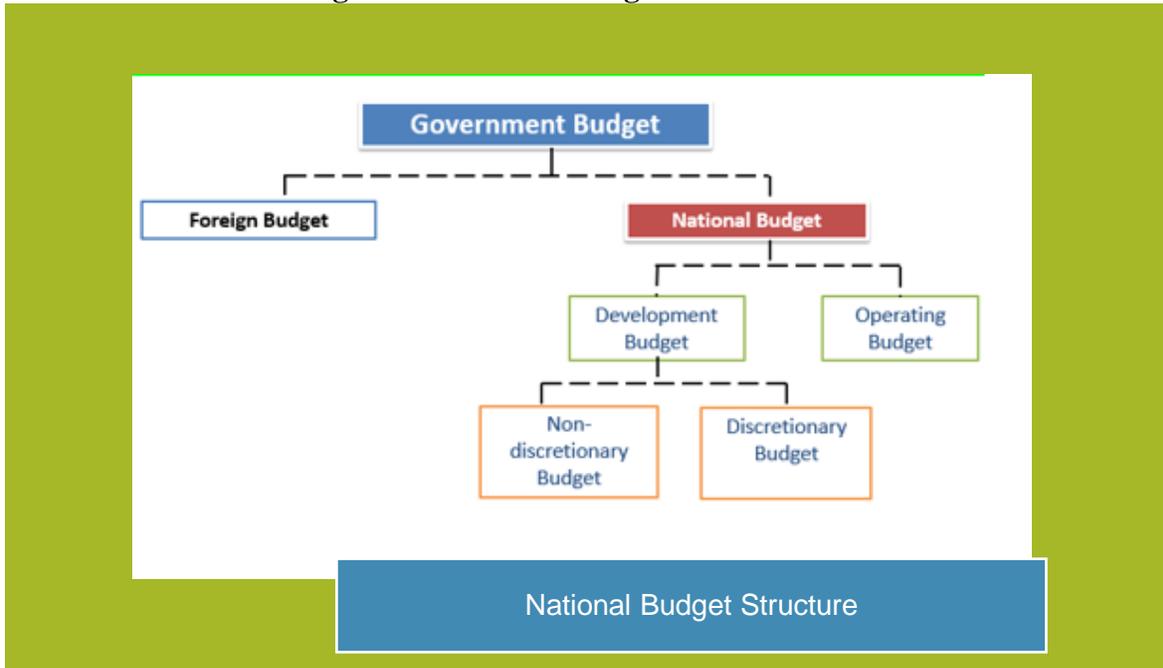
Source: Ministry of Finance 2020

Figure 39 National Budget Planning 2020
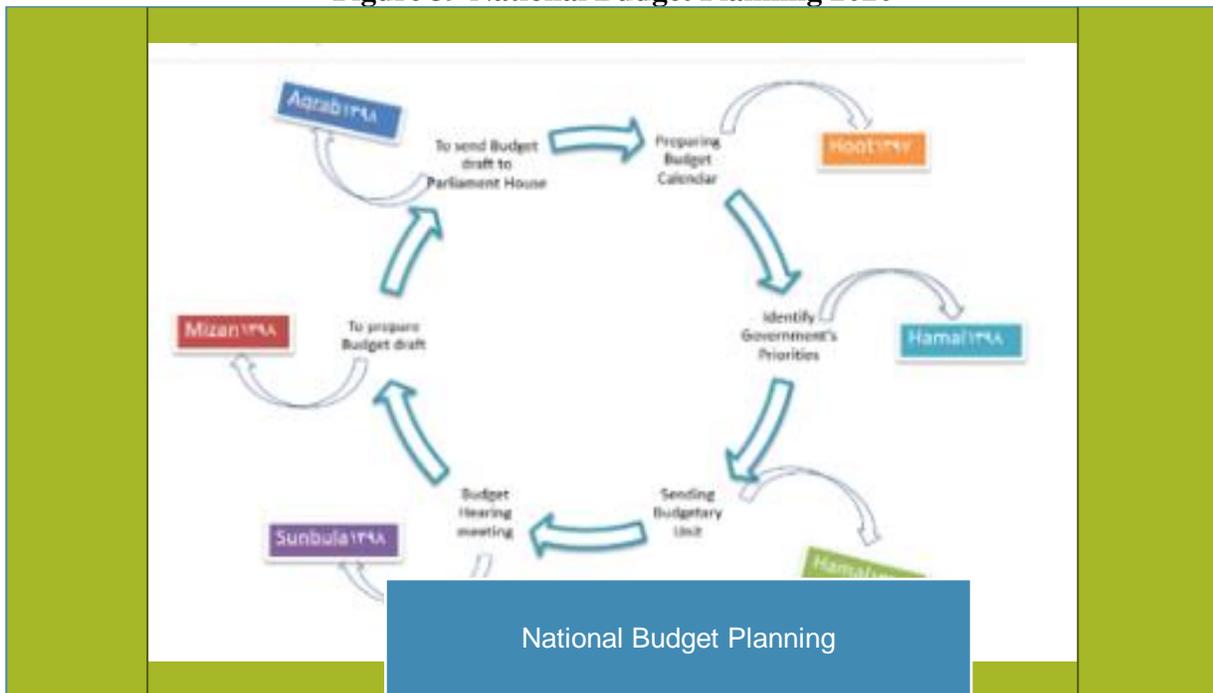
Source: Ministry of Finance 2020

To comply to the EITI standard requirements, the MoMP and MoF (as of writing this report) have held 6 meetings and have established a joint working group the *Revenue Allocation Working Group* to prepare and enforce the mining sector revenue allocation and distribution of revenues (5.1). Table 45 highlights the meetings, of which members include the General Directorate of

Budget (MoF), the Treasury Department (MoF), Revenue Management Department (MoMP) and AEITI Secretariat, Customs Department, and IDLG.

Table 46 Revenue Allocation Working Group Meetings and Meeting Schedule Date of Meeting 2019-2020

1	April 11, 2020
2	April 2, 2020
3	March 30, 2020
4	March 19, 2020
5	March 8 and 15, 2020
6	March 6 and 7, 2020

Source: AEITI 2020

Rather than having extractive sector projects develop unique community development initiatives, the GoIRA strategy is to utilize such funds through the Citizen's Charter National Priority program. The Citizen's Charter program is aimed to reduce poverty and improve the delivery of core infrastructure and social services to all communities across Afghanistan through community Development Councils[104]. Currently, USAID and other donors have been major contributors towards the Citizen's Charter, with funding ending in 2021. It is expected with the use of the Citizen's Charter Framework, the extractive sector companies will increase the effectiveness and benefits for local communities[105].

The National Budget structure and planning are from the Ministry of Finance National Budget Book[106]. This can be found on-line. The auditing process of the budget the Qatia reports[107] audited by the Supreme Audit Office for the given years of 2016-20177 (1395)-1396).

Currently the Ministry of Finance, Customs and Revenue Departments are in the process of upgrading and expanding the reach of their systems to improve the tax system. Working on implementing more checks and balances with the assistance of donors, along with continued training are ongoing developments to improve processes and practices. A Fiscal Improvement Plan is being implemented.

Ring fencing is important to prevent companies that have one or more projects from misusing the tax system. Tax Identification Numbers (TIN) are currently collected from all mineral contracts, including beneficial ownership. A TIN is included in tariffs and has been checked and verified by the Mining Revenue Management Directorate. Invoices as of late 2019 all have their TIN numbers displayed. Table 47 illustrates a sample of the new TIN invoices. Currently TIN numbers are disclosed for all entities on the Transparency Portal.

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[104] *Citizens Charters (2019) Source: https://www.usaid.gov/sites/default/files/documents/1871/Citizens_Charter_Afghanistan.pdf*
[105] *Ministry of Mines (2020) Source: https://momp.gov.af/sites/default/files/2019-06/02%20-%20MoMP%20Roadmap%20%2B%20Reform%20Strategy_reduce_0.pdf*
[106] Ministry of Finance(2020) Source: http://www.budgetmof.gov.af/index.php/en/2012-12-06-22-51-13/national-budget
[107] http://old.sao.gov.af/Content/files/201395%20%20قطعیه20%حساب.pdf (1395)
http://old.sao.gov.af/Content/files/Final%20Qatia%20Audit%20Report%20Scan%201397%20(1).pdf (1396)

Table 47 Sample of New TIN Disclosures

Source: Ministry of Mines and Petroleum 2020 Website

8.2 Systematic Disclosure Summary

The following Table 48 is a summary of the key links for the systematic disclosure of 2019 EITI Requirement 5.

Table 48 Systematic Disclosure Revenue Allocation

Type	Link
Ministry of Mines Roadmap	https://momp.gov.af/sites/default/files/2019-06/02%20-%20MoMP%20Roadmap%20%2B%20Reform%20Strategy_reduce_0.pdf
Ministry fo Finance National Budget Book	http://www.budgetmof.gov.af/index.php/en/2012-12-06-22-51-13/national-budget
TIN	https://transparency.mom.gov.af/license/716
TIN	https://transparency.mom.gov.af/owner/3700

Source: Ministry of Mines: Mining Sector Roadmap 2017-2020[108]

8.3 Validation Corrective Actions and Summary Achievements

The International EITI Secretariat identified 3 key areas in the EITI Validation of Afghanistan Document (July 2018) 1 key corrective actions for Requirements 5.1. that was identified as achieving inadequate progress.

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[108] https://momp.gov.af/sites/default/files/2019-06/02%20-%20d

G MoMP%20Roadmap%20%2B%20Reform%20Strategy_reduce_0.pdf

The following recommendations were highlighted in the EITI Validation Report 2018 related to the disclosure of revenue allocation. Table 49 highlights these Corrective Actions and their current achieved status.

Table 49 Validation Requirements 5 - 5.1

Corrective Actions – Requirements 5 - 5.1
In accordance with Requirement 5.1, Afghanistan should ensure that the allocation of extractives revenues not recorded in the national budget are explained, with links provided to relevant financial reports as applicable. Afghanistan may wish to explore the extent to which it could use extractives-specific GFS classifications from its EITI summary data tables (together with its per-license tax ID numbers) as a means of disaggregating extractives revenues in MOF systems.
The MoMP has currently disclosed the allocation of extractive sector revenues on its wepage.

9.0 Social and Economic Expenditures

The extractives industry can bring many impacts to local communities, these can be either positive or negative. Local governments and companies through resource extraction can also provide opportunities and benefits. These can come in many forms such as improved infrastructure, health care, educational facilities, employment and skills and training, entrepreneurial ventures. They can engage both women and men.

Ensuring that natural resources are managed properly and the money that is collected from the exploitation of these resources benefit all Afghans is important. The GoIRA and Ministry of Mines and Petroleum as the guardians of these resources understand the vulnerabilities when it comes to corruption and mismanagement. To ensure that there are downstream benefits the Mining Strategy and Reform process aims to ensure continued transparency working with AEITI to monitor and reach out to the public.

The AEITI has been working towards ensuring a more transparent understanding of where revenues are allocated and how they are used to advance communities and the environment.

9.1 EITI Requirement 6

Table 50 highlights the EITI 2019 Requirements on the disclosure of revenue allocations and expenditures.

Table 50 EITI 2019 Requirements 6

2019 EITI Requirements 6 Overview

6.1 – 6.4	*The EITI encourages disclosures of information related to revenue management and expenditures, helping stakeholders to assess whether the extractive sector is leading to the desirable social and economic and environmental impacts and outcomes. The EITI Requirements related to revenue allocations include: (6.1) social and environmental expenditures by companies; (6.2) SOE quasi-fiscal expenditures; (6.3) an overview of the contribution of the extractive sector to the economy; and (6.4) the environmental impact of extractive activities.*

Source 2019 EITI Requirements and Standards[109]

The Government of Islamic Republic of Afghanistan (GoIRA) through the Ministry of Mines *Mining Sector Reform Roadmap 2019*[110] highlights the importance of social, economic and environmental expenditures. The Minerals Law identifies that a portion of the mining revenues are to be spent on the local community level (2018 Mining Law Article 50). Article 66 in the 2018 Minerals Law includes some "soft" social expenditure requirements *"the license holder shall endeavour to contribute to the economic and social welfare of the local community including by…"*

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[109] *EITI (2020) Source: https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*
[110] *Ministry of Mines (2020) Source: https://momp.gov.af/sites/default/files/2019-06/02%20-%20MoMP%20Roadmap%20%2B%20Reform%20Strategy_reduce_0.pdf*

The recently approved 2019 Mining Regulations support community initiatives along with a continued increase on community participation, content, and development as well as the Provincial Development Fund. It should be noted that the Provincial Development Fund has yet to be developed under the new Mining Regulations and Reform Strategy. Table 51 highlights the key Community Based Mining Regulations.

Table 51 2019 Community Based Mining Regulations

	Regulations 2019	
Aspect	Article(s)	Article Subject
Community Proceeds Regulations2	87	Community Participation
	88 - 89	Local Content Plan
	90 - 91	Community Development Plan
	92	Provincial Development Fund
	93	Procedure for Compensation to Landowner or Occupier
	94	Ombudsman

Source: MoMP Website 2020

Article 50 of the Minerals Law identifies the Provincial Development Fund and it is Regulation Article 92 that implements Article 50(1) of the Minerals Law. The Minerals Law requires 5% of non-tax mining revenue to be paid into the Provincial Development Fund, to benefit the host province. This is a common mechanism and the provision of Article 92 is compatible with global best practice.

The *Mining Sector Reform Roadmap 2019* also identifies the importance of environmental issues. Afghanistan has one key environmental counterpart, the Afghanistan National Environmental Protection Agency (NEPA). It is the role and responsibility of NEPA to ensure environmental protection (Environmental Law 2007, Regulation 2008). Mining companies operating in Afghanistan are required to undertake an environmental impact assessment. Project proponents require to undertake a screening (Environmental Law, Art. 13. Schedule I) and as per NEPA regulations will be required to undertake a full Environmental Impact Assessment in accordance to International best practices (Environmental Law, Art. 14(2); EIA Regulation 7).

The *Mining Sector Roadmap 2017-2020* approved by the High Economic Council (HEC) of Afghanistan in 2017 is a key policy document. It highlights five key pillars that are aimed at promoting both short to medium term reforms through a series of activities. Several of these key Pillars and their subsequent activities highlight the importance of achieving "desirable social and economic and environmental impacts and outcomes" as identified in the EITI Standard 6 (See Table 52 below).

Table 52 Mining Sector Roadmap

Pillar	Descriptive	
4 (6)	Afghan Communities, Environment and Heritage	Legal provisions for community participation, decision-making in sectors development and importance of mechanisms like the Citizens Charter
5 (3)	Local Content Strategy	Contracting companies adhere to enhancing skills and capacity, create jobs, promote local enterprises, local content requirements
5 (6)	Develop a Corporate Social Responsibility (CSR) Window	Institutionalize and formalize CSR to improve living conditions (economic social environmental), to encompass all economic activities related to the sector

Source: MoMP 2020

9.1.1 Social and Environmental Expenditures

Since the 6th AEITI Report 2016-2017 there have been various advancements and MSG discussions held to build consensus around the definition of mandatory social expenditures. The definition of Mandatory Social Expenditure was discussed in the MSG on 25th of December 2018 and subsequently approved by the MSG members.

Currently, the Mines Inspection General Directorate has completed a report on the mandatory social expenditure activities of Extractive Companies for 2016-2017 (1395 – 1396). There have been several challenges in acquiring this information as some companies depending where they sit in the Mine Life Cycle (Exploration – Development – Operations – Closure) may not have commenced social expenditure activities or are actively engaged in these activities, but limited in their ability to maintain proper records. Companies are likely not have clear community development policies or guidelines established within their organizational structures. This also applies to the MoMP who is currently working on establishing templates and guidelines on Community Development Agreements. This impacts company and beneficiaries.

The Mine Inspection Directorate of the MoMP has undertaken an assessment of the Mandatory Social Expenditure of the 20 material reporting companies in the 6th AEITI report and published the result of the assessment in a report available online at: https://momp.gov.af/eiti-disclosures.
The companies mentioned in the below Table 53 have no Mandatory Social Expenditures obligations based on the regulations and the contract, therefore, they are exempted.

Table 53 Companies that have no Mandatory Social Expenditures 2016-2017

S/N	Name of the Company	Type of Contract
1	Abdul Majeed	Construction Material
2	Muhammad Bilal Son of Shereen Dil	Construction Material
3	Balkh Aabi Construction Company	Construction Material
4	Parhoon Tarha Construction Company	Construction Material
5	Alburz Naween Construction and Manufacturing Co.	Construction Material
6	Noor Umul Bilaad Construction Company	Construction Material
7	Wessa Construction Company	Construction Material

Source: MoMP 2020

Of the 8 companies required to deliver on mandatory social and environmental expenditures between 2016-2017 the majority have undertaken road works (26%) and provided money for family support (13%) and for war veterans (13%). Figure 40 provides a snapshot of the expenditures.

Figure 40 Summary of Social and Environmental Expenditures 2016-2017
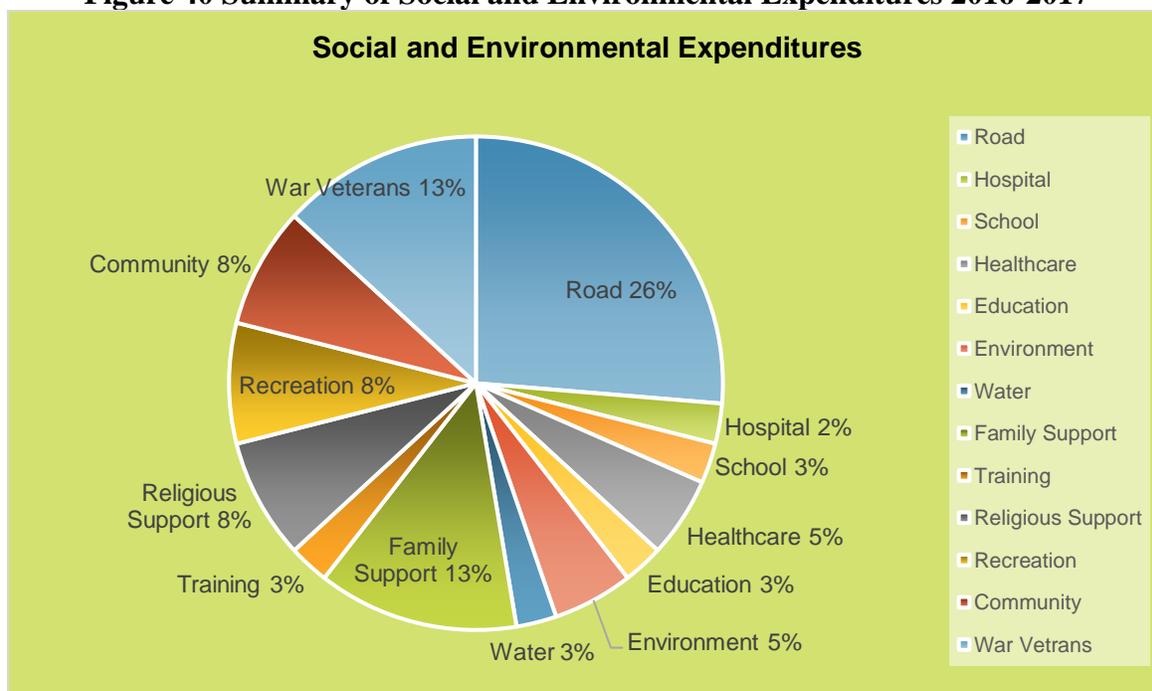
Source: MoMP General Directorate of Mines Inspection 2020

9.1.2 Quasi Fiscal Expenditures

Discussions have been ongoing within the AEITI MSG in relation to quasi fiscal expenditures. The MoMP State Owned Enterprise Directorate prepared a meeting with the MSG Board to discuss quasi-fiscal expenditures. This was held on 28 November 2019 (44th MSG Meeting). A cross comparison of different definitions was presented on quasi fiscal expenditures. These definitions

were identified and presented to the MSG to discuss and to determine which is more applicable to the Afghan context.

Table 54 Quasi Fiscal Expenditures Definitions

IMF Quasi fiscal Expenditure	Evil Quasi-fiscal Standard	Recommended Quasi fiscal Activity
Operations related to the financial system; Subsidized lending, Preferential rediscounting practices Poorly secured supar loans, loan guarantees Under remunerated reserve requirements Credit ceilings, rescue operations *Operations related to the exchange system* Multiple exchange rates import deposits, deposits on foreign asset purchases Exchange rate guarantees Subsidized exchange risk insurance *Operations related to the commercial enterprise sector*	Quasi-fiscal expenditures include arrangements whereby SOEs undertake public social expenditure such as: • payments for social services, • public infrastructure, • fuel subsidies • National debt servicing.	Hybrid version; payments for social services, public infrastructure, fuel subsidies National debt servicing. Preferential rediscounting practices Provision of noncommercial services (e.g., social services)

Source: AEITI 2020

The State-Owned Enterprise Directorate of MoMP proposed a definition for quasi-fiscal expenditures comprising of partial International Monetary Funds (IMF's) and EITI's a hybrid definition. The MSG members, after due deliberation, agreed on adopting the IMF's definition of quasi-fiscal expenditures on the 29 November 2019 that the IMF definition of Quasi Fiscal Expenditure, citing that a hybrid version would not be lasting.

It was agreed that IMF definition be used by the State-Owned Enterprise Afghan Gas Enterprise (AGE). It is projected by the MSG and its technical working group to undertake a study on QFE and then published on the AEITI website. Therefore, the SOEs directorate has published the AGE and NCE QFE expenditures as part of the SOEs addendum report available on https://momp.gov.af/sites/default/files/soes_addendum_report.pdf .

9.1.3 Contribution of Extractives Sector to the Economy

Afghanistan has begun to disclose comprehensive information on the contribution of the extractives sector on the economy. According to the data collected from the Ministry of Mines and Ministry of Finance the following Tables 55, 56 and 57 highlight data collected.

Table 55 Extractives Sector Contribution to Afghan GDP 2019

% share of GDP	Actual				Projection		
	2016	2017	2018	2019	2020	2021	2022
Mining and Quarrying	0.77	0.97	1.08	1.15	1.21	1.27	1.38

Source: MoMP (2019)

Table 56 Mining Revenues Generated 2016-2017

In million Afs	2016	2017	2018	2019	2020	2021	2022
Mining revenue	1,297.74	2,446.51	2,712.74	2,693.68	3,415.72	4,009.15	4,621.65

Source: MoMP (2019)

Table 57 Total Government Revenue Including Share of Mining Revenue 2014-2018

In million Afs	2014	2015	2016	2017	2018
Total domestic revenue	110,723.39	122,245.53	148,126.04	169,159.29	189,990.48
Mining Revenues	2,858.34	764.16	1,297.74	2,446.51	2,712.74
% Share of Mining Revenue/Total Revenue	2.58	0.63	0.88	1.45	1.43

Source: MoMP (2019)

Employment figures for the extractives sector are an important contribution to the economic well-being of the country. Human resource development is key to achieving a healthy sector by increasing the number of Afghans men and women with the relevant skills, capacity, and qualifications to work in the emerging mining sector. In understanding the contribution employment makes to the sector, Afghanistan can plan and develop skills, trades, and other opportunities for improved livelihoods through education and employment. Currently the number of individuals working in the sector are 2881 (2016-2017) according to the MoMP. Currently, there is only 3 identified permanent females employed in the sector during this period[111]. Figure 41 provides an overview of mining employment figures by percentage according to each province for the years 2016-2017. Employment for the sector is highest in the province of Faryab (19%) followed by Herat (24%) and Kabul (7%).

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[111] *MoMP (2020) Website:* *https://momp.gov.af/eiti-disclosures*

Figure 41 Mining Employment Figures for 2016-2017
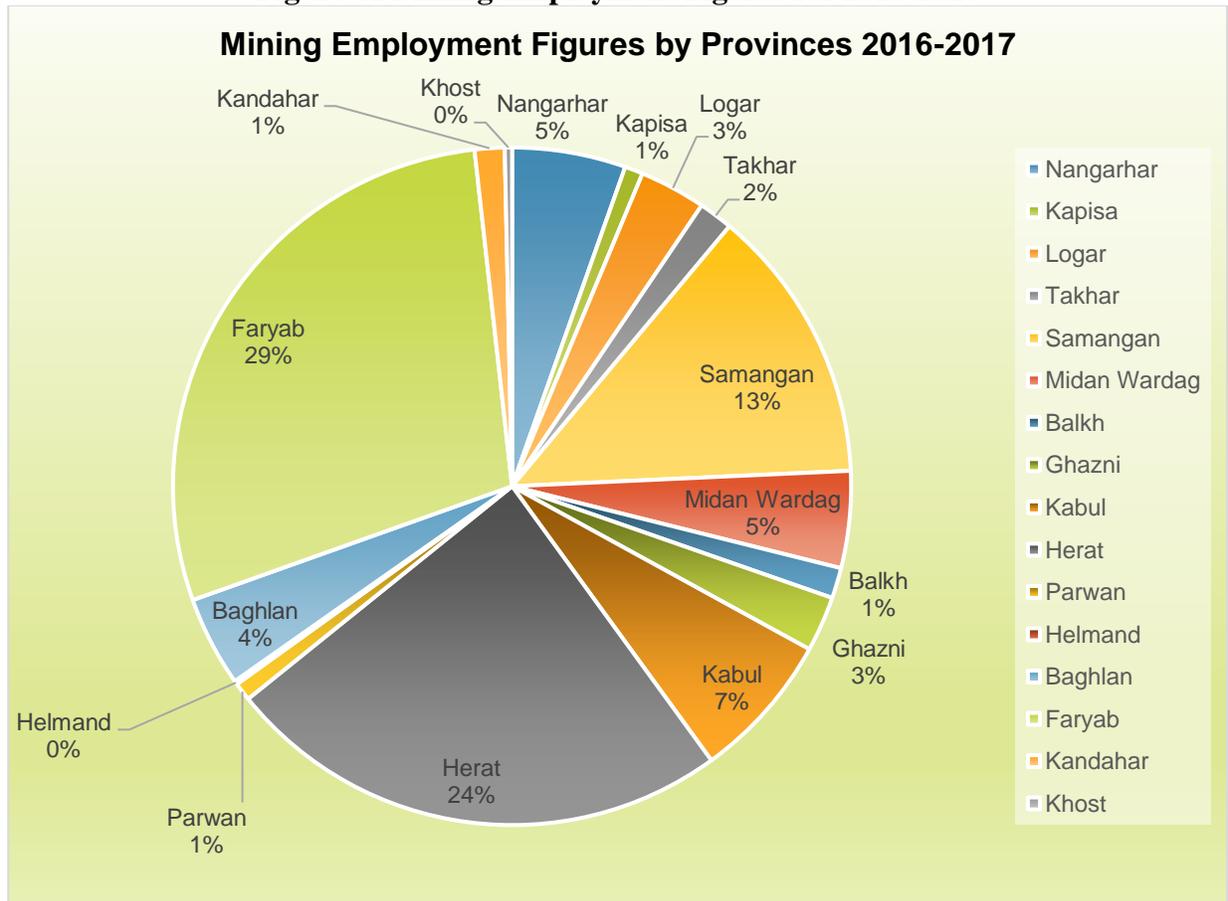
Source: MoMP Website 2020

Collecting information on employment data has proven to be a challenge as not all companies have disclosed the numbers of employees. Currently, 69 companies have disclosed employment information. This information is available on the MoMP website.

Figure 42 highlights temporary and permanent employment numbers for 2016 by province. It should be noted that most employees work on a part-time basis. Of the identified companies 71% staff temporary employees with 29% as permanent employees in 2016

Figure 42 Temporary and Full-time Employment Figures for 2016.

Total Number of Temporary and Full-Time Employees 2016
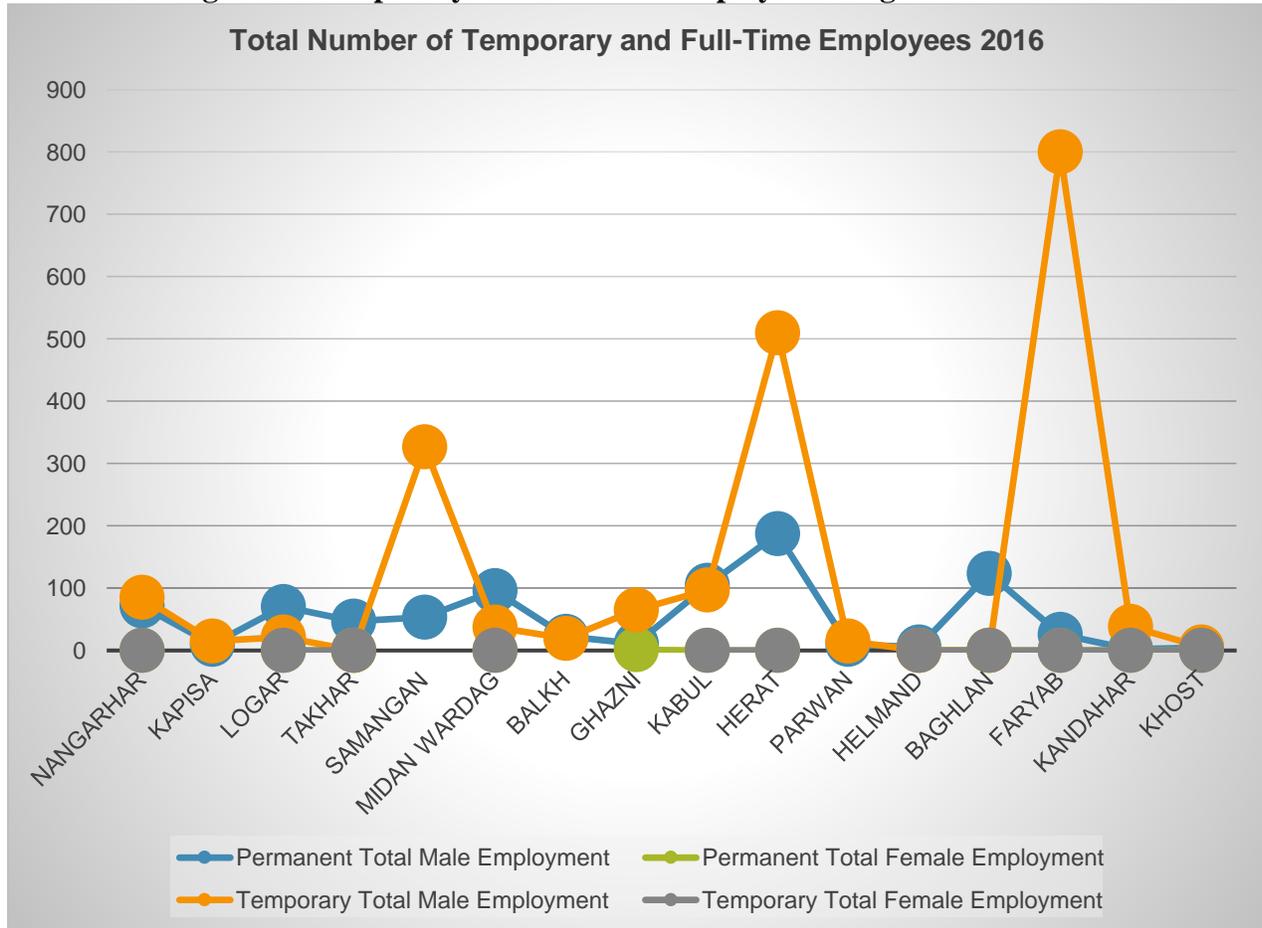
Figure 43 illustrates temporary and permanent employment numbers for 2017. Of the identified companies 65% staff temporary employees with 35% as permanent employees in 2017.

Figure 43 Temporary and Full-time Employment Figures for 2017.

Total Number of Temporary and Full-time Employees 2017

Source: MoMP Website 2020
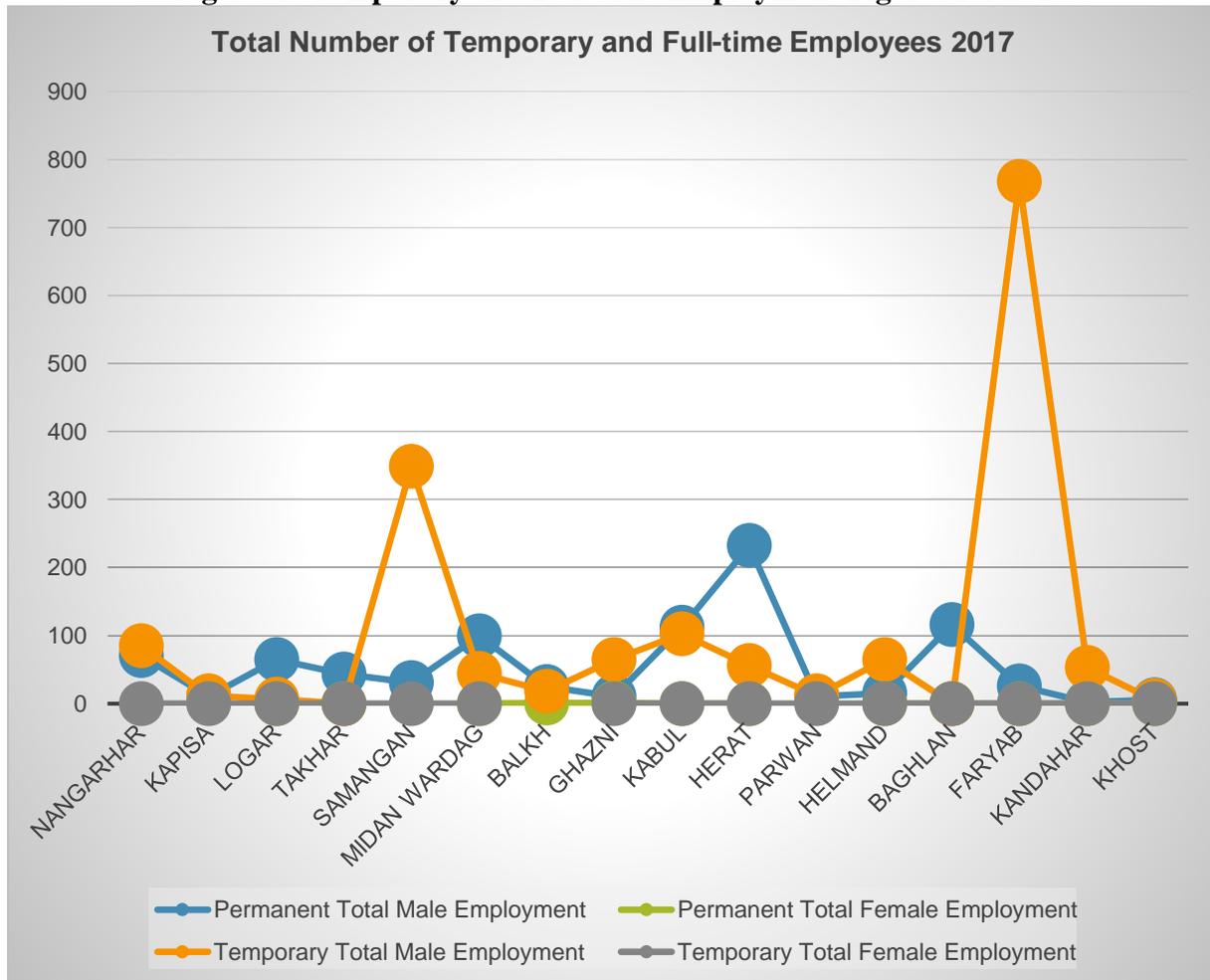
A template has been developed to capture detailed employment data in accordance to the International Labor Organization (ILO) as per the International Standard Classification of Occupations (ISCO) classification codes. The template is part of downstream data collection on employment to be piloted in 2020. Table 58 demonstrates a sample of the template. All groups and numbers correspond to the ISCO Code Book. Groups are divided into professional, trades as well as services. Information collected is expected to be disaggregated.

Table 58 Data Collection Template for Company Employment Figures

International Standard Classifications of Occupations ISCO	Total	Male	Female	National		International		Permanent		Contract		Temporary	
				M	F	M	F	M	F	M	F	M	F
Group 1: Legislators, Senior Officials and Managers													
1110													
1142													
121 Directors and Chief Executives													
1210													
122 Production and Operations													
1222													
123 Other Specialist Managers													
1231													
1239													
Group 2: Professionals													
21 Engineering Science													
2114													
214 Engineers													
2147													
24 Other Professionals													

Source: Sample Template AEITI

It is expected that with the upcoming 7th Report the template will be used to report on employment figures in greater detail.

Collecting the data has been a challenge for the MoMP as some companies are not responding to the MoMP request. There are likely many reasons for this as some companies are located in provincial areas where there may be limited communication access to MoMP. Others may not have accurate figures or may not feel that disclosure is necessary. This continues to be an ongoing work in progress. It should be noted that some companies including SOEs have provided employee figures and these are disclosed as follows on the following MoMP site: https://momp.gov.af/eiti-disclosures.

MoMP has published employment data concerned with government employees working in government institutions. The matter was discussed with the EITI experts and AEITI was informed that the data for the entire extractive sector had to be disclosed which also included employment data from the companies.

9.2 Systematic Disclosure Summary

The following Table 59 is a summary of the key links for the systematic disclosure on social and economic expenditure.

Table 59 Systematic Disclosure Social and Economic Expenditure

Location	Link
	Social and Environmental Expenditures
Definition	The MSE definition already shared with and confirmed by MSG. Article 90 (4).5.5 of MR
Legal Framework	https://momp.gov.af/index.php/dr/قوانین-و-مقرره-های-معدنکاری
	Quasi Fiscal Expenditures
Quasi Fiscal Addendum	https://momp.gov.af/sites/default/files/soes_addendum_report.pdf
MSG Definition Decision	http://aeiti.af/Content/Media/Documents/MeetingMinutsEnglish2018122510220193291240553325325.pdf
	Contribution of Extractives Sector to the Economy
SOE Contribution	https://momp.gov.af/sites/default/files/soes_addendum_report.pdf
Employment Figures	https://momp.gov.af/eiti-disclosures and https://momp.gov.af/sites/default/files/2020-02/Employment%20Data.xlsx
ISCO	https://ec.europa.eu/eurostat/documents/1978984/6037342/ISCO-88-COM.pdf

9.3 Validation Corrective Actions and Summary Achievements

The International EITI Secretariat identified 3 key areas in the EITI Validation of Afghanistan Document (July 2018) and highlighted no progress for mandatory social expenditures (6.1) and economic contribution (6.3). The SOE quasi-fiscal expenditures (6.3) was identified as achieving no progress. The following observations were made in the EITI International Validation Report 2018, on mandatory social expenditures and progress and achievements are highlighted.

Table 60 Corrective Action 14, 15 & 16 Recommendation #6 - 6.1

Corrective Action 14 – Recommendations 6.1
In accordance with Requirement 6.1, Afghanistan should ensure that a clear definition of any mandatory social expenditures is publicly provided and assess the materiality of such expenditures in the period under review. The MSG may wish to consider the extent to which disclosure of Community Development Agreements (or review of key terms) would be necessary to provide a comprehensive assessment of the existence of mandatory social expenditures. Afghanistan should ensure that public disclosure of mandatory social expenditures be disaggregated by type of payment (distinguishing cash and in-kind) and beneficiary, clarifying the name and function of any non-government (third-party) beneficiaries of mandatory social expenditures.
The implementation of the 2018 Legal and 2019 Regulatory framework have highlighted the importance of community development and a structural framework for ensuring that

revenues are allocated into Communities through a framework that is like that of the Citizen's Charter.

Corrective Action 15 – Recommendations 6.2

In accordance with Requirement 6.2, Afghanistan should undertake a comprehensive review of all expenditures undertaken by extractives SOEs that could be considered quasi-fiscal. The MSG should develop a reporting process for quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams.

The AEITI-MSG has taken positive steps forwards to define and develop a reporting process for quasi-fiscal expenditures.
It is expected that the SOEs will be corporatized in 2020.

Corrective Action 16 – Recommendations 6.3

In accordance with Requirement 6.3, Afghanistan should disclose comprehensive information about the extractive industries' contribution to the economy in relative and absolute terms, including to GDP, government revenues, exports, and employment.

With ongoing improved data collection methodologies and accuracy and the implementation of the MCAS system, Afghanistan has begun to disclose comprehensive information on the contribution of natural resources to the Afghan economy.
With the help of National Statistics and Information Agency and MoF, information on the contribution of the mining industry to the GDP of the country and social expenditures by extractive companies.

Section 3

Outcomes and Impacts

10.0 Outcomes and Impacts

The AEITI can produce positive outcomes and impacts for its' many stakeholders. These can be measured over time. Informing, engaging, and collaborating with stakeholders paves the path for outreach, participation, and debate. AEITI through the Transparency Portal has managed to reach out with its vision and mission to the broader stakeholder group and public.

10.1 EITI Requirement 7

The AEITI has committed to achieving the requirements set out in the 2019 EITI Standard. The purpose of Requirement 7 is to achieve disclosures that will achieve positive outcomes and impacts.

Table 61 EITI 2019 Requirement 7

2019 EITI Requirement 7 Overview

7	*Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about how resource revenues can be used effectively. The EITI Requirements related to outcomes and impact seek to ensure that stakeholders are engaged in dialogue about natural resource revenue management. EITI disclosures lead to the fulfilment of the EITI Principles by contributing to wider public debate. It is also vital that lessons learnt during implementation are acted upon, that recommendations from EITI implementations are considered and acted on where appropriate and that EITI implementation is on a stable, sustainable footing.*

Source 2019 EITI Requirements and Standards[112]

10.1.1 Public Debate

The AEITI has made substantial progress despite ongoing challenges to ensure that public awareness and debate are created around the AEITI vision and mission. In the continued strengthening of the MSG and its oversight, members have increased their reach and voice. With a new Communications Strategy 2020-2021 and outreach initiatives that align with the International Association of Public Participation (IAP2); AEITI has been actively conducting both regional/provincial and Kabul based workshops. All materials have been published on-line for

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[112] *EITI (2020) Source: https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf*

viewing. The following is a list of key workshops held from 2016 to 2019. Table 61 highlights key activities that have been undertaken.

Table 62 AEITI Communications and Outreach Activities

No.	Description	Date	Location
1	AEITI Outreach Trip to Kandahar	5 April 2016	Kandahar
2	Afghan Parliament Members Discussed Transparency within Mining Sector with International Experts at Workshop	14 May 2017	Kabul
3	Debate on AEITI's 5th AEITI Report in Kandahar Province	22 August 2017	Kandahar
4	The Beneficial Ownership conference Opened in Jakarta	23 October 2017	Indonesia
5	Gathering on sharing the details of the 5th report was shared with members of CSOs, private sector and public in Herat	29 October 2017	Kabul
6	MSG's Preparation for Validation	20 January 2018	Kabul
7	Awareness on AEITI and Beneficial Ownership to students and teachers of Kabul Polytechnic University	15 May 2018	Kabul
8	Beneficial Ownership discussed with the representatives of five provinces	19 May 2018	Provinces
9	Discussions on the transparency of extractive industries in five Northern Provinces of Afghanistan	26 July 2018	Provinces
10	Outreach Workshop to Herat Academia	03 October 2018	Herat
11	AEITI Outreach Workshop to the MoF's Directorate at Herat	26 October 2018	Herat
12	Journalists' and CSOs Workshop on the MoMP Online Transparency Portal	20 March 2019	Kabul
13	Independent Administrator's Workshop for Companies on Reporting Template	7 April 2019	Kabul
14	Workshop on EITI Standard and Validation Expectations	7, May 2019	Kabul
15	Workshop on EITI Standard and Validation Expectations	7 May 2019	Kabul
16	MSG Session with World Bank Mission	20 May 2019	Kabul
17	AEITI Two Days Training Session on 6th AEITI Report	26, May 2019	Kabul
18	EITI launches 2019 EITI Standard	29 June 2019	Kabul
19	Roundtable Session on Capacity Development of AEITI Stakeholders	20 July 2019	Kabul
20	Publication of 6th EITI Report	21 July 2019	Kabul
21	Capacity Development on EITI 2019 Standard	21 July 2019	Kabul
22	Workshop on Capacity Building of SoEs' Staff on Filing System	16 October 2019	Kabul
23	Presentation to the Members of the Environment and Natural Resources Commission	31 October 2019	Kabul
24	AEITI Self-Assessment Workshop Held in Dubai	4 November 2019	Dubai
25	AEITI Holds a Public Awareness Workshop for CSOs' Representatives.	2-3 December 2019	Kabul
2	AEITI Public Awareness Workshop in Nangarhar	27-28 January 2020	Nangarhar
27	Results Based Management for MSG Members	5 February 2020	Kabul
28	AEITI Public Awareness Workshop in Balkh	11-12 February 2020	Balkh
29	AEITI Orientation Workshop for Journalists	4 March 2020	Kabul
30	AEITI News item on Tolo TV	21 March 2020	Afghanistan

Source: Summarized AEITI Website 2020

To ensure that the Communications Strategy 2020-2021 and other key AEITI strategies and policies (Grievance Handling Mechanism and Redress, Gender Policy, Diversity and Inclusion) align with the Annual Workplan 2020, the AEITI has shifted to a Results-Based Management (RBM) and Performance Management Framework (PMF). This is an important step in assuring that workplan activities are in alignment with budgets, and that approved activities can be monitored and evaluated.

Overall AEITI has been reaching out to a broader number of stakeholders despite security issues and the COVID-19. In December 2019, the MSG were asked several questions based on their personnel perceptions regarding engagement and public disclosure. Members stated during interviews that AEITI events and activities had increased, because of the hiring of a National Coordinator. However, when asked in the survey if they felt there were sufficient activities to engage public debate most respondents (64%) felt indifferent to the number of activities. Figure 44 highlights the responses with 18% agreeing and 18% disagreeing.

Figure 44 Are there enough AEITI Activities to Engage Public Debate?
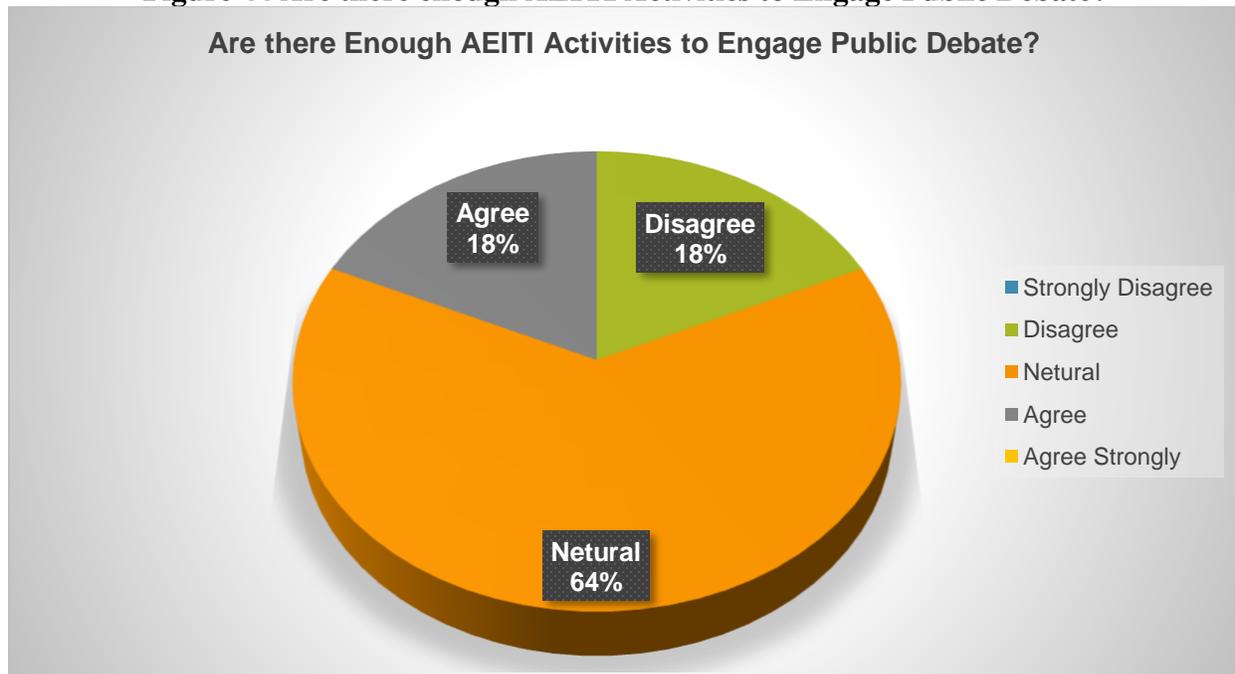
Source: AEITI MSG Survey 2019

Forty-five percent of MSG respondents felt that disclosed materials on the website could stimulate debate around the AEITI mission and vision. Figure 45 highlights the responses of 11 MSG respondents to the survey.

Figure 45 Stimulating Debate through Published Documents and Materials
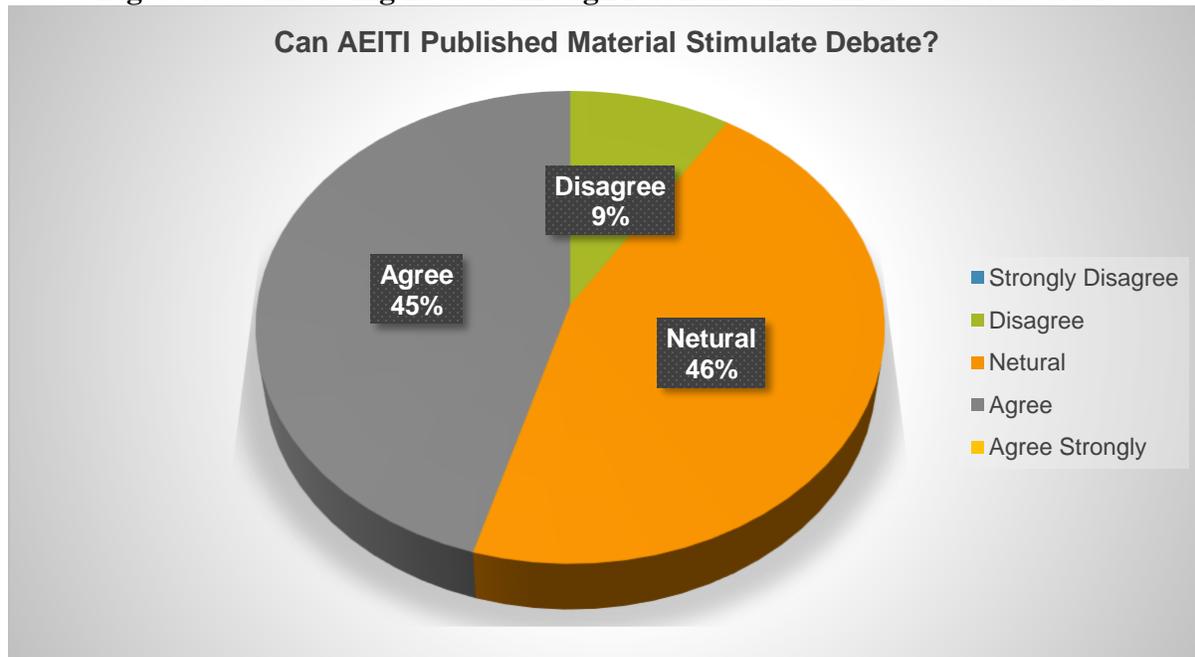
Source: AEITI MSG Survey 2019

The AEITI website and social media sites have played an important role in reaching out to the public and providing information and documentation. Overall, the AEITI website has seen an increase in traffic to its website this includes the number of "visits" and "hits".

There have been over 93,502 visits to the website from the period between June 2019 to April 2020. Visits are measured by the number of times a user opens the AEITI webpage. When a user views the webpage, it is recorded as a single visit no matter how many more pages on the website are opened or viewed.

Figure 46 highlights the number of monthly visits over a monthly period from June 2019 to April 2020. During this 11-month period there has been a consistent increase in the number of visits to the AEITI Website. There was a substantial dip in visitors to the site in the month of September and October 2019. This can be attributed to the website being off-line due to internet contracting and payment issues. The surge in late October can be attributed to an increase in AEITI activities and postings, with the website being reinstated on-line.

Visitors have continued to increase as illustrated by the trendline. March and April have had a small decrease in the number of visitors, and this is a direct result of the COVID -19 and a decrease in AEITI activities and postings.

The AEITI site registers an average of 278 visits per day. With the lowest daily average at 196 visits and a peak average at 343 visits per day. Figure 46 highlights this and the ongoing upward trend.

Figure 46 Monthly AEITI Website Visits June 2019- April 2020

Monthly AEITI Website Visits 2019 -2020

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Monthly Visits	5900	10041	9979	5078	7309	9336	9873	8425	9948	8960	8653
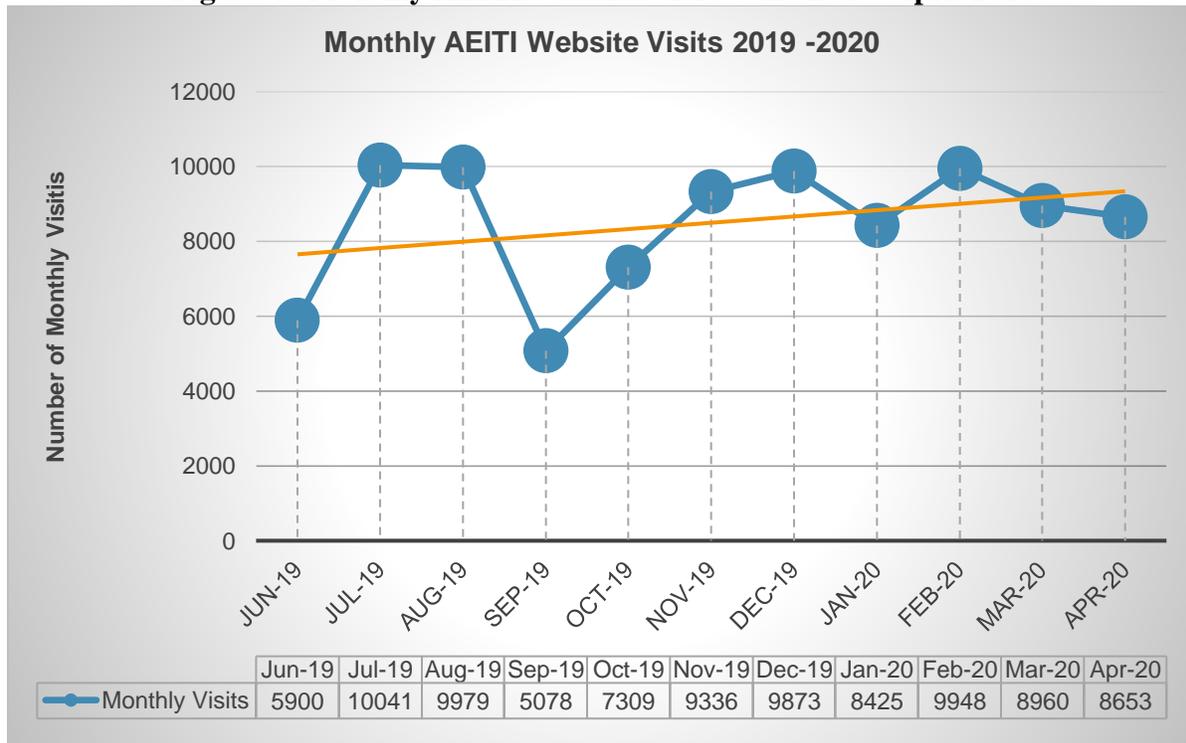
Source: AEITI Website 2020

Hits unlike visits record the number of times a web browser such as Internet Explorer, Chrome or Firefox requests a file from the AEITI webserver. This is recorded as a hit. As the web page consists of various files a hit is most often a request to explore or download certain files; these may be contents revealed in the drop-down menus, the downloading of PDF, Word or Excel documents. They are file that can be downloaded from the server. The following Figure 47 highlights the number of hits that the AEITI website received from the period of June 2019 to 2020.

It can be noted that October and November of 2019 received a spike in hits on the website. A total of 440,912 hits took place during this time. This can be attributed to an increase in outreach activities and the publication of the 6th Reconciliation Report.

Figure 47 Monthly AEITI Website Hits 2019-2020

Monthly AEITI Website Hits 2019-2020

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Number of Hits	28055	35686	36463	22432	84605	65432	26153	32884	36658	34645	37899
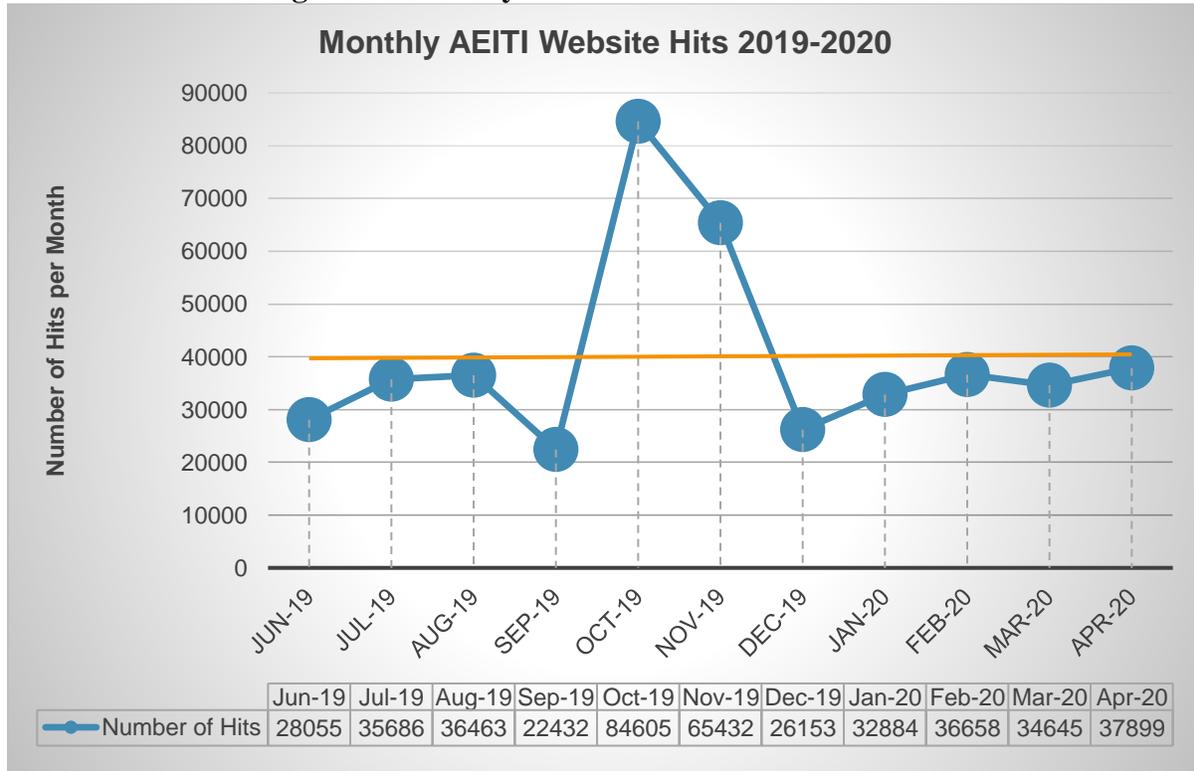
Source: AEITI Website 2020

Figure 48 illustrates the number of visits and hits combined to the AEITI Website. October and Novembers, spike in the number of hits can be attributed to an increased interest in the AEITI as a result of various presentations, workshops and capacity building sessions.

There has been an overall steady increase in visits and hits to the AEITI Website since June 2019. It is expected that with continued outreach and ongoing information posted on the AEITI website the trendline will continue to positively increase in number.

Figure 48 Monthly AEITI Website Visits and Hits 2019-2020

Monthly AEITI Website Visits and Hits 2019-2020

	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Number of Hits	28055	35686	36463	22432	84605	65432	26153	32884	36658	34645	37899
Monthly Visits	5900	10041	9979	5078	7309	9336	9873	8425	9948	8960	8653
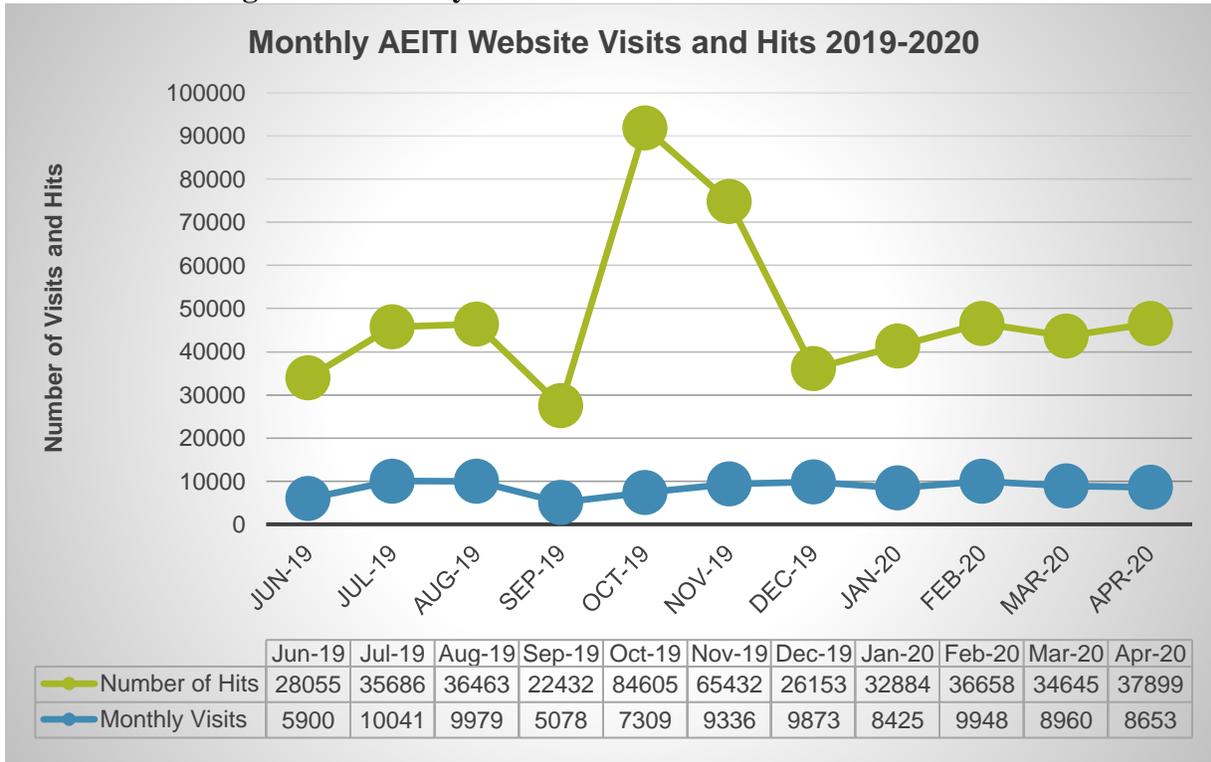
Source: AEITI Website 2020

Social media is growing in popularity amongst Afghans throughout the country as data packages are relatively inexpensive as are mobile phones. Facebook is the most popular social media sites with some 9.3% of the Afghan population using it on a regular basis[113]. AEITI Facebook followers have been steadily increasing over the last two years. Figure 49 highlights this steady increase in the number of followers.

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[113] *Facebook Users in Afghanistan (2018) Source: www.http:/napoleon cat.com*

Figure 49 AEITI Facebook Followers Per Month July 2019 – April 2020

Number of Monthly Total Facebook Followers 2019-2020

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20
Series1	51579	57326	56152	60295	58534	60873	73834	101339	114584	111173
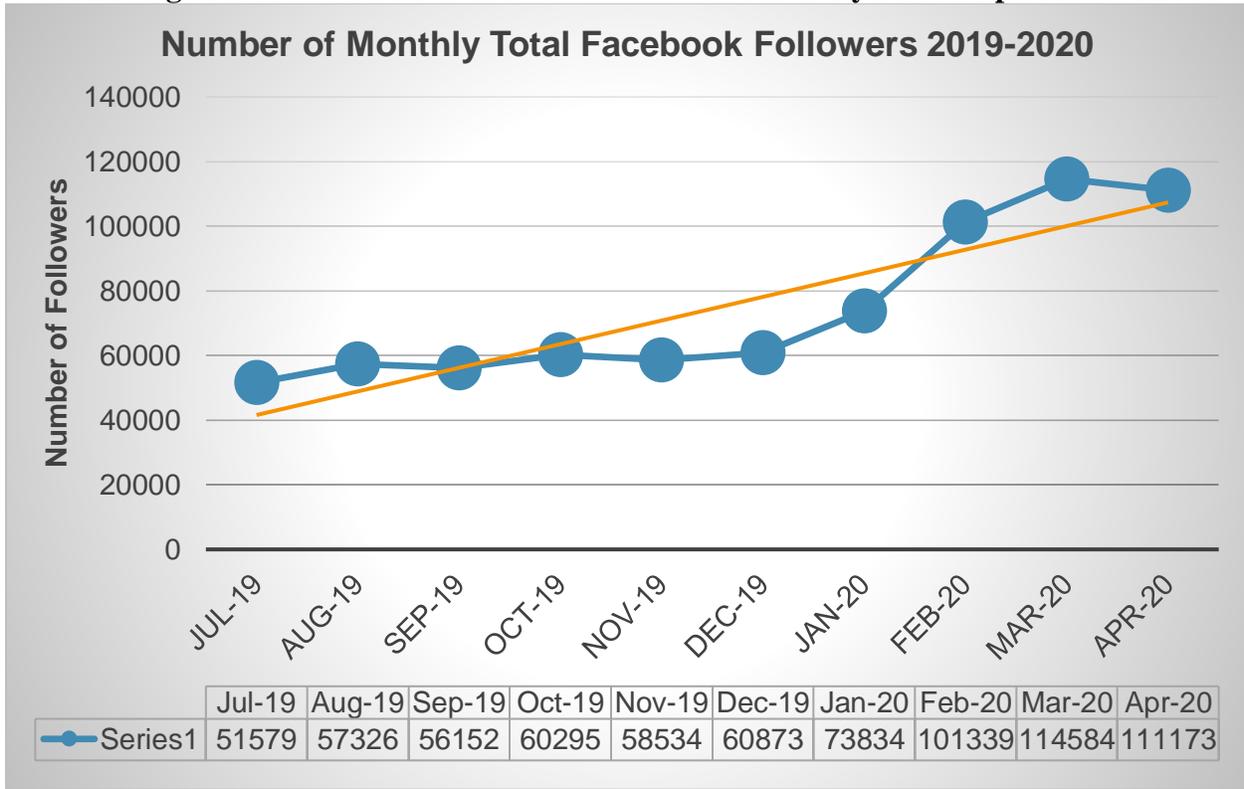
Source: AEITI Facebook 2020

With an increase in on-line publications and easy accessibility via mobile phones followers of the AEITI website have taken to liking AEITI Facebook posts. Figure 50 highlights a continued upward trend of likes.

Figure 50 AEITI Average Facebook Likes Per Month July 2019 – April 2020

Facebook Average Total Likes per Month July 2019 - April 2020
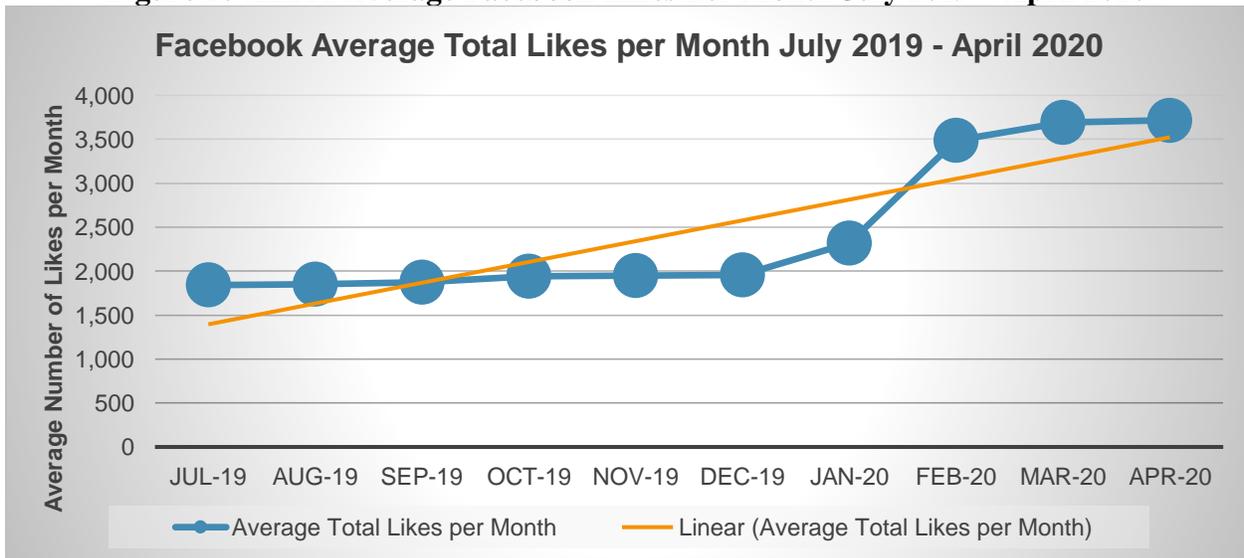
Source: Facebook Analytics 202

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Figure 51 demonstrates the ongoing reach that specific AEITI Facebook posts have with followers an the public at large.

Figure 51 Facebook Engagement with Public 2019-2020

Table 63 highlights a summary of outreach statistics through on-line platforms. As the AEITI continues to work towards ongoing outreach with constituents and stakeholders at large these numbers are expected to increase.

Table 63 Website and Social Media 2019-2020

	Number of Visitors Followers or Hits 2020	Descriptive
Transparency Portal	172	Number of Registered Users as of April 2020
AEITI Website	8563	As of 31st April 2020
Facebook Followers	111137	As of 31st April 2020

The MoMP Transparency Portal the AEITI website will currently feature tracking systems to ensure sites are monitored for usership and for other monitoring and evaluation purposes.

The open data policy has been published on-line and AEITI reports are currently available in open data format. Despite the fact that print and dissemination of the 6th AEITI report procurement process was delayed to shift in the AEITI budget from MoF to MoMP, AEITI secretariat has published and promoted 6th AEITI report and infographics soft copies through AEITI website,

AEITI Facebook and through email circulation to the broader audiences within CSOs, Private Sector and government.

Website traffic statistics will continue to be collected and updated for reporting purposes. Due to the COVID-19 some updates have not been able to be collected and updated. This applies specifically to the MoMP website which hosts many of the key documents within this Addendum.

10.1.2 Follow-up on Recommendations

AEITI has been actively engaged in gaining feedback specifically from the MSG members through the MSG meetings and outreach activities. Information garnered from these experiences as well as the validation process have provided AEITI with a series of lessons learnt. These have been applied into daily organizational management procedures and practices of both the MSG Board and the Secretariat. Communication which is the critical vehicle of informing, consulting and getting individuals to collaborate and participate has been incorporated in the Communications Strategy and it is expected that a Community Outreach document will be developed in 2020 given the need for MSG members to become sensitive to constituent and stakeholder needs and input. These strategies align closely with the approved Gender Policy.

Currently feedback from the MSG Survey is being applied to 2020 initiatives outlined in the workplan and action plan and are key considerations for downstream initiatives as highlighted in *Section 1 Multi-Stake-holder Governance*.

It should be noted that an exit Workshop for MSG members is planned to gain face-to-face feedback. This along with mentoring measures with new incumbents will play an important role in ensuring institutional history is maintained and lessons learnt are captured.

10.1.3 Outcomes and Impacts of Implementation

The MoMP has committed to implement benchmarks and targets set by national and international organizations and institutions. Many of these benchmarks focus on rule of law and transparency in the mining sector. The AEITI process is central to achieving many these targeted benchmarks.

In 2019 the MoMP was committed to implement 42 benchmarks. Benchmarks were set by some of the following organizations a) European Union, b) US Afghan Compact, c) Geneva Conference Accountability Framework (GMAF), World Trade Organization (WTO) and the International Monetary Fund (IMF). The commitments made focus mainly on strengthening rule of law, and transparency in the mining sector.

The Ministry successfully achieved 40 benchmarks including the EU benchmark which resulted release of (10) million Euro fund to the Government of Afghanistan. Table 65 highlights the Benchmarks set by the European Union SRBC. As indicated all the 2019-2020 Benchmarks have been met.

Table 64 Benchmarks for the State and Resilience Building Contract (SRBC) 2019

	Benchmark	Status
1	Comprehensive Mining Regulations as identified in the 2018 Mining Law (including notably the Financial Regulations, Bidding Regulations, Technical Regulations, and Community Proceeds Regulations) approved by the Cabinet and published in the official Gazette;	√
2	Roll-out to operative status of the Cadaster System to additional 5 of the Provincial Mines Directorates selected based on objective criteria;	√
3	In line with the EITI standards, roll-out to operative status of the systematic disclosure of: key financial statement on the two state-owned enterprises (NCE and AGE); production data (volumes and values, disaggregated by commodity and project); non-tax revenue information;	√
4	The integration of relevant elements of ASM Formalization Strategy into the relevant mining regulations and piloting of ASM license granting scheme for construction materials in at least 5 provinces.	√
5	Process and responsibility mapping for the preparation, consultation and approval of the Comprehensive Mining Regulations.	√
6	Inclusive transparent consultative process for the preparation of the Comprehensive Mining Regulations with Government stakeholders, private sector, Civil Society and Development Partners.	√
7	Comprehensive repository of relevant laws, regulations, decrees, circulars, policies applicable to the extractive industries accessible online.	√
8	Align relevant Ministry directorates (including Cadaster & Inspection Directorates) to meet the requirements of the 2018 Mineral Law & EITI Standards through the implementation of auditable/documented business processes.	√
9	Establish and initiate roll-out of an auditable Data Management and quality control processes/procedures to ensure the data integrity of the mining cadaster administration system (MCAS) and non-tax-revenue system (NTRS) during the data consolidation and reporting process.	√

Source: Ministry of Mines and Petroleum 2020

The Afghan-US Compact II 2019 Benchmarks are highlighted in the following Table 65. Some of the Benchmarks are still in process of being achieved, while others have been achieved. There is no figure available for funding as these benchmarks are set without targeted funds.

Table 65 Afghan-US Compact II 2019 Benchmarks

	Benchmarks	Status
1	Establish consultative committee consisting of MoMP legal and technical personnel, approved by CLDP and USGS, to prioritize and set training delivered by USGS and CLDP	√
2	Establishment of independent hydrocarbons regulatory authority	√
3	Tender at least a total of 6 contracts	√
4	Publish aggregate royalty data	√

5	Development of an action plan jointly with the security institution in order to capture illegally mining	√
6	Publish mine-level production/royalty data	√
7	Develop annual mineral tender schedule	√
8	Develop Corporatization Strategy for AGE and NCE	√
9	Initial mapping of illegal mining activities in 4 provinces	√
10	Production volumes and values for all extractive commodities produced are publicly accessible through the Transparency Portal (non-disclosure policy stated for omissions)	√
11	Create transparent process for recording first come first serve licenses	√
12	Approve, reject and retender each of the four stalled mineral exploration contracts	**In Progress**
13	Develop export strategy for marble and talc along with marble and talc value chain studies (Revised)	√
14	Issue processing permits to at least 10 processing factories as per the new mining law (at least 4 permits for marble processing).	**In Progress**
15	Develop and approve regulations to implement Mining Law	√
16	Develop and publish model community development plan (Revised)	**In Progress**
17	Initial mapping of illegal mining activities in 4 provinces	√
18	Synchronizing the MCAS and NTRS system of MoMP with MoF systems	√
19	Issue at least a total of 20 small-scale mining licenses including construction materials	√
20	Issue processing permits to at least 10 processing factories as per the new mining law (at least 4 permits for marble processing).	√
21	Tender at least a total of 6 concessions	**In Progress**
22	Corporatize AGE and NCE, decide whether to corporatize or close Kod e Berq (Fertilizer and Power) SOE, and analyze Jabel Saraj SOE)" to see if the SOE could be handed over to the interested private company similar to Ghori Cement Factory (Revised).	√
23	Issue at least a total of 30 small-scale mining licenses including construction materials	**In Progress**
24	Initial mapping of illegal mining activities in 4 provinces	√

Source: Ministry of Mines and Petroleum 2020

The Geneva Mutual Accountability Framework (GMAF) Benchmarks 2019 as indicated in Table 66 highlight the achievements and the work in progress. THE GMAF Benchmarks have no direct financial link to each benchmark achieved.

Table 66 GMAF Benchmarks 2019

	Benchmark	Status
1	Adoption of a Hydrocarbons Fiscal Regime by end of 2019.	In Progress
2	Following the adoption of the Artisanal Small-Scale Mining Formalization Strategy, implementation started in 2019 with first reporting by mid-2020.	In Progress
3	Regulations of the new Mining Law with respect to a) bidding, b) technical issues, c) financial matters, and d) health and safety prepared and approved by cabinet by the end of 2019 and all the other regulations foreseen in the law by the end of 2020.	√
4	As per the terms of the mining law, comprehensive, accurate, and timely publication of extractives contracts, beneficial ownership of contracts, and project-level revenue and production data by the end of 2019.	√
5	Regulations of the new Mining Law with respect to a) bidding, b) technical issues, c) financial matters, and d) health and safety prepared and approved by cabinet by the end of 2019 and all the other regulations foreseen in the law by the end of 2020.	√
6	As per the terms of the mining law, comprehensive, accurate, and timely publication of extractives contracts, beneficial ownership of contracts, and project-level revenue and production data by the end of 2019.	√
7	Afghanistan works towards achieving EITI 2016 standards and demonstrates "meaningful progress", as defined and confirmed by the EITI Board by the end of 2019.	In Progress

Source: Ministry of Mines and Petroleum 2020

The achievement of donor benchmarks has contributed to increased transparency and governance. Benchmarks are tied to donor funding and ensure continued GoIRA priority and success to strengthen transparency and eradicate corruption. Achievement has also allowed for the mainstreaming of AEITI requirements and standards in day-to day operations. Ongoing capacity building and training of the MoMP, MoF and AEITI staff have positively influenced and impacted the outcomes of the benchmarks. Skills development is key to sustaining procedures and practices and ensuring continued success. Trainings in fiscal management, IT, MCAS and AEITI Standards and Requirements are vital to maintaining standards and streamlining antiquated systems so that change management can occur.

The AEITI plays a pivotal role in promoting the disclosure of information, providing oversight, and providing technical, industry and community-based input in decision-making processes. This is an important mechanism to ensure on-going transparency and the strengthening of participatory processes. Participation is key to providing opinions and sharing information, it allows for debate and for strengthening decision-making processes. The results can be a prerequisite for changing behavior and practices. This is a positive outcome with long lasting impacts on the institution.

Examples of participatory processes are the MSG, Working Group and the varied committees established for oversight and key decision-making. The AEITI has been an active partner in

participation and decision making. Providing recommendations, technical expertise and opinions that can drive the institution to value driven decision. Playing an active role in making recommendations AEITI MSG has had a positive impact in the reform strategy, legal and regulatory[114] matters, in the establishment of definitions such as quasi-fiscal and pushing for disclosure of BO and PEP, ring fencing. These are only a few of the opportunities where AEITI has played an important role in a voice for change.

The Transparency Portal is a key outcome of the MoMP Reform Strategy and has had a positive impact on improving institutional governance and accountability. It has provided opportunities for improved business practices and investment. Table 67 highlights the key MoMP on-line information disclosures.

Table 67 Positive Outcomes and Impacts of the AEITI

	Positive Outcomes and Impacts
1	On-line Laws and Regulations
2	On-line License Register
3	On-line Contracts
4	On-line Royalties and Taxes
5	On-line Mining Cadaster
6	On-line Beneficial Ownership and Direct Ownership
7	On-line Production Volumes and Values
8	On-line Export Data
9	On-line Employment Statistics
10	On-line State-Owned Enterprise

Source: MoMP Website 2020

Appendix D Disclosure Links to Key Information Sources and Documents highlights key disclosure links. Appendix E provides a summary of all links under the Addendums Systematic Disclosure. AEITI has moved towards an automated shift of disclosure through the MCAS-NTRS and Transparency Portal. This will change the way the AEITI will handle information as it becomes digitized. It will reduce paper reporting for AEITI and permit space for more proactive discussions and debates around key issues and activities that can reach out to a broader public. This will strengthen the AEITI mission.

The publication of data also boosts investor confidence and assists in transparent business practices. With improved data collection processes, analysis, and reporting mechanism as per: (i) license allocation spot-checks to determine compliance; (ii) addressing of production data discrepancies; (iii) reconciliation of revenues and payments the AEITI has made positive strides in ensuring positive outcomes and impacts for the delivery of accurate and timely information. The collection of disaggregated information and monitoring of tax and non-tax revenue and payment information (NTRS) and export data (ASYCUDA system) have seen joint initiatives between the MoMP and the MoF. It has also seen the implementation of joint committees, establishment of directorates/departments all of whom have improved data quality and control. Ring fencing of

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[114] *AEITI 2019 Minutes for 40th Meeting; highlights the ongoing input of the Mining Regulations.*

companies that have over 2 or three projects; is a positive outcome with the MoF issuing separate TINs for projects. These have also been published on-line. Company corporate income taxes and royalties, along with audited financial statements of the State-Owned Enterprise (AGE and NCE) and disclosure of supporting documents have revealed important practices and procedures.

AEITI Multi-stakeholder participation, involvement and collaboration are key to ensuring that the AEITI Stays a vibrant and active organization that fulfills its mission and vision. Tripartite perspectives and feedback is expressed in AEITI meetings, minutes, reporting and in workplans as well as day to day activities and operations. Inclusive decision-making processes. that ensure ongoing collaboration and result in AEITI Annual Reports are important outcomes with long standing impacts. Upon disclosure they are a means to track progress, they provide a baseline that allows for the measurement of progress and are a means to capture institutional and extractive sector history. They can provide an opportunity to reflect on lessons learnt.

The MSG is an important for providing input and the delivery of summaries for reports. This is reflected in the 2018-2019 Reports which upon publication reinforce the transparency of the AEITI and the mission it has undertaken. It is also significant as a tool for public outreach, which has seen a continued increase in participation.

Prior to 2020 the MSG was using its Work-Plan as a source of managing progress towards certain goals. It is expected that with the new workplan and the creation of key indicators for the outputs and outcomes that the measuring and reporting on progress, impacts for the short – medium – long term will be measured. Outcomes and impacts will be measured on a quarterly and monthly basis to ensure that indicators are met and have a positive and wide reach.

As explained in Section 1 Multi-Stakeholder Governance Sub-Section Workplan, implementing a Results Based Management Framework is a means to ensure that activities undertaken are aligned with policies, procedures and operation management of the MSG and National Secretariat and are reported on in a timely and effective manner. This will change the dynamic of the AEITI operations and led to a clearer path forward.

10.2 Systematic Disclosure Summary

The following Table 68 is a summary of the key links for the systematic disclosure of outcomes and impacts.

Table 68 Systematic Disclosure Outcomes and Impacts

Location	Link
Annual Report 2018	http://aeiti.af/en/documents/category/annual-progress-reports
Annual Report 2018	http://aeiti.af/en/documents/category/annual-progress-reports
Outreach Activities	http://aeiti.af/en/news
Feedback Forms	MSG Survey Questionnaire (Annex-B to the 2019 Annual Progress Report)

10.3 Validation Corrective Actions and Summary Achievements

The International EITI Secretariat identified 3 key areas in the EITI Validation of Afghanistan Document (July 2018) and highlighted meaningful progress; however as discussed in the Self-Assessment Workshop the following areas should be strengthened. Table 69 highlights this.

Table 69 Corrective Actions 17 Requirement #7 – 7.1

Corrective Actions 17 – Recommendations 7.1
In accordance with requirement 7.1, Afghanistan should ensure that EITI reports are comprehensible, actively promoted, publicly accessible and contribute to public debate. Taking into account the security situation, the MSG should continue to seek to carry out outreach events to spread awareness of and facilitate dialogue about the EITI Report across the country whenever possible. The MSG may wish to consider linking the AEITI communications strategy more closely to the work plan and tailoring key messages to sector priorities rather than to EITI implementation more broadly. The MSG is also encouraged to ensure that the open data policy is posted online and that EITI reports are available in open data format.
To ensure that the Communications Strategy 2020-2021 and other key AEITI strategies and policies (Grievance Handling Mechanism and Redress, Gender Policy, Diversity and Inclusion) align with the Annual Workplan 2020, the AEITI has shifted to a Results-Based Management (RBM) and Performance Management Framework (PMF). This is an important step in assuring that workplan activities are in alignment with budgets, and that approved activities can be monitored and evaluated
Corrective Actions 18 – Recommendations 7.3
In accordance with Requirement 7.3, Afghanistan should take steps to act upon lessons learnt with a view to strengthen the impact of EITI implementation on natural resource governance. In particular the MSG should consider improving its procedures to process recommendations. Taking into consideration the importance of the MAS and the IMF's ECF review frameworks in an Afghan context, the MSG is encouraged to encourage the development of "smart deliverables" that issue from EITI recommendations and serve to prioritize these.

AEITI has been taking lessons learnt and incorporating them into day to day operations and activities.

The AEITI MSG has worked towards ensuring smart deliverables through the Transparency Portal. There has been ongoing disclosure that includes and is not limited to;
On-line Laws and Regulations
On-line License Register
On-line Contracts
On-line MoUs
On-line Mining Cadaster
On-line Beneficial Ownership and Direct Ownership
On-line Production Volumes and Values
On-line Publication of Export Data (ASYCUDA system and MoF/MoMP website)
On-line Employment Statistics
On-line State-Owned Enterprise: Ring-fencing of mining corporate income taxes and first-time publication of audited financial statements of AGE and NCE.
High degree of automated transparency boosts investor confidence. AEITI is moving more towards governance support through data analysis following automation of data reporting processes. Eg: (i) license allocation spot-checks to determine compliance; (ii) addressing of production data discrepancies; (iii) reconciliation of revenues and payments.

Corrective Actions- Recommendations 7.4

In accordance with Requirement 7.4, Afghanistan should ensure that all stakeholders are able to participate in the production of the annual progress report and review the impact of EITI implementation. Stakeholders beyond the MSG should be able to provide feedback on the EITI process and have their views reflected in the annual progress report. The MSG should ensure that an assessment of progress with achieving the objectives set out in its work plan is carried out, including the impact and outcomes of the stated objectives. The MSG may wish to use the APR template provided by the International Secretariat to ensure that the different tools to review progress are harmonized. The MSG is encouraged to ensure that the APR, the MSG's action plan and any other management tools are used to feed into the annual work plans.

The MSG stakeholder groups have actively participated in providing information and feedback into the Annual Reports. Sections of the report are assigned to the MSG for input and delivery of summaries. This has been an ongoing event and is reflected in the 2018-2019 Reports.
The AEITI Annual Progress Report for the year 2018 was first of a kind to provide detailed information about the sector – the report was the result of the contributions of MSG, MoF, MoMP, NSIA, MOCI, SAO and other stakeholders.

Appendix

Appendix A EITI Validation Scorecard 2018

EITI Requirements		LEVEL OF PROGRESS				
Categories	Requirements	No progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1)			Meaningful		
	Industry engagement (#1.2)				Satisfactory	
	Civil society engagement (#1.3)				Satisfactory	
	MSG governance (#1.4)		Inadequate			
	Work plan (#1.5)			Meaningful		
Licenses and contracts	Legal framework (#2.1)				Satisfactory	
	License allocations (#2.2)		Inadequate			
	License register (#2.3)		Inadequate			
	Policy on contract disclosure (#2.4)					Beyond
	Beneficial ownership (#2.5)					
	State participation (#2.6)		Inadequate			
Monitoring production	Exploration data (#3.1)				Satisfactory	
	Production data (#3.2)		Inadequate			
	Export data (#3.3)	No progress				
Revenue collection	Comprehensiveness (#4.1)			Meaningful		
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)		Inadequate			
	SOE transactions (#4.5)			Meaningful		
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)				Satisfactory	
	Data timeliness (#4.8)				Satisfactory	
	Data quality (#4.9)			Meaningful		
Revenue allocation	Distribution of revenues (#5.1)		Inadequate			
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1)		Inadequate			
	SOE quasi-fiscal expenditures (#6.2)	No progress				
	Economic contribution (#6.3)		Inadequate			
Outcomes and impact	Public debate (#7.1)			Meaningful		
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)			Meaningful		
	Outcomes and impact of implementation (#7.4)			Meaningful		

Appendix B Multi-Stakeholder Meetings

Summary of Meetings 2018 – 2020

	Date	No. of Meetings	Agenda
1	May 4,2020	**46th**	Approval of Addendum, CSO Elections, Approval of Gender Policy and Grievance Mechanism
		2019	
1	December 31, 2020	**45th**	6th Report Addendum, Post-contract Award, AGE and NCE Audit report, 2019, 2020 work plan, AEITI structure, BO and PEP, Website, GRH, Communication Strategy
2	November 28, 2019	**44th**	6th Report Addendum, Self-assessment workshop report, CSO election, ombudsperson, production data, GRH, 6th AEITI infographics, gender balance, Annual review EITI
3	September 22, 2019	**43rd**	Work Plan Review, EITI recommendations, 7th Report ToR, Final Summary Report and Data, CSO outreach, MSG Self-assessment, M&E Mechanism
4	June 30, 2019	**42nd**	EITI Changes in Standards, Approval Communications Strategy, CSO Election, New logo
5	June 10, 2019	**41st**	MSG Oversight of the MoMP Reform Strategy, MSG SOP approved,
6	April 9,2019	**40th**	Mining Regulations, Amendments to the ToRs, Ring Fencing 6th EITI Report
7	March 20, 2019	**39th**	Scoping Study, EITI Global Conference, ToRs, Committees
8	February 25, 2019	**38th**	Action Plan, BO, CSO Election Procedure, 6th EITI Report
		2018	
1	December 25, 2018	**37th**	Action Plan, BO, CSO Election Procedure, 6th EITI Report
2	November 25, 2018	**36th**	Social Payments Definition, Update on NC Recruitment, CSOs Inclusiveness and Attendance Policy, Committee to Oversee and Report on Action Plan
3	September 04, 2018	**35th**	Evaluation of NC Recruitment Report, 6th EITI Report and Establishment of a Committee
4	August 08, 2018	**34th**	Update on NC Recruitment, MSG Attendance
5	June 12, 2018	**33rd**	6th EITI Report ToR, AEITI Report Recommendations
6	April 03, 2018	**32nd**	NC Recruitment, Work Plan, BO, PEPs, Action Plan on Recommendations, 6th EITI Report Committee
		2017	
1	November 06, 2017	**31st**	NC Recruitment, Validation, Self-Assessment, BO, and Committee to Help Secretariat with Validation
2	October 08, 2017	**30th**	NC Recruitment, Natural Resource Committee to Help MSG, MSG Members' Participation and Locations
3	September 25, 2017	**29th**	Work Plan, One Day Workshop for Work Plan, NC Recruitment, BO
4	July 16, 2017	**28th**	Discrepancies Resolution of 5th Report, Validation Extension
5	March 12, 2017	**27th**	Update on 5th AEITI Report, Open Data Policy
6	January 23, 2017	**26th**	BO Roadmap, Open Data Policy, CSOs Elections, Scoping of 5th EITI Report, PS's Elections
		2016	
1	November 28, 2016	**25th**	5th AEITI Report, Work Plan, BO Definition, MOTCI and Parliament Member to MSG, BO Roadmap, CSOs and PS's Elections for Next MSG Batch
2	May 24, 2016	**24th**	4th AEITI Report Recommendations, Progress Update on 5th AEITI Report, MSG ToR, Secretariat ToR, GIZ Workshop
		2015	
1	October 11, 2015	**23rd**	4th AEITI Report, Coordination Between MSG Members, Training on Reporting Templates
2	September 14, 2015	**22nd**	Deadline Extension for 4th Report, Missing Revenue, Work Plan Review

3	July 27, 2015	**21st**	MSG ToR, Work Plan, Progress Against Development of 4th EITI Report
4	April 22, 2015	**20th**	4th AEITI Report, Adapted Implementation, GIZ Workshop at Dubai, Secretariat's ToR, Discrepancies of Previous Reports,

Source: AEITI Website MSG Minutes 2020

Appendix C AEITI Disclosure Documentation and Materials

The following are AEITI disclosure links.

1	The MSG governing documents such as the MSG TOR, MSG Standard Operating Procedure, MSG Work Plan for 2018, 2019 and 2020, AEITI Action Plan, AEITI Self-Assessment Workshop report can be found on the AEITI website on this link.	http://aeiti.af/en/documents/category/msg-docs
2	The MSG meetings minutes for the period of 2015 to 2019 can be found online on the AEITI Website on this link.	http://aeiti.af/en/documents/category/minutes-2015-2019
3	The AEITI Communication Strategy, Secretariat TOR, BO Road Map, Open Data Policy and other key documents can be found online on the AEITI website on this link.	http://aeiti.af/en/documents/category/minutes-2015-2019
	AEITI Manual, Broacher and flyers can be found on the AEITI website on this link.	http://aeiti.af/en/documents/category/minutes-2015-2019
	AEITI Annual Progress reports can be found online on the AEITI website on this link.	http://aeiti.af/en/documents/category/annual-progress-reports
	AEITI has also initiated preparing its reports on quarterly basis from 2019 onward and its quarterly reports for 2019 can be found online on the AEITI website on this link.	http://aeiti.af/en/documents/category/annual-progress-reports
	To promote public debate and make the AEITI reports easy to the readers, AEITI with the financial support of GIZ has been creating infographics reports which can be found online on the AEITI website on this link.	http://aeiti.af/en/documents/category/Infographic-reports
	In addition to the above, AEITI, in coordination with CSOs, has also implemented various public outreach workshops and journalist trainings to inform the general public about the EITI procedure at large and	http://aeiti.af/en/documents/category/provincial-and-outreach-reports

specifically on community level participation, disclosure of contracts, licenses, mandatory social expenditures, and production & export data and their report are accessible online on the AEITI website on this link.	
The news on the AEITI activities including the above mentioned workshops, trainings, outreach sessions and other transparency related activities can be found online on the AEITI website on this link.	**http://aeiti.af/en/news**

Appendix D Disclosure Links to Key Information Sources and Documents

Location	Link
Key Institutional Links	
Ministry of Mines and Petroleum Website	https://momp.gov.af
Disclosures of SOEs on MoMP Website	https://momp.gov.af/soes
Ministry of Finance Website	https://mof.gov.af/en /
Mining Cadastre System (MCAS) and Non-Tax Revenue System (NTRS)	Linked to Transparency Portal Roll-Out – Implemented in 10 provinces prior to 31, 2019
Central Statistics Organization of Afghanistan (CSO)	https://mof.gov.af/en /
Supreme Audit Office	https://sao.gov.af/en
Islamic Republic of Afghanistan Administrative Office of the President National Procurement Authority	Linked to Transparency Portal Roll-Out – Implemented in 10 provinces prior to 31, 2019
Ministry of Commerce and Industry	https://nsia.gov.af/choose-lang.
Ministry of Mines and Petroleum (Transparency Tab)	https://momp.gov.af/index.php/
Ministry of Mines and Petroleum Transparency Portal	https://sao.gov.af/en
Export Data	https://customs.mof.gov.af/afghanistan-customs-statistics-reports/
Mining Regulations	https://momp.gov.af/index.php/dr/قوانین-و-مقرره-های-معدنکاری
Geological Survey Reports	https://momp.gov.af/index.php/dr/گزارش%E2%80%8C-های-سروی-جیولوجی
MoMP Progress Reports	https://momp.gov.af/index.php/dr/وزارت-های-فعالیت-گزارش-ها-و-پلان معـــادن-و-پترولیم
Extractive Sector Policies and Guidelines	https://momp.gov.af/index.php/dr/پترولیم-و-معادن-وزارت-های-پالیسی
Mining Roadmap and Strategy	https://momp.gov.af/index.php/dr/اصلاحات-استراتیژی-و-نقشه-راه
Guidelines for Extract Sector Investors	https://momp.gov.af/index.php/guidelines-investors-extractive-industries-afghanistan
MoMP Guidelines	https://momp.gov.af/index.php/dr/کاری-های-چارچوب-و-ها-العمل طرز
Large Scale Mining Projects	https://momp.gov.af/directorate-general-large-scale-mines
Small Scale Mining Projects	https://momp.gov.af/index.php/small-mines-projects-details
Report on informal mining	https://momp.gov.af/eiti-disclosures
Exploration data	https://momp.gov.af/exploration-data
Report on Mandatory Social Expenditures	https://momp.gov.af/eiti-disclosures
Report on Post Contract Award	https://momp.gov.af/eiti-disclosures
Report on Employment data	https://momp.gov.af/eiti-disclosures
Data Quality Control Mechanism	https://momp.gov.af/eiti-disclosures

Appendix E Summary of All AEITI Disclosures of Information and Documentation

The following is a summary of all the Systematic Disclosure Sections from Section 1-3.

Type	Link
AEITI Website	http://aeiti.af/en
Minutes	http://aeiti.af/en/documents/category/minutes-2015-2019
AEITI Reports	http://aeiti.af/en/documents/category/reconciliation-reports
Annual Progress Reports	http://aeiti.af/en/documents/category/annual-progress-reports
MSG ToRs	http://aeiti.af/Content/Media/Documents/FINALMSGTOR20190401201020195123941455332525.docx
National Secretariat ToRs	AEITI Secretariat ToR (http://aeiti.af/en/documents/category/aeiti-docs)
Government Decree of Appointments to MSG	http://www.aeiti.af/en/page/govt-sector http://aeiti.af/en/documents/category/minutes-2015-2017
AEITI Civil Society Guidelines	https://eiti.org/document/eiti-protocol-participation-of-civil-society
Conflict of Interest	To be Approved
Workplan	http://aeiti.af/Content/Media/Documents/2020Workplan20200129113202003137997553325325.xlsx
Results Based Management for MSG and Stakeholders	http://aeiti.af/en/documents/category/provincial-and-outreach-reports
Communications Plan	Communication Strategy 2020-2021 (http://aeiti.af/en/documents/category/aeiti-docs)
Grievance Handling	Draft to be approved in 1st Quarter 2020
MSG Operations Handbook	To Be Completed 1st Quarter 2020
Gender Policy	Completed 1st Quarter 2020
Contracting and License Allocation	
Mining Laws and Regulations	https://momp.gov.af/sites/default/files/2019-06/معدن20%قانون_compressed.pdf and
Mining Law 2018 English	https://momp.gov.af/sites/default/files/minerals_law_2019english.pdf
Mining Law 2018 Dari	https://momp.gov.af/laws-and-regulation
Mining Regulation 2019 English	https://momp.gov.af/sites/default/files/mining_regulations_2019_english.pdf
Mining Regulations 2019 Dari	https://momp.gov.af/laws-and-regulation
Mining Laws 2009	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Mining Regulations 2009	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Mining Laws 2014	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Mining Laws 2018	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Hydrocarbon Law 2009	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm and https://momp.gov.af/sites/default/files/2019-03/Hydrocarbons_Law_2009-%28Unofficial_English_Translation_dated_March_2014%29-Final_0.pdf
Hydrocarbon Law 2017	http://old.moj.gov.af/Content/files/Pages/OfficialGazetteIndex_D-header.htm
Bidding Projects	http://mom.gov.af/en/page/transparency-information/projects-in-bidding
Bid Evaluation Contracts	https://momp.gov.af/sites/default/files/bid_evaluation_criteria_4.pdf
Licenses Portal	https://transparency.mom.gov.af/license
Licenses Dashboard	https://transparency.mom.gov.af/dashboard
Register of Licenses	
Register License	https://transparency.mom.gov.af/license
License Owner	https://transparency.mom.gov.af/owner

License	https://transparency.mom.gov.af/license/589
Revenue Licenses	https://afghanistan.revenuedev.org/license/589
Transparency Licenses	https://transparency.mom.gov.af/license/64022
Transparency Licenses	https://transparency.mom.gov.af/license/696
ASM Formalization Strategy	https://momp.gov.af/sites/default/files/2019-04/ASM%20SS%20Formalisation%20Strategy%202018_V4_reduce_0.pdf
Beneficial Ownership	
Beneficial Ownership Roadmap	https://eiti.org/files/documents/aeiti_bo_roadmap_draft_29.01.171.pdf
Beneficial Ownership Disclosure	https://www.bing.com/search?q=momp+beneficial+ownership&form=EDNTHT&mkt=en-us&httpsmsn=1&msnews=1&rec_search=1&plvar=0&refig=b7ac45aa38e44a3d9e2afe9bfb839e4e&PC=HCTS&sp=-1&pq=momp+beneficial+ownership&sc=0-25&qs=n&sk=&cvid=b7ac45aa38e44a3d9e2afe9bfb839e4e
State Participation	
State Owned Participation	https://momp.gov.af/soes
Summary Addendum to SOEs Benchmark	https://momp.gov.af/sites/default/files/soes_addendum_report.pdf
State Owned Enterprises	
Northern Coal Enterprise: Memorandum of Association (Dari)	https://momp.gov.af/sites/default/files/nce_memorandums_of_association.pdf
Northern Coal Enterprise: Legal	https://momp.gov.af/sites/default/files/trh_tjarty_dhghalsng.pdf
Northern Coal Enterprise: Legal	https://momp.gov.af/sites/default/files/mswbh_10_shwray_wzyran.pdf
Northern Coal Enterprise: Legal	https://momp.gov.af/sites/default/files/mktwb_mswbh_10_w_8.pdf
Afghan Gas Enterprise: Memorandum of Association (Dari)	https://momp.gov.af/sites/default/files/age_memorandums_of_association.pdf
Afghan Gas Enterprise: Legal Documents	https://momp.gov.af/sites/default/files/age_legal_documents.pdf
Data Disclosure and Data Quality	
Data Quality Operations Handbook	https://momp.gov.af/sites/default/files/data_quality_mechanism_.pdf
Standard Operating Procedures	https://momp.gov.af/dr/طرزالعمل-ها-و-چارچوب-های-کاری
Production Data	https://momp.gov.af/index.php/small-mines-projects-details
Production Value and Volume	https://momp.gov.af/central-and-provincial-production-value-and-volume-information
Production Calculation	https://momp.gov.af/production-value-calculation-mechanism
Export Data	https://customs.mof.gov.af/afghanistan-customs-statistics-reports/
Data Quality Control Mechanism	https://momp.gov.af/eiti-disclosures
Transparency Portal	https://transparency.mom.gov.af/dashboard
Social and Environmental Expenditures	
Definition	The MSE definition already shared with and confirmed by MSG. Article 90 (4).5.5 of MR
Legal Framework	https://momp.gov.af/index.php/dr/قوانین-و-مقرره-های-معدنکاری
Quasi Fiscal Expenditures	
Quasi Fiscal Addendum	https://momp.gov.af/sites/default/files/soes_addendum_report.pdf

MSG Definition Decision	*http://aeiti.af/Content/Media/Documents/MeetingMinutsEnglish2018122510220193291240553325325.pdf*
Contribution of Extractives Sector to the Economy	
SOE Contribution	*https://momp.gov.af/sites/default/files/soes_addendum_report.pdf*
Employment Figures	*https://momp.gov.af/eiti-disclosures* and https://momp.gov.af/sites/default/files/2020-02/Employment%20Data.xlsx
ISCO	*https://ec.europa.eu/eurostat/documents/1978984/6037342/ISCO-88-COM.pdf*
Social and Environmental Expenditures	
Definition	The MSE definition already shared with and confirmed by MSG. Article 90 (4).5.5 of MR
Legal Framework	*https://momp.gov.af/index.php/dr/قوانین-و-مقرره-های-معدنکاری*
Quasi Fiscal Expenditures	
Quasi Fiscal Addendum	*https://momp.gov.af/sites/default/files/soes_addendum_report.pdf*
MSG Definition Decision	*http://aeiti.af/Content/Media/Documents/MeetingMinutsEnglish2018122510220193291240553325325.pdf*
Contribution of Extractives Sector to the Economy	
SOE Contribution	*https://momp.gov.af/sites/default/files/soes_addendum_report.pdf*
Employment Figures	*https://momp.gov.af/eiti-disclosures* and https://momp.gov.af/sites/default/files/2020-02/Employment%20Data.xlsx
ISCO	*https://ec.europa.eu/eurostat/documents/1978984/6037342/ISCO-88-COM.pdf*
Location	Link
Annual Report 2018	http://aeiti.af/en/documents/category/annual-progress-reports
Annual Report 2018	http://aeiti.af/en/documents/category/annual-progress-reports
Outreach Activities	http://aeiti.af/en/news
Feedback Forms	MSG Survey Questionnaire (Annex-B to the 2019 Annual Progress Report)
Extractive Hub	https://www.extractiveshub.org/