

Sixth

AEITI Report

Infographic

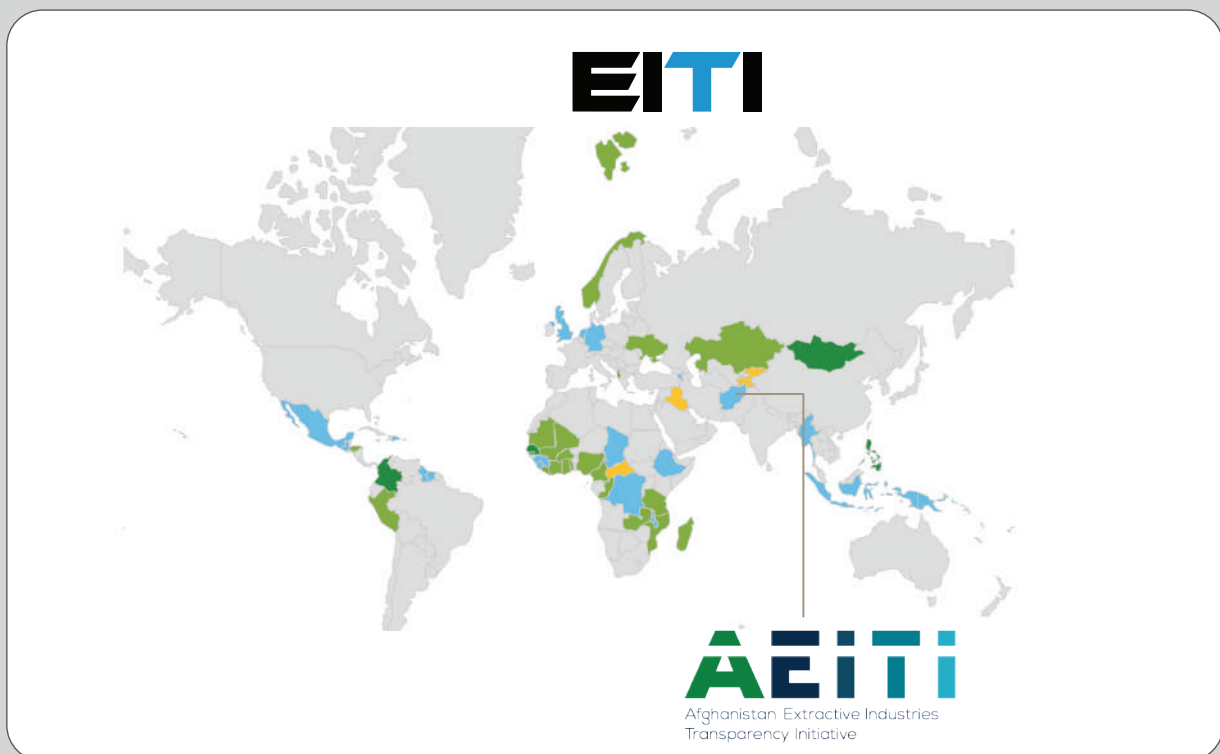


AFGHANISTAN EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (AEITI)

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

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

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



All facts and infographics statistics outlined in the sixth Afghanistan Extractive Industries Transparency Initiative report is for the years 2016-2017.

THE AEITI IMPLEMENTATION PROCESS

1



Government




Private Sector Companies in clouded in extractive sector of Afghanistan




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

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

2



AEITI Secretariat
the secretariat is coordinating body which provide technical and administrative cooperation to the MSG.



Independent Administrator
A Firm which recruited with accordance of the AEITI standards by MSG to prepare the AEITI report.


3



Citizens of Afghanistan



Government of Afghanistan

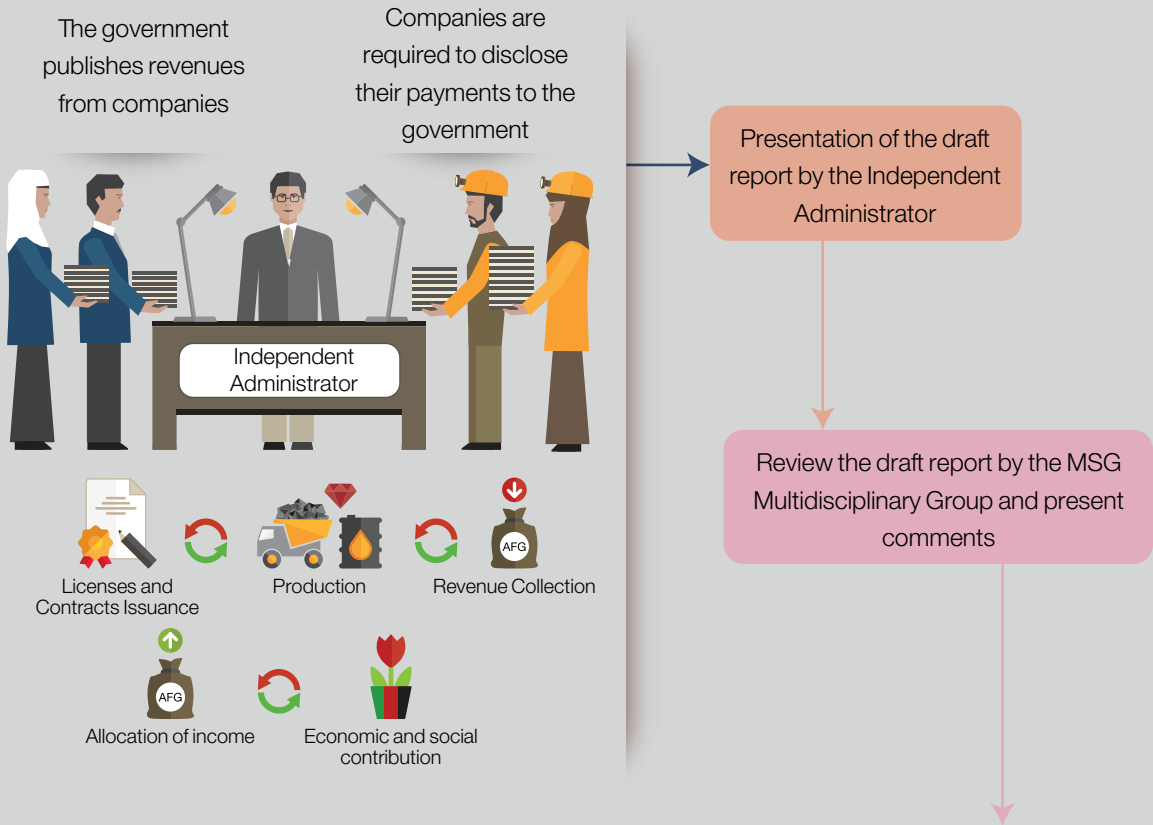
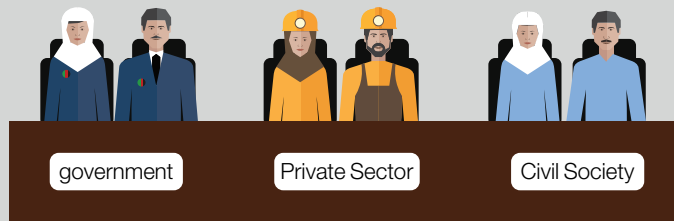


Domestic and foreign investors

People who benefit from the transparency of mines extraction

AEITI REPORTING PROCESS

Multi-Stakeholder Group (MSG)



The Report is Finalized by AEITI, MSG



MSG meeting on the correctness and completeness of the report

NATURAL RESOURCES OF AFGHANISTAN



Oil



Gas



Coal



Chromium



Iron



Emeralds



Copper



Lapis lazuli



Gold



Barite



Lithium



Lead



Aluminium



Graphite



Fluorite



Pegmatite



Mica



Marble



Magnesium



Magnesite



Tin



Silver



Salt



Sulphur



Rubies



Talc



Construction Stone



Minerals and Metals



Gemstones



Industrial minerals

PRODUCTION

mining production by mineral during fiscal year 2016



mining production by mineral during fiscal year 2017



Oil and Gas production during 2016-2017 years



OIL AND GAS RESERVES



Crude Oil

1.6 Billion Barrels

0.2 billion metric tons



Natural Gas

16 trillion cubic feet

0.4 trillion cubic meters



natural gas liquids

0.5 billion barrels

0.8 billion metric tons

EXTRACTIVE ENTERPRISES OPERATING IN AFGHANISTAN



North Coal Enterprise

Location	Business sector	Number of employees
Baghlan	Coal	661 person



Afghan Gas Enterprise

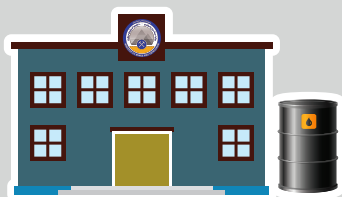
Location	Business sector	Number of employees
Jowzjan	Natural Gas	944 person



Jabal Saraj Cement Enterprise

Location	Business sector	Number of employees
Parwan	Cement	213 person

GOVERNMENT MINISTRIES INVOLVED IN REGULATING AND COLLECTING OIL AND GAS



Ministry of Mines and Petroleum

Revenue, Cadastre and Government Enterprise
Chairmanship



Ministry of Finance

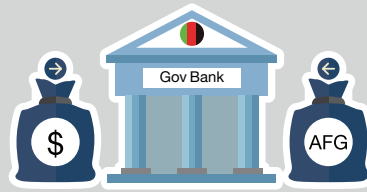
Revenue, Treasuries, Customs and Budget
Chairmanship



Ministry of Trade and Industry

Intellectual Property Registration
Chairmanship

REVENUE



Revenue Generated from the Extractive Sector



Extractive revenues by sector



Oil and Gas

Year	Revenue
2016	45.53 Million
2017	41.78 Million



Mining

Year	Revenue
2016	1,834.47 Million
2017	2,231.29 Million

Number of Companies which made payments to the government offices

Fiscal Year 2016

Top 20 Companies Total

1,775.15 Million AFN

Other Companies (300 Companies)

104.85 Million AFN

Fiscal Year 2017

Top 20 Companies Total

2,155.41 Million AFN

Other Companies (300 Companies)

117.67 Million AFN

PAYMENTS BY SOURCE OF INCOME

Fiscal Year 2016

	Payment flow	Value	Proportion
1	Royalties	986.56 Million AFN	63.41%
2	Corporate Income Tax (CIT)	206.84 Million AFN	13.29%
3	Business Receipts Tax (BRT) 4%	157.88 Million AFN	10.15%
4	Revenues unilaterally declared	204.54 Million AFN	13.15%
5	Total (excluding social payments)	1,555.82 Million AFN	% 100.00

Fiscal Year 2017

	Payment flow	Value	Proportion
1	Royalties	2,025.50 Million AFN	76.66%
2	Corporate Income Tax (CIT)	216.93 Million AFN	8.21%
3	Business Receipts Tax (BRT) 4%	145.59 Million AFN	5.51%
4	Other significant payments	10.72 Million AFN	0.41%
5	Revenues unilaterally declared	243.39 Million AFN	9.21%
6	Total (excluding social payments)	2,642.13 Million AFN	% 100.00

EXTRACTIVE COMPANIES INCLUDED IN THE SIXTH REPORT



1	North Coal Enterprise	11	Vesta Construction & Construction Materials Company
2	Khoshak Brothers Company	12	Alborz Naween Construction and production company
3	Misaq-E Sharq Mining	13	MADAN KARAN Company
4	Hashimy Group Company	14	TABLIEH-PARHOON TARH J.V
5	Afghan Gas Enterprise	15	Rahmat Fazel Construction & Construction Material
6	Qarizada Tomato Paste Company	16	M.Bellal son of Sherendeel
7	Ihsan Aziz Construction Company	17	Abdul Rahman Baba Steel & Iron Company
8	Amania Mining Company	18	Dawendar Industrial and mining exploitation company
9	MCC consortium	19	Balkhi Construction Company
10	Noor UMMUL billad Construction company	20	Abdul Majeed Company

GOVERNMENT ENTERPRISES SALES



Coal Enterprise

2016	1,645,672.00 Metric Tons	2,471.11 Million
2017	2,054,669.00 Metric Tons	3,076.52 Million



Afghan Gas Enterprise

2016	149,045.37 Cubic mete	403.85 Million
2017	154,687.45 Cubic mete	486.85 Million

TYPES OF LICENCES



Large Scale Mining License

Medium Scale Mining License

Small Scale Mining License

Exploration
Licence








Artisanal mining
licence

Exploitation
Licence

Reconnaissance
licence

Authorisation for quarry and
construction materials

MINING LICENCES BY PROVINCE DURING FISCAL YEAR 2017

	 Construction Stone	 sand	 Marble	 Coal	 Talc	 Opal	 Other minerals
KABUL	27	5	1	0	0	0	5
NANGARHAR	7	15	0	0	12	0	0
HERAT	0	0	10	1	0	5	0
MAIDAN WARDAK	0	0	4	0	0	0	4
SAMANGAN	3	0	0	4	0	0	0
TAKHAR	0	0	0	1	0	0	5
BAGHLAN	0	0	0	3	0	0	2
BALKH	0	3	0	0	0	0	1
GHAZNI	0	0	0	0	0	0	4
LOGAR	0	0	0	0	0	0	4
HELMAND	0	0	0	0	0	3	0
BAMYAN	0	0	0	2	0	0	0
PARWAN	0	0	0	0	0	0	2
FARYAB	0	0	0	0	0	0	1
GHOR	0	0	0	1	0	0	0
KANDAHAR	0	0	0	0	0	0	1
KAPISA	1	0	0	0	0	0	0

OIL AND GAS LICENSES FOR FISCAL YEAR 2017



Watan Oil and Gas Afghanistan Ltd

Balkh

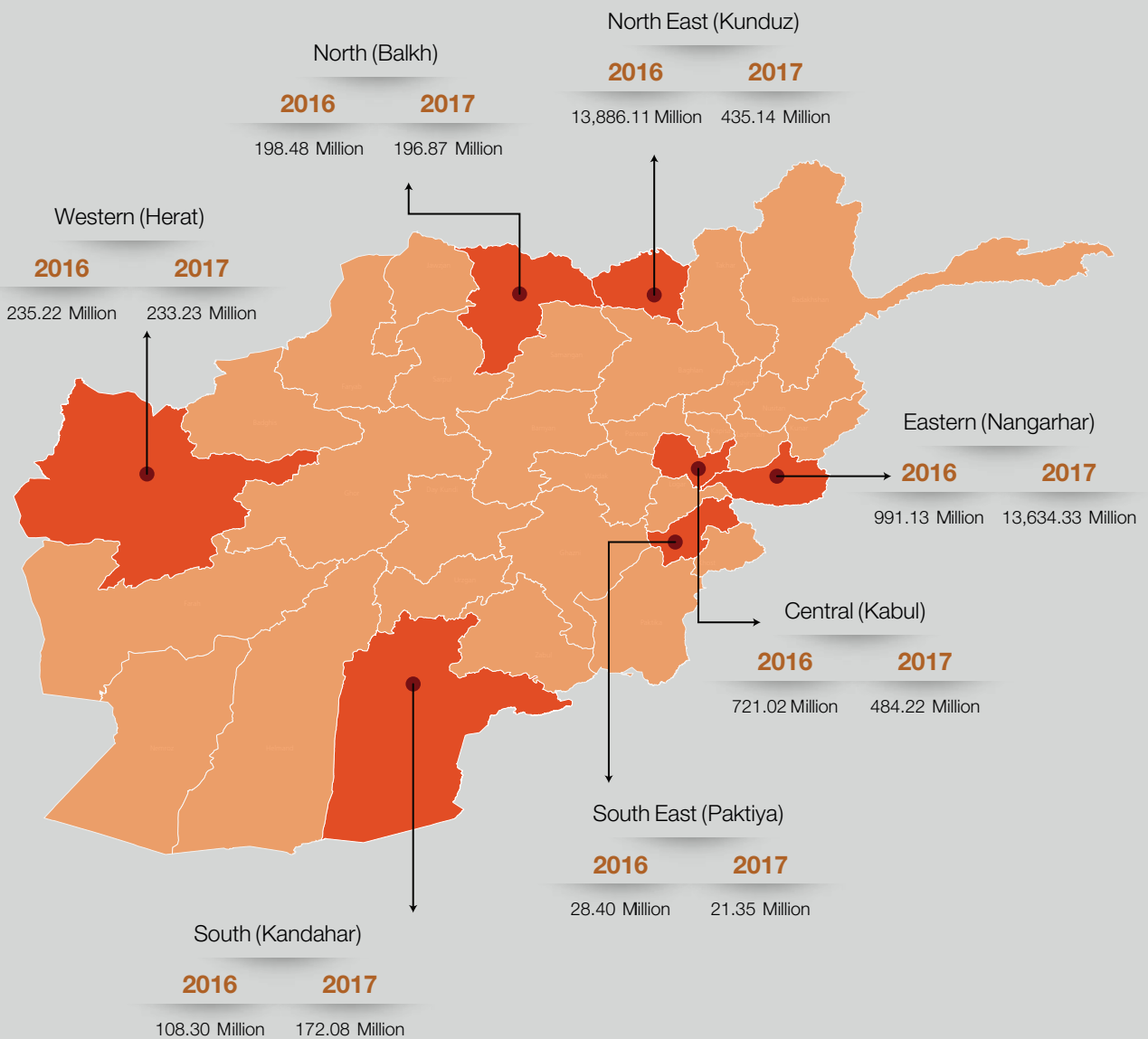
Dragon Oil (Sanduqli) Ltd

Faryab

TP Afghanistan Ltd

Sar-e-pol

MINING VALUE BY PROVINCE



MINING PRODUCTION BY COMPANIES



Fiscal Year 2016

Company Name	Mineral	Value	Proportion
1 West Co International Company	Salt	9,783.69 Million AFN	% 35.65
2 North Coal Enterprise	Coal	9,551.44 Million AFN	% 34.80
3 Khwaja Akasha Company	Salt	3,776.27 Million AFN	% 13.76
4 Afghan Investment Company	Coal and Cement	685.66 Million AFN	% 2.50
5 Khoshak Brothers Company	Coal	400.55 Million AFN	% 1.46
Top 5 Total		24,197.61 Million AFN	% 88.17
Other companies		3,246.85 Million AFN	% 11.83
Total		27,444.46 Million AFN	% 100.00

Fiscal Year 2017

Company Name	Mineral	Value	Proportion
1 Bilal Musazia	Talc	8,523.42 Million AFN	% 35.46
2 North Coal Enterprise	Coal	7,655.69 Million AFN	% 31.85
3 Amin Karimzia Company	Talc	3,119.03 Million AFN	% 12.98
4 Afghan Investment Company	Coal and Cement	431.34 Million AFN	% 1.79
5 Rahimullah Zaland Company	Talc	352.18 Million AFN	% 1.47
Top 5 Total		20,081.66 Million AFN	% 83.55
Other companies		3,952.46 Million AFN	% 16.45
Total		24,034.12 Million AFN	% 100.00

ILLEGAL MINING

Illegal mining takes place in about 1400 areas!



Lapis lazuli

In northern Afghanistan



Marble

In southern Afghanistan

MINING EXPORT BY COMPANIES

Fiscal Year 2016

	Company Name	Customs value	Proportion
1	Ghulam Sarwar Stanikzai Ltd	256.37 Million AFN	% 15.06
2	Ikram Sakhizadah Ltd	199.77 Million AFN	% 11.74
3	Matria Ltd	181.25 Million AFN	% 10.65
4	Muhammad Omar Noorzai Ltd	179.24 Million AFN	% 10.53
5	Noor Abas Khushawal Ltd	117.77 Million AFN	% 6.92
6	Ali Muradi & Imran Bakhtayari Ltd	83.46 Million AFN	% 4.90
7	Baydar Zaman Sharzad Ltd	65.09 Million AFN	% 3.82
8	Amania Dawoodzai Ltd	59.07 Million AFN	% 3.47
9	Sajjad Hashmi Ltd	51.22 Million AFN	% 3.01
10	Gul Sork Afghan Ltd	43.47 Million AFN	% 2.55
	Top 10 Total	1,236.71 Million AFN	% 72.67
	Other companies	465.15 Million AFN	% 27.33
	Total	1,701.86 Million AFN	% 100.00

Fiscal Year 2017

	Company Name	Customs value	Proportion
1	Ghulam Sarwar Stanikzai Ltd	506.42 Million AFN	% 17.48
2	Sahil Balil Ltd	353.43 Million AFN	% 12.20
3	Muhammad Omar Noorzai Ltd	324.75 Million AFN	% 11.21
4	Sang Saya Afghanistan Ltd	193.71 Million AFN	% 6.69
5	Sajjad Hashmi Ltd	154.54 Million AFN	% 5.34
6	Ikram Sakhizadah Ltd	138.13 Million AFN	% 4.77
7	Ameen Karimzai Marble Extractions	135.04 Million AFN	% 4.66
8	Ali Muradi & Imran Bakhtayari Ltd	104.88 Million AFN	% 3.62
9	Haider Waris Ghaznawa Ltd	94.97 Million AFN	% 3.28
10	Noor Abas Khushawal Ltd	83.77 Million AFN	% 2.89
	Top 10 Total	2,089.66 Million AFN	% 72.14
	Other companies	806.97 Million AFN	% 27.86
	Total	2,896.62 Million AFN	% 100.00

MINING EXPORTS DURING 2016-2017 YEARS

	 Coal	 Talc	 Marble	 Alabaster Stone	 Fluorite	 Lapis lazuli
2016	1,459.57 Million	185.81 Million	46.33 Million	00	9.45 Million	0.70 Million
2017	2,403.14 Million	434.48 Million	37.32 Million	12.53 Million	9.16 Million	00

MINING EXPORTS TO COUNTRIES

Fiscal Year 2016



Coal

PAKISTAN

571,479 Tons



Talc

PAKISTAN

200,032 Tons

IRAN

120 Tons

TURKEY

25 Tons



Fluorite

PAKISTAN

7,625 Tons



Marble

IRAN

8,196 Tons

CHINA

4,383 Tons

UAE

838 Tons

PAKISTAN

2,566 Tons

ITALY

377 Tons

TAJIKISTAN

117 Tons

QATAR

47 Tons

SAUDI ARABIA

27 Tons

ENGLAND

18 Tons

INDIA

136 Tons

TURKMENISTAN

24 Tons

TURKEY

45 Tons

IRAQ

20 Tons

POLAND

19 Tons



Lapis lazuli

CHINA

1 Tons



Coal

PAKISTAN

901,376.88 Tons



Fluorite

PAKISTAN

7,521.77 Tons

GERMANY

0.21 Tons

INDIA

0.07 Tons



Talc

PAKISTAN

451,126.70 Tons

TURKEY

1,049.69 Tons

CHINA

78.00 Tons

GERMANY

69.41 Tons

IRAN

48.68 Tons

UZBEKISTAN

47.82 Tons

INDIA

24.27 Tons



Marble

IRAN

10,756.09 Tons

CHINA

3,371.45 Tons

INDIA

401.48 Tons

IRAQ

229.86 Tons

ITALY

329.97 Tons

TURKEY

49.92 Tons

PAKISTAN

522.16 Tons

UAE

47.64 Tons

CANADA

23.58 Tons



Alabaster Stone

CHINA

2,163.13 Tons

PAKISTAN

42.72 Tons

Fiscal Year 2017

COMPARISON OF THE FIGURES

Comparison of cash flows during fiscal year 2016



Companies	Government	Discrepancy
174.43 Million AFN	174.16 Million AFN	0.27 Million AFN



North Coal Enterprise	Government	Discrepancy
1,136.71 Million AFN	1,136.71 Million AFN	0



Afghan Gas Enterprise	Government	Discrepancy
40.42 Million AFN	40.42 Million AFN	0

Comparison of cash flows during fiscal year 2017



Companies	Government	Discrepancy
275.75 Million AFN	275.37 Million AFN	0.38 Million AFN



North Coal Enterprise	Government	Discrepancy
2,086.25 Million AFN	2,086.25 Million AFN	0



Afghan Gas Enterprise	Government	Discrepancy
37.11 Million AFN	37.11 Million AFN	0

BENEFICIAL OWNERSHIP

As part of its commitment to beneficial ownership (BO) disclosure, the GoIRA has enacted a new Mineral Law in 2018 including some provisions on BO.

According to the Mines Act 2018, persons with a political population cannot become mining contractors, holders of licenses or transitional holders, and cannot participate in bidding processes for obtaining mining contracts or permits!

RECOMMENDATION OF THE SIXTH AEITI REPORT

- Recommend that for all Government Agencies use a unique TIN to record the payments received from the extractive companies. This will require a perpetual and close cooperation among all Government Agencies in order to address this weakness with the existing companies.

- Recommend that Ministry of Mines and Petroleum and Government Enterprises to disclose the Figures of extractive sector employees in succession!

- We recommend that MSG takes the necessary steps in order to encourage the focal points of reporting entities to take more prominent roles in providing data and information as well as to give comprehensive explanations and confirm statements made in the EITI report.

- MSG should investigate the unresolved discrepancies further and consider whether any action is required in the light of the comments on amounts reported relating to MoF Customs.



Sixth AEITI Report Infographic

The Extractive Industries Transparency Initiative (AEITI)

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