

Annual Activity Report

2016

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Introduction

Afghanistan announced its intent to implement the EITI in March 2009, and became an EITI Candidate country on 10 Feb, 2010.

In the international EITI board meeting in Oslo in February 2010 The Government of Islamic Republic of Afghanistan (GOIRA) requested the donor community to provide immediate technical and financial support to develop good governance and accountability mechanisms in Extractive Industries Sector via effective EITI implementation process in Afghanistan. For this purpose the AEITI Secretariat was established within the Ministry of Finance in July 2010 to take the lead of EITI implementation in Afghanistan.

In Afghanistan, the extractive sector is expected to contribute a significant and growing proportion of Government revenues for the country's' development. In light of this, GOIRA has fully committed to EITI implementation to ensure that all payments and receipts in the extractive industry are made in an effective and transparent manner. To ensure that the long-term objective is achieved, GOIRA appointed an audit firm to collect, collate and reconcile all material payments made by relevant extractive companies and revenues received by the Government in accordance with the AEITI Reporting Template for the fiscal years 1387, 1388, 1389 and 1390 respectively. The most recent AEITI Reconciliation Report was released in February 2016.

The development of the 5th Reconciliation Report is underway and is expected to be released in February 2017.

Foreword

It gives me great pleasure to present the 2016 Annual Activity Report for Afghanistan Implementation of Extractive Industries Transparency Initiative (EITI) ; this report looks at the progress and summary of various completed by the MSG and the secretariat during the year 2016.

As of present when this report is being completed, the AEITI MSG has contracted Hart Group to undertake the reconciliation and produce the 5th EITI report; a draft scoping study has been prepared and the report is quickly being headed to final stages. In the meantime, the MSG has directed the Independent Administrator to include some companies found during the reconciliation which were missing from the Government databases (showing gaps in the reporting systems), which is hoped that will soon be bridged, thanks to EITI.

Meanwhile during the MSG workshop at Tureky, the AEITI country workplan was discussed extensively and changes were brought in it and in its next meeting on 28th November, the workplan was approved unanimously by the MSG.

I would like to thank the MSG for their dedication to EITI and to all companies who participated in the reporting process in the upcoming EITI report. Besides it would be unfair not to extend a token of gratitude to GIZ, German Embassy and The World Bank Group for their continuous and unconditional support whenever the secretariat needed it.

Mahmood Anwari, National Coordinator of AEITI secretariat

General assessment of year's performance

5th Reconciliation Report

2016 has been a very busy year for Afghanistan EITI; during this year, the secretariat and the MSG has been gearing to undertake the task of producing the 5th reconciliation report covering two fiscal years 2014 and 2015; this report is expected to surpass even the previous reports with regard to quality and completeness because in the recent MSG meeting dated 28th November 2016, the MSG directed the representatives of the assigned Independent Administrator to include all the existing companies registered with the Ministry of Mines and Petroleum in the report and even suggested some companies which were missing in the registry of the Government databases but were found by the members of the MSG. On November 12th 2016, the representative of Hart Group, Mr. Fatihi, visited Kabul holding a series of meetings with the heads of different directorates of Ministry of Finance, Ministry of Mines and Petroleum, SoEs and other extractive companies for data collection purposes. Meanwhile a draft scoping study has been prepared and the report is quickly being headed to final stages.

Beneficial Ownership

Other priority for the MSG was to get ready for the disclosure of beneficial ownership, an EITI requirement which requires the implementing countries to publish the information regarding beneficial ownership including the development of a roadmap by January 2017. This requirement was very closely observed by the MSG during the year 2016; workshops and trainings were held for the MSG members to raise their awareness and build their capacity on the requirement; such trainings were provided during a workshop at Istanbul, Turkey and Mr. Pablo Valverde's introduction to Beneficial Ownership during his visit to Kabul, as a result, the members of the MSG from its civil society constituency informed and debated this requirement of beneficial ownership in Media and within the Government circles, highlighting its importance to curb corruption within the country; the discussion also paved way for the signing of the "Access to Information" act by H.E. the President of Afghanistan. This act enables and gives everyone the right to access information. These developments and continuous efforts by the civil society members is a product of EITI implementation in the country which has acted as a tool to create awareness about curbing corruption in the country and also enabling the citizens of the country to their right to the information.

Nevertheless a draft BO roadmap was developed by working group just to give an idea but it needed more work, to make it implementable; the BO was also a hot topic in the Astana, Turkey workshop. Besides the GIZ has kindly step forward to provide their support by hiring a consultant who will visit Kabul and work on the roadmap; he will have discussions and consultations with all the stakeholders and finalize the version which will later be shared with MSG for their approval before 31st January 2017.

Open Data Policy

AEITI MSG and secretariat is currently working on the open data policy; so far the progress which has been made in Afghanistan, is the signing of the “Access to Information” act by H.E. the president which is a milestone and regarded as a step towards transparency by the Government and which would greatly help AEITI also; meanwhile a draft of open policy document has been developed and will be shared with the MSG for approval and later with EITI.

Public Financial Management Reforms

Besides these developments, EITI is also paving the way for reforms such as introducing Public Financial Management within the Ministry of Finance, according to the directives of H.E. the President. AEITI is included in the inaugural 5-year rolling Fiscal Performance Improvement Plan by the Government of Afghanistan forms the basis of the PFM reforms outlined by the President and the Minister for Finance to the International Community in Kabul in late 2015.

The PFM reforms make an assessment of the systems and performance of the different departments of the ministry and help those departments to overcome challenges they face. It is an initiative which with bolster the record-keeping systems within the ministry and will also enhance the performance which will lead to relief for AEITI in accessing accurate data/information from the said ministry. According to this assessment, AEITI secretariat was placed 5th out of 60 departments with regard to performance and introducing reforms within the sector.

Below is the findings of the assessment report of PFM for AEITI:

Afghanistan Extractive Industries Transparency Initiative Secretariat

Engagement: Excellent

Raw Performance Score: “C”

Standardised Risk, Impact, TA adjusted Score: “B”

Highlights

- The EITI mechanism is working well to detect and triangulate data to find potential leakages. The team has identified a high probability of around \$2 billion p.a. of lost revenue from extractive industries.
- The backlog of reports has been cleared. The quality of reports have also improved and this has been recognised by the international EITI Secretariat.
- The website is highly professional and provides up to date information on the activities of AEITI including strategies, annual reports, outreach visits and minutes of meetings.

Challenges

- Need high level political will for EITI. The expectation is that this would result in significant increases in revenue, increased transparency and legitimacy.
- Effective leadership of the Multi Stakeholder Group.
- Insufficient investment by the Government in systems to improve data collection. Need investment in better systems in MoF and MoM. Getting joint KPIs into 5 year plans (tax, treasury, central bank).

EITI International Secretariat Mission to Afghanistan

EITI International Secretariat conducted a mission to Afghanistan from May 3rd to 5th 2016. The mission consisted of Mr. Pablo Valverde, Country Manager for Afghanistan and Mr. Jonas Moberg, Head of the International Secretariat. The mission carried out meetings with stakeholders and donors of the EITI in Afghanistan. Mr. Pablo Valverde met with the Deputy Minister of Admin and Finance and Acting Minister of Mines and Petroleum. During the meeting, Mr. Valverde was assured of the government's support to the process.

Mr. Valverde also conducted a workshop for the members of the AEITI MSG. Mr. Pablo's presentation in the workshop focused on: 2016 EITI Standard, Understanding the new procedure of Validation on the basis of the standard, Work Plan and Annual Progress Report, 5th Reconciliation Report, MSG Governance (Challenges and Opportunities) and Beneficial Ownership.

On 5th of May 2016, the European Union organized Anti-Corruption day in presidential palace, where Mr. Jonas Moberg was invited as a keynote speaker. Mr. Moberg and Mr. Pablo Valverde also met the leaders of the Afghanistan Unity Government. Mr. Jonas was assured of the support of the Afghan government to the EITI process by H.E. Ashraf Ghani, President of Afghanistan in a bilateral meeting. Meeting with the EITI, President Ghani welcomed the EITI's ground-breaking provisions on beneficial ownership and reaffirmed the high priority that his government gave to this subject. President Ghani noted that these provisions could contribute to addressing legacy issues around contracts and licenses. Earlier he had explained his government's view, declaring that "all contracts need to be public and accessible to the public. My government is committed to reviewing all mining contracts to identify irregularities".

Similarly, President Ghani's strong commitment to implement the EITI as a tool for reforms was echoed by Chief Executive Officer Abdullah Abdullah at a later meeting with the EITI. CEO Abdullah was briefed on the recent progress of the EITI in Afghanistan and how the multi-stakeholder nature of the EITI could be used to communicate the government's reform agenda to the wider public.

Afghanistan Civil Society Organizations Debates

2016 has been an active year for the Afghan Civil Societies both involved and part of the EITI process and those willing to be part of it. There has been extensive debate on inclusion of a wider range of CSOs in the EITI process and governance of the MSG.

After multiple internal meetings, the CSOs conducted a meeting with Ms. Diana Kaissy, Regional Coordinator for Middle East and North Africa at Publish What You Pay to share similar experiences of other countries. The issue was also addressed by Mr. Pablo Valverde, Country Manager for Afghanistan in International Secretariat during his mission to Kabul. Mr. Pablo shared Case Studies and discussed how devising Terms of Reference for CSOs selection process, Collective Actions, Inclusiveness, criteria for selection process and Grievance Mechanism can assist the CSOs in achieving their common goal.

Preparations for the Next MSG Membership

As the MSG tenure was coming to an end after successfully completing its term and to give an equal opportunity to other CSOs networks to participate in the upcoming elections of the MSG, the current CSO coalition in MSG kindly agreed to facilitate the election of the CSO networks for the upcoming MSG. Besides Mr. Ramin from the private sector constituency noted that his constituency had only two active members as the member from Khoshak Brothers and MCC/MJAM had left their positions with their companies and their MSG seats were vacant, so now was a good time to hold the elections of private sector also where major companies representatives will be invited and with mutual consent members from among them will be introduced to the upcoming MSG by January 2017; it should be noted that AEITI will have an observer status during this process.

Another important development was inclusion of a member from Ministry of Trade and Commerce because the members noted that with the requirement of BO in the new EITI standard, it will help AEITI as there was currently only one entity issuing licenses in Afghanistan which was the said ministry, so the MSG needed a senior representative from Ministry of Trade and Commerce to be part of the MSG.

Efforts for roping in of AEITI Champion

In the MSG meeting dated 28th November 2016, the members urged the chair of the meeting to ask the Government to appoint a champion for AEITI terming it a very serious matter; they noted that a champion is needed to drive the process towards success. H.E. the Minister of Mines and Petroleum told the members that she will discuss this matter with the Minister of Finance; in the meanwhile she said that she will try to arrange a meeting of the MSG members with H.E. the President. She said that the President and the Government was very committed to AEITI and was looking forward to its success in Afghanistan.

Communication and Public Outreach

In light of the AEITI Communication Strategy and Annual Workplan, communication activities were successfully carried out in order to address the need of public awareness and increasing the participation of the masses in the EITI process in Afghanistan.

Public Awareness and Debates: Communication team carried out Public Awareness Campaigns through workshops and trainings. After completion of the first round of the workshops in Northern and Eastern provinces, Communication team carried out awareness workshops for 8 relevant ministries and authorities. Campaign for southern provinces was carried out successfully, whereas western region will be targeted in July 2016. It is also worth mentioning that GIZ will conduct second round of its workshop for the MSG. the workshop will increase the capacity of the MSG and address pressing issues in MSG and its workplan.

AEITI team conducted a one day workshop on AEITI to the civil society members, reporters and representatives of the Kandahar media, senior officials of the Mines and Petroleum Directorate, representatives of Kandahar Finance Directorate (Mastofyat) and other prominent members of the society and extractive sector. The agenda of workshop included orientation of the participants to the EITI process, standards and implementation of EITI in Afghanistan.

One of the main purposes of outreach to Kandahar was to bring government and civil societies to one table and discuss the challenges of the extractive sector in light of the EITI process and promotion of transparency. Following the mandate of EITI, and for the first time in Kandahar, AEITI team was able to bring Director of Finance and Director of Mines and Petroleum to participate in round table in presence of Civil Society representatives and activists to discuss challenges in extractive sector.

AEITI team in light of one of the objectives of the field visit brought its observation into a public document as follows: Lack of coordination between MoF and MoMP which affects the revenue collection from the mining sector. MoMP did not have systematic record keeping and contract management system which promotes illegal activities of contractors and warlords. MoMP did not have a well-coordinated system for tracking and monitoring extractive activities by contractors. MoMP is also unable to take control of farfetched sites of the province due to lack of security. Due to lack of coordination between MoF and MoMP many of the revenue streams were not paid by the contractors for which they are liable to MoMP and MoF. Findings of the field visit were shared with stakeholders of the AEITI and public.

Herat Outreach Trip: The trip was carried out in accordance with the communication plan of AEITI to raise awareness about AEITI on provincial level aiming at understanding, how much the locals of Herat knew about AEITI and in broader context what other areas it was covering under the new EITI Standard.

A two day workshop was planned which day one covered a presentation about AEITI and day two saw a debate on how AEITI worked in the extractive sector of Afghanistan and could help the sub-governments. The workshop also discussed the concerns of the locals of Herat including the students, civil society and representatives of the provincial council regarding the benefits if any Herat was receiving from the Government in extractive sector.

A large number of media, student organizations, civil society, provincial council representatives and government officials participated in the workshop; the number of the participants who actively took participation in the workshop was around between 90 and 100.

According to the participants, the main issues pertaining in the sector are corruption, lack of monitoring and evaluation, illegal mining, political interference, transportation system and insecurity among many others.

Some solutions according to the participants to these issues were to setup military installations to protect these mineral resources, to cope with illegal mining by the unauthorized persons with iron hands, employing mining experts/specialists, collecting tax and to devising a plan for stable transport system and then could the extractive sector be able to bring about some benefits for the people of Afghanistan.

Regional Training: The Regional EITI training for MSG members and National Coordinators of EITI implementing countries from Eastern Europe, Central Asia, Middle East and North Africa took place in Istanbul, Turkey.

Sessions of the Regional EITI training aimed to help participants explore what could be achieved by implementing the EITI Standard. It included discussing how to ensure that workplans and EITI reports contribute to addressing the most relevant and pressing issues in each countries' sector, as well as opportunities for making sure that EITI reports contain useful and actionable recommendations for reform, where relevant and needed. At the same time, sessions were also meant to reflect the need to get the basics right – a well-functioning MSG, an up-to-date workplan that reflects findings from Annual Activity Reports, etc. – in order to make the most of the EITI process.

EITI Board Meeting at Astana: AEITI National Coordinator also participated in the Board Meeting of the EITI Board in Astana, as an observer and highlighted pressing issues in the implementation of the EITI in Afghanistan. The board and participating members were highly appreciative of his comments.

Info-graphics: Besides to make the reports more easy and understandable for general public, with the kind assistance of GIZ, info-graphics of the 4th report has been prepared; it is expected that these infos will be very proficient and effective for communicating and attracting the General public and their accessibility to EITI reports.

Government Commitment to EITI Brussels Conference

The Brussels Conference was a one-day meeting dedicated to Afghanistan and was an opportunity for the Afghan Government to set out its vision for the future by presenting the Afghanistan National Peace and Development Framework (ANPDF) and to showcase its track record on reforms, according to which an estimated \$300 million were lost annually through illicit mining, fueling the insurgency, and driving criminality. The government of Afghanistan states that it will introduce new requirements for the disclosure of beneficial ownership and ensure that revenues from licensed exploitation are collected. Hydrocarbon mapping and exploration were also underway although any significant commercial development will have to await global price in increases for oil and gas according to the report.

In this conference, Government of Afghanistan expressed that it places great importance on implementing EITI at Afghanistan and identifies it as a tool to improve systems and prevailing transparency within the extractive sector of the country. This commitment of the Government of Afghanistan has been expressed in the Self-Reliance Through Mutual Accountability Framework-SMART deliverables at the Brussels Conference in October 2016, which states among other things that, in order to operationalize the Government's commitment to the EITI, amendments to the Mining Law submitted to parliament include measures such as the publication of mining contracts, the identification of the mining companies' beneficial owners by first half of 2018 and the mineral fiscal regime should be developed by 2018.

Assessment of performance against targets and activities set out in the workplan

Publication of Complete and Accessible EITI Report: AEITI has assigned Hart Group, an independent Administrator to produce its 5th reconciliation report; which according to MSG instructions will include all the companies active in the extractive sector of Afghanistan. The MSG has set a precedent this time by directing the IA to include all the companies, even some companies which are missing in the databases of the government departments and which were found by the members of the MSG (civil society); this indicates that AEITI is heading into more developed framework to capture the data from the extractive industries. In the MSG meeting dated 28th November 2016, the MSG was briefed by the IA representative on the progress made on the development of the 5th EITI report and the MSG was full supportive of the progress made during this time. According to the presentation delivered by the IA representative, Hart Group's Representatives:

Mr. Ismael Sajjad, the representative of Afghan Holding Group (AHG), whose company was the sub-contractor of Hart-Group here at Kabul, provided a brief presentation on the developments of the 5th reconciliation report; according to him, they were in the process of scoping study and were collecting information from Government departments since October 2016.

Important Highlights from the presentation:

MoF:

- Data Collection on Revenue, License, Production and other
- LTO – 17 companies data collected – follow-up on 7 missing companies
- MTO – 83 companies data collected – follow-up on 6 missing companies
- STO- 6 companies data collected – follow-up on 4 missing companies
- Customs – All companies data collected - Status – completed
- SoEs - 2 companies data collected – Status – completed

Revenue MoMP:

- Provincial Directorate – 117 companies' data collected
- MCC Directorate – status – completed
- Cadastre – 25 company's data completed
- Petroleum Directorate – 2 companies' data collected
- SoEs – 2 companies' data collected – complete

Production MoMP:

- Provincial Directorate – Data collection in-progress
- MCC Directorate – Data collection completed
- Cadastre – 25 companies’ data collected
- Petroleum Directorate – Data completed
- SoEs - Data collection completed

License:

- Brief information about licensing received from Cadastre for 30 companies
- The provincial directorate promised to assist in collecting information about license

In the meanwhile, the MSG has requested the EITI chair and board for an extension into the deadline to extend it by two months i.e. 31st, February 2016 which will give the IA more time to produce a quality report.

Communications and Outreach Activities: In light of the AEITI Communication Strategy and Annual Workplan, communication activities were successfully carried out in order to address the need of public awareness and increasing the participation of the masses in the EITI process in Afghanistan. In the year 2016, four regions and the center has been covered under the action plan, creating awareness about AEITI as a general and some newly introduced aspects of the then EITI standards and beneficial ownership. An outreach trip to Kandahar and Herat was carried out by the secretariat; one of the main purposes of outreach to Kandahar and Herat was to bring government and civil societies to one table and discuss the challenges of the extractive sector in light of the EITI process and promotion of transparency. Following the mandate of EITI, and for the first time in Kandahar, AEITI team was able to bring Director of Finance and Director of Mines and Petroleum to participate in round table in presence of Civil Society representatives and activists to discuss challenges in extractive sector.

The secretariat is planning to start an outreach campaign in close coordination with IWA to raise awareness on some of the outstanding challenges in the extractive sector in other regions.

Data Quality and Licensing: As evident from the Government’s commitment to implementing EITI in Afghanistan and during Brussels conference, including EITI as a tool to identify and bridge the gaps within the financial systems of both MoF and MoMP and has formed a committee to evaluate the financial systems in the light of the recommendations provided by IA in the 4th report and to provide its action plan on how those gaps can be filled. The committee will come with solutions to the challenges faced during the development of the 4th report.

Besides this development, in the recently held MSG meeting, H.E. the acting minister of mines and petroleum directed her staff to form a committee of MoMP officials and look into the recommendations provided by IA in

the 4th report to bridge the gaps in the financial systems of MoMP. As previously it was told that the MoMP was considering upgrading their financial registering systems and is incorporating EITI revenue streams into their database to avoid conflicting systems within the MoMP and which will enable EITI to easily get information from the revenue department of MoMP during the templates distribution process of the reconciliation, the MoMP is working on it and soon it will be operationalized.

MSG Governance: As stated earlier, the MSG is preparing for the next MSG membership and a meeting within the CSOs coalition of the MSG will take place in early January 2017, to discuss and agree on the ToRs of CSOs engagement in the next MSG. The meeting is called because there were concerns that some CSOs were not given an opportunity to participate in the MSG, so taking this into consideration, this meeting will be called to rest those concerns and give other CSOs an equal opportunity. Besides, according to the agreed minutes of the MSG meeting, the private sector members will be selected after an election in which companies listed in the 4th report will take part and will select their members to the next MSG. The MSG also agreed to allot a seat to the ministry of trade and commerce because of the current changes in the registry settings of the Government, following Afghanistan Investment Support Agency (AISA) was dissolved and brought under the ministry of trade and commerce, so to take full advantage of the registry system, it was agreed to allow a seat to ministry of trade and commerce, expected to play a very efficient role forward. Nevertheless, MSG now has a member of parliament in the group (introduced formally by Parliament). This took a lot of effort through persistent briefing of Parliamentarians. MP became particularly interested in the work and has actively participated in MSG operations. The team hopes that this will help create the demand for EITI work. This activity was at significant risk at the mid-year assessment. The team delivered on the proposed solution to engage with MPs. The team is now very hopeful that the 5th report will be tabled. The MP can table without Government approval. This achievement of having the Natural Resource Committee of Parliament formally represented on the MSG, brings Afghanistan into line with good practice under EITI.

Strengths and Weaknesses in the EITI Process

According to Mr. Sajjad, the representatives of Hart Group, IA, there were some companies which didn't have a TIN number and were not registered with MoF directorates and therefore a centralized record-keeping system was required to identify such companies. Nevertheless, he appreciated the cooperation of the relevant Government departments in the data collection. Besides the meeting to be held by CSOs in January 2017, is a positive step because it will give opportunity to other CSOs interested in the process.

Nonetheless, there are certain weaknesses in the management of the extractive sector in the country that creates hurdles in the paced implementation of the EITI standards. These weaknesses range from; limitations and lack of capacity in the cadaster department of Ministry of Mines and Petroleum in regards with

management and monitoring of the extractive activities around the country to, low prevalence of auditing culture in the extractive industry and limitations in the Information sharing and data integration between the Ministry of Finance, and Ministry of Mines and Petroleum. Though to some extent, after the announcement of the EITI implementation by Afghanistan's government has had some impact on general practices within the extractive sector i.e. EITI in the Mineral Law requiring the companies to comply with EITI requirements, which includes annual audits but this certainly will take some time to be fully met. As political will is very important for EITI to be implemented in a country, the leaders of the Unity government of Afghanistan have expressed their support for the sector and EITI in particular in their public addresses.

Members of the Multi-stakeholder Group

Government Sector					
S/N	Name	Organization	Status	Phone No.	E-mail Address
1.	Mujeeb ur Rahman Sherzad	MoF-DG Revenue	Permanent	0798982574	shirzad.mujeeb@gmail.com
2.	Sayed Abdul Rahman Saeed	MoF-DG Customs	Permanent	0700590380	
3.	Abdul Wahid Zia	MoTCA-Admin/Finance	Permanent	0799352026	eng.zabdulwahed@gmail.com
4.	Eng. Fareed Ahmad Kazimi	MoMP-Policy	Permanent	0777822922	Fareedahmadkazimi@gmail.com
5.	Eng. Akbar Sallam	MoMP-Cadestre	Permanent	0799324586	mirsallam@gmail.com
6.	Abdul Wakil Motadain	MoMP-Admin/Finance	Permanent	0798167846	
7.	Hameed Sherani	MoF-Revenue	Back up	0778181022	haidersherani@yahoo.com
8.	Shamsul Ahad Alokzay	MoF-Customs	Permanent	0700606329	Shams_alz@yahoo.com
9.	Mohammad Ibrahim Joya	MoTCA-Admin Finance	Back up	0786820536	
10.	Haris Bromand	MoMP-Policy	Back up	0793823881 0788332702	Mharis.bromand@yahoo.com Mharis.bromand@gmail.com
11.	Eng. Ghulam Sediq	MoMP-Cadestre	Back up	0707154663 0752136082	Engineer.sediq@hotmail.com Engineer.sediq@gmail.com Smomand@mom.gov.af
12.	Mahdi Rezai	MoMP-Admin/Finance	Back up	0788044136	Mahdirezaie86@gmail.com

Civil Society					
S/N	Name	Organization	Status	Phone No.	E-mail Address
1.	Asadullah Zemarai	IWA	Permanent	0799567327	a.zemarai@afghanadvocacy.org.af
2.	Hasibullah Kabiri	HOLD	Permanent	0777868778	Hasibullah_kabiri@hotmail.com
3.					
4.	Mohammad Afzal Shirzd	WADAN	Permanent	0700607969	Afzal_sherzad2000@yahoo.com
5.	Tamim Shamal	ACSFo	Permanent	0794500566	Tamim.shamal@gmail.com

6.	Matiullah Sarwary	National Association	Malik	Permanent	0799364479	matiullahnosher@yahoo.com
7.	Syed Ikram Afzali	IWA		Back up	0788266645	ikram.afzali@iwaweb.org
8.	Mansoor Khalil	HOLD		Back up	0786705020	Mansoor.khalil@hotmail.com
9.	Usman Khan	DHSA/TKG		Back up	0787647030	program@dhsa.af
10.	Ghulam Sakhi Dehnawi	WADAN		Back up	0797001006	gsakhi@wadan.org
11.	Nabiullah Rahimi	ACSFO		Back up	0706340068	kabul-na@acsf.af
12.	Shahid Zaman	National Association	Malik	Back up	0785776997	nationalmaliks.a@gmail.com

Private Sector					
S/N	Name	Organization	Status	Phone No.	E-mail Address
1.	Atiqullah Nusrat	ACCI	Permanent	0787303800	Atiqullah.nusrat@acci.org.af
2.	Hayatullah Nusrat	ACCI	Permanent	0700216011	
3.	Eng. Masoom Ahmadyar	Brotheran Khoshak	Permanent	0799301615	Em_shewa@hotmail.com
4.	Sifat Rahimi	MCC China	Permanent	0793701709	Sefat.rahimi@gmail.com
5.	Ahmad Ramin Rahi	CNPCI Watan	Permanent	0729077311	Ramin.r@cnpag.com
6.	Yonus Negah	ACCI	Back up	0700001315	y.negah@gmail.com
7.	Eng. Rahmat Ullah Rahmat	ACCI	Back up	0777333689	
8.	Eng. Sardar Hossain	Mesaq e Sharq	Back up	0799254517 0777254517	Mehrpoor.af@gmail.com
9.	Lee Zheng	MCC China	Back up	0796909644	lamlee0415@163.com
10.	Munir Toraby	CNPCI Watan	Back up	0729077314	Munir.t@cnpag.com

Annexure

AEITI - Afghanistan Extractive Industries Transparency Initiative Work Plan (as of November 5, 2016) Period: November 2016 until October 2017 (until results of validation are to be considered for next review of work plan; validation begins in April 2017) <u>Approved by MSG on 28 Nov 2016</u>					
Objective 1: Report. Increase public awareness of the sector's current and potential contribution in order to enable a more informed, evidence-based public debate.					
Rationale: Afghanistan is endowed with significant mineral resource potential, however there is a misperception among some stakeholders that the extractive sector, and a number of high-profile large-scale projects, will provide a solution to Afghanistan's revenue shortfalls over the short to medium term. The EITI can play a valuable role in highlighting the current financial and non-financial contribution provided by the sector to the national economy and the prospects for future growth.					
Governance-related challenges: 1. Current public extractive sector revenue assessments are unrealistic. 2. There is little understanding of how the sector is managed. 3. There is a lack of awareness of the scale and potential value to the government of improving the formalisation of artisanal and small scale mining.					
Monitoring: Update every 2 months by Secretariat, Implementation progress to be discussed at each MSG meeting, Responsible parties might conduct sub-work plans and report back to the main AEITI Work Plan, such as for Reports, pilot projects or communications.					
Three-colour key for tasks:			completed	ongoing	
Activities	Responsible party	Timeline	Output	Budget	
1.1 Publication of EITI Report .					
MSG to support the finalisation of the scoping work undertaken by the Hart Group necessary to finalise the inception report for 1393 & 1394 (5th Report)	MSG, IA	November 1, 2016	Completed scoping template	260,000.00	
MSG to agree on the scope, level of disaggregation and materiality thresholds for revenue and companies for the 1393 & 1394 Report	MSG, IA	November 8, 2016	Scope agreed to by the MSG		
Inception report	IA, MSG	November 15, 2016	Reporting template finalized by MSG		
Data collection	IA, MSG	December 20, 2016	Workshop Held and collection in process		
Initial reconciliation	IA, Secretariat, reporting entities	December 27, 2016	Template Approved		
Investigation of discrepancies	IA, Secretariat, reporting entities	January 24, 2017	Process Completed		
Draft report	IA, Secretariat, MSG, development partners	February 7, 2017	Draft Completed		
Final 1393 Report	IA, MSG, Secretariat	February 21, 2017	Report Approved		
Production of summary report, popular version and translated versions	Consultant, MSG, Secretariat	February 28, 2017	Summary report and report translated		4,100.00
Printing of the 5th Report	Consultant, Secretariat	February 28, 2017	Printed		
ToRs for IA for 5th Report finalised	Secretariat, MSG	22nd Dec 2015	ToR finalized and announced		
Hiring of independent administrator to analyse the government and industry data for the 5th Report	IA, secretariat	15th Sep 2016	Independent Administrator hired Hart Group	250,000.00	
1.2 Communications and outreach activities conducted, including to the provinces					
Hire new Communications Specialist	Secretariat	asap	Pending with PMU	39,600.00	
Communications strategy is updated (see, sub-work plan: communications)	Secretariat/Communications Specialist/MSG	January 2017	Strategy is published on AEITI website		
Keep AEITI website up-to-date	Secretariat/Communications Specialist	Ongoing	Information is up-to-date and website fully functional	3,800.00	
Ministerial statements endorse the findings and recommendations of the 4th Report	Communications Specialist	March 2017	MoF and MoMP has establish committees		
1393 & 1394 or 5th Report-launching ceremony	Secretariat	March 2017		1,000.00	
Parliament's Committee for Mining will request the Minister of Mines and Petroleum and the Minister of Finance to present the 5th Report in Parliament.	MP Ramazan Jumazada, MoMP/MoF	March 2017			
Summary reports, report findings, infographics and other materials are produced in relevant languages	Secretariat/Communications Specialist	March 2017	Summary Report published; work in progress on Infographics		
Outreach activities to provinces (government, regional offices, communities and industry) on EITI findings, gaps and how to overcome those.	MSG, Secretariat, regional offices communities, industry sector	May 2017	Outreach Activities in Nangarhar, Baghlan, Samangan, Mazar Sharif, Qandahar and Kabul; Western and Central Region is planned.	50,000.00	

Objective 2: Domestic Resource Mobilization (DRM).				
Highlight ongoing efforts and opportunities to improve revenue collection and sector management in order to build trust in the management of the sector and improve fiscal sustainability.				
Rationale: The EITI can be used as a diagnostic tool to identify gaps and/or weaknesses in the government's management of the sector across the value chain and provide recommendations for reform. EITI reports and communication activities can also be used to show-case the sector reform projects currently underway in Afghanistan which will improve the Government's ability to manage the sector in a more transparent and equitable way. Training and capacity building can also be provided to MSG members and wider EITI stakeholders on issues related to sector management.				
Governance-related challenges: 1. There is a lack of technical capacity within the Ministry of Mines and Petroleum 2. Coordination between the Ministry of Mines and Petroleum and the Ministry of Finance on licencing and revenue collection could be improved. 2. Most of Afghanistan's small scale and artisanal mines are currently informal and not paying taxes or royalties to the government.				
Activities	Responsible party	Timeline	Output	Budget
2.1 Revenue collection				
MSG to encourage GoA to establish in a timely manner a management information system (MIS) database to oversee licenses and tax and non-tax data for the extractives sector.	MSG: MoMP (Cadastre, Finance), MoF (Revenue, Customs), MoCI	December 2016	GoA commitment	
MSG invites the responsible officials from line ministries to report on how the existing bottlenecks for a MIS can be overcome.	MSG: MoMP (Cadastre, Finance), MoF (Revenue, Customs), MoCI	January 2017	MSG minutes, including the statements from the line ministries	
Once the line ministries will have come forward with the roadmap, the MSG monitors progress of implementation and supports stakeholders to address obstacles. The MSG envisages the goal to have the MIS fully functional at central government by 2018, and provincial extensions by mid-2019.	MSG: MoMP (Cadastre, Finance), MoF (Revenue, Customs), MoCI	Ongoing from January 2017	MSG minutes concerning progress of roadmap	
2.2 Data quality assurance				
The MSG suggests in a letter to SAO to join the fiscal performance management program for more and better audits of the extractives sector.	MSG: SAO	December 2016	SAO joins the fiscal performance management	
The MSG invites a responsible person from MoMP to report on how the recommendations from the 4th Report for better data assurance process have been addressed, and discuss the proposal of the establishment of a QA Unit in MoMP.	MSG, MoMP (internal audit)	June 2017	Minutes	
The Secretariat develops options with the Supreme Audit Office (SAO) to improve the quality of forthcoming Reports, e.g. SAO to verify data at the primary sources and to collaborate with INTOSAI on governance of extractives.	Secretariat: SAO	June 2017	Paper with options	
The MSG publishes a SWOT analysis of Afghanistan's current accounting standards and audit environment.	MSG, support from GIZ	June 2017	SWOT analysis	
Objective 3: Trade and Investment Climate.				
Improve the predictability and security of investments with an aim to increase wealth generation of the sector and contribute to Afghanistan's development.				
Rationale: The mining sector has the potential to provide a major source of foreign direct investment, economic growth and government revenues. However, this potential has so far not translated into significant revenue generation or large scale investment; the small number of major extractives contracts that have been awarded by the Government have been slow to progress towards resource extraction. Industry, government and civil society stakeholders have all highlighted the need to strengthen the governance of the sector in order to improve the predictability and security of investments, increase revenue generation and reduce corruption.				
Governance-related challenges: 1. There is a need to clarify, assess and address gaps in the legal framework. 2. There is a lack of clarity on the government's infrastructure and investment policies, including the creation of resource corridor and value addition for products such as lapis and emeralds. 3. The mining cadastre, particularly for small and medium scale mines is fragmented and incomplete which threatens the legality of operations. 4. There is a lack of security.				
Activities	Responsible party	Timeline	Output	Budget
3.1 Investment, infrastructure and security				
Produce a factsheet on the mining law explaining its development, its importance, where it's at in the process and what the main areas being considered for changes are and why.	Secretariat, Communications specialist	December 2016	Factsheet on website	
MSG implements the Beneficial Ownership disclosure roadmap. (see, sub-work plan: BO roadmap)	MSG	June 2017	MSG approved the concept and agree to develop Roadmap and endorsed by MSG later once its finalize	
Produce a factsheet on the legal process for granting mining licenses for distribution in the provinces on the basis of the findings of the EITI Report.	Secretariat, Communications specialist, MoMP communication department	March 2017	Factsheet on website	
Conduct a workshop aimed at engaging parliamentarians to use AEITI findings for reforms.	Secretariat, MSG, MP Ramazan Jumazada	October 2017	Media reports	
Provide joint input to the EIDF.	MSG, MoMP	October 2017	MSG has provided its input to MoMP and waiting for approval of the doc	
3.2 Licencing issues, here: artisanal and small-scale mining (ASM)				
The MSG refines and publishes GoA data on illegal mining sites and trading routes, including the names of checkpoints used.	MSG: MoMP (ASM), DOMP, MoI (Lands), MoD	March 2017	Report	
The MSG recommends to GoA to simplify registration procedures and licencing for ASM in specific terms and a flowchart.	MSG: MoMP (ASM)	March 2017	Document of recommendations and flow chart	

Objective 4: MSG Performance.				
Improve MSG participation and ownership of EITI process in order to achieve the other goals in the workplan.				
Rationale: A well-functioning MSG is essential in order to put ideas into practice. This is something that has been found inadequate by the Validation and the Secretariat Review in the past, while there have also been concerns that the government was not sufficiently engaged. With a new government in place and with the transition to the Standard, a new look at how the MSG is governed and relates to the Government is desirable.				
Governance-related challenges: 1. Insufficient consultation and communication between representatives on the MSG and broader constituencies 2. Perception among constituencies that there has been insufficient political will in the past. 3. Unclear internal guidelines for decision-making and responsibilities. 4. Lack of ownership of the process by MSG members.				
Activities	Responsible party	Timeline	Output	Budget
4.1 'Protect the Cornerstone'				
All three MSG constituencies lobby GoA to announce and give more political weight to the function of the AEITI Champion.	MSG	December 2016	Position of AEITI champion lifted up	
MSG CSOs conduct a general assembly including elections and ensure that stakeholders beyond the MSG are notified and have the opportunity to attend.	MSG CSOs	March 2017 (<i>before validation starts</i>)	Minutes of meeting and list of participants.	
MSG companies conduct a general assembly including elections and ensure that stakeholders beyond the MSG are notified and have the opportunity to attend.	MSG companies	March 2017 (<i>before validation starts</i>)	MSG Chair raise this issue on 28 Nov and request both Constituency to initiate the process and update the MSG	
4.2 Build the capacity of MSG, National Secretariat and key AEITI Stakeholders				
In order to cope with staff changes, new MSG members receive an instant introduction to the EITI based on the specific handout and conducted by the respective peer from the stakeholder group, Head of Secretariat, and if requested from an national/international advisor.	MSG, Secretariat	as of November 2016 ongoing.	Handout and documentation in the annual activity report	
International outreach and training, e.g. around EITI Board meetings.	MSG, Secretariat	Ongoing	Documentation in the annual activity report	
Participate in existing transparency initiatives in the country and region	MSG, Secretariat	Ongoing	Participation in Democracy Int., Mining Shura MoMP, AREU and Govern4AFG and other initiatives focused on transparency in Mining Sector	
4.3 Improve MSG progress monitoring and performance				
Secretariat ensures that responsible parties report at each MSG meeting about progress. If deemed necessary in the meantime, progress updates are circulated by email.	Secretariat, MSG	as of November 2016 ongoing.	MSG minutes	
Submit Annual Activity Report 2016.	Secretariat, MSG	April 2017	Annual Activity Report 2016	
MSG modifies and updates work plan as need arises.	MSG	as of November 2016 ongoing.	Work plan	
MSG forms committee that jointly with the Secretariat supports the Validation starting in April 2017.	MSG	October 2017	Validation report	
Note:				
* Figures in red are actual				
** Figures bold black are Estimate				