**Validation of Afghanistan**

Draft Validation Report

Cowater Sogema Independent Validator

11th September 2018

**1. EXECUTIVE SUMMARY**

The Government of Afghanistan committed to implement the EITI in March 2009 and was accepted as an EITI Candidate on 9 February 2010. On 25 October 2016, the Board agreed that Afghanistan’s Validation under the 2016 EITI Standard would commence on 1 July 2017.[[1]](#footnote-1) On 19 September 2017, the Board delayed the commencement of Afghanistan’s Validation to 1 November 2017.[[2]](#footnote-2)

This draft validation report follows on from a quality assurance review of the International Secretariat’s initial assessment. The Validator agrees with the Secretariat that Afghanistan has not yet reached EITI standard, with 19 requirements failing to be met satisfactorily.

There are no scoring changes recommended.

**2. BACKGROUND**

While extractive industries accounted for only 0.7% of government revenues and 1.1% of merchandise exports in Afghanistan in 2015[[3]](#footnote-3), there is significant untapped potential for growth in the mining sector in particular.[[4]](#footnote-4) The country holds significant reserves of iron ore, copper, gold, marble, rare-earth minerals, various construction materials and gemstones, with the value of reserves estimates ranging from USD 1tn according to the USGS to USD 3tn according to Afghanistan’s Ministry of Mines and Petroleum (MOMP).[[5]](#footnote-5) The government estimates that Afghanistan holds deposits of some 2.2bn metric tons of iron ore, 1.3bn metric tons of marble, roughly 30m metric tons of copper, 1.4m metric tons of rare earths minerals and 2,700kg of gold.[[6]](#footnote-6) A total of 1,400 mineral deposits have been identified nationwide.[[7]](#footnote-7) Minerals are clustered in three main areas. The first belt, running from south-western Herat to north-eastern Badakhshan, contains deposits of iron-ore, gold, copper, barite, coal and gemstones. The second belt, through the southern Helmand, Kandahar, Zabol and Ghazni provinces, contains reserves of copper, gold, molybdenum, zinc, lead, and chromite. Finally, the area around Kabul contains reserves of copper, including the world-class Aynak copper deposit.[[8]](#footnote-8)

Afghanistan has long history of artisanal and small-scale mining (ASM), particularly of gemstones and semi-precious stones like lapis lazuli.[[9]](#footnote-9) A GiZ study on ASM published in 2016 estimated that some 50,000 miners were directly involved in ASM and 200k-450k workers were involved in upstream and downstream ASM-related activities, roughly 3%-6% of Afghanistan’s labour force.[[10]](#footnote-10) With a majority of such ASM in areas outside the central government’s control, credible independent analysts have estimated that informal mining provides some USD 200m-USD 300m in annual revenues to the Taliban.[[11]](#footnote-11) The government projects that the mining sector could account for 45%-50% of GDP by 2024,[[12]](#footnote-12) generating some USD 2bn in government revenues per annum.[[13]](#footnote-13) At present, however, the sector is far smaller, generating only around USD 32.5m in government revenues and USD 135m in economic activity in 2015.[[14]](#footnote-14) Authorities estimate that roughly USD 300m in government revenues are lost annually due to illicit mining.[[15]](#footnote-15) The government has received extensive support from development partners in extractive industry reforms, although ongoing security concerns have hampered progress.[[16]](#footnote-16)

Supported by the World Bank, the government initially prioritised larger industrial-mining projects over formalising artisanal and small-scale mining. In 2007, a consortium of China Metallurgical Corp. (MCC) and Jiangxi Copper Corp. (JCCL) agreed to the largest single foreign investment in Afghanistan’s history, valued at USD 2.9bn, to develop the world’s second-largest copper deposit at Aynak in Logar Province, 35km southeast of Kabul.[[17]](#footnote-17) Aynak holds an estimated 450m metric tons of copper ore worth over USD 50bn. [[18]](#footnote-18) In 2012, the government also licensed the Hajigak iron-ore deposit, one of Asia’s largest undeveloped iron-ore reserves 130km west of Kabul with an estimated 1.8bn metric tons of recoverable iron-ore.[[19]](#footnote-19) The project was awarded to a consortium of Indian companies led by the Steel Authority of India and Canada-based Kilo Goldmines.[[20]](#footnote-20) The estimated USD 10.8bn project includes plans for a 900km railway connection from the Hajigak region to the Iranian port of Chabahar.[[21]](#footnote-21) At the time, the government expected the two projects of Ainak and Hajigak to generate some 90,000 direct and indirect jobs and roughly USD 500m in annual fiscal revenues by 2020.[[22]](#footnote-22) Neither project is currently operational. President Ghani’s government discontinued the policy of prioritising large-scale projects and there was a *de facto* licensing freeze in the period 2015-2017.

Afghanistan holds reserves estimated at 3.4bn barrels of crude oil, 440bn cubic meters of natural gas and 562m barrels of natural gas[[23]](#footnote-23) spread over 29 fields (in the Afghan-Tajik, Amu Darya and Tirpul basins).[[24]](#footnote-24) While oil and gas deposits were first identified in 1959, only a small share have been developed to date. In 2011, China National Petroleum Corp. (CNPC) and its local partner Watan Oil & Gas secured rights to three oil and gas blocks in the provinces of Sar-e Pul and Faryab[[25]](#footnote-25), including to the Amu Darya oil basin that started producing in June 2012.[[26]](#footnote-26) The consortium produced 372k barrels of oil from the Amu-Darya oilfield in 2014 and 268k barrels in 2015[[27]](#footnote-27), far short of the government’s target of 40k barrels per day due to budgeting disputes between the companies.[[28]](#footnote-28) Two refineries were established by private investors in 2013 in northern Hairatan to handle Amu-Darya crude.[[29]](#footnote-29) While the Afghan Gas Enterprise produces natural gas from four gas fields in the country’s north, the quantities produced remain limited[[30]](#footnote-30) and supplied to a domestic fertiliser company and power plant.[[31]](#footnote-31)

In line with the Validation Guide, the International Secretariat carried out the first phase of validation—initial data collection, stakeholder consultations, and preparation of their initial evaluation of progress against the EITI requirements (the “Initial Assessment”). Cowater Sogema was appointed as the independent Validator to evaluate whether the Secretariat’s work was carried out in accordance with the Validation Guide. Cowater Sogema’s principal responsibilities as Validator are to review and amend the Initial Assessment, as needed, and to summarize its independent review in this Validation Report for submission to the Board through the Validation Committee.

1. **Work Performed by the Independent Validator**

The Secretariat’s Initial Assessment was transmitted to Cowater Sogema on July 9th 2018. Our Validation Team undertook this phase of the Validation process through: (1) In-depth review and marking up of the EITI Assessment by each team member; (2) Detailed review and comments by the Multi-Stakeholder Specialist of Requirements 1 and the Civil Society Protocol; (3) Detailed review and comments by the Financial Specialist of Requirements 4, 5 and 6; (4) Consolidation of reviews and the production of this draft Validation Report, sent to the International Secretariat on the 22nd July 2018.

1. **Comments on the Limitations of the Validation**

The Validator carefully reviewed the Secretariat’s Initial Assessment and at this stage has no comments on the limitation of the validation process.

1. **Comments on the International Secretariat’s Initial Assessment**

The initial data collection, stakeholder consultations, and drafting of the Initial Assessment were generally undertaken by the International Secretariat in accordance with the 2016 Validation Guide. The data collection took place across three phases. Firstly, starting in 2017, a desk review of the available documentation relating to the country’s compliance with the EITI Standard, including but not limited to:

* The EITI work plan and other planning documents such as budgets and communication plans;
* The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings;
* EITI Reports, and supplementary information such as summary reports and scoping studies;
* Communication materials;
* Annual progress reports; and
* Any other information of relevance to Validation.

A country visit took place on 19-24 January 2018. All meetings took place in Kabul. Despite important security constraints, the secretariat spoke with and/or met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders were able to freely express their views and that requests for confidentially were respected. The list of stakeholders consulted in outlined in Annex D.

Finally, the International Secretariat prepared a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The initial assessment did not include an overall assessment of compliance. The report was submitted to the Validator, with the National Coordinator (NC) also receiving a copy.

**2. GENERAL COMMENTS**

* **Progress in EITI Implementation**

Afghanistan presents a unique case of EITI implementation. Much of the country remains outside government control, and there is extensive illegal mining of gemstones and gold. Meanwhile the EITI concerns primarily the formal economy, which is dominated by coal, talc, small amounts of crude oil and construction materials. This translates into roughly USD 40m a year in government revenues from the mining, oil and gas sector. By comparison, the Taliban is believed to collect up to an estimated USD 200m from illegal mineral taxation annually.[[32]](#footnote-32)

* **Impact of EITI Implementation**

From a low starting point, the EITI has had some impact. The multi-stakeholder group has enabled discussions on the management of mining licenses, the quality of production data and the traceability of extractives revenues. EITI reports have served as regular “diagnostics tools” to assess progress on reforms, and EITI recommendations were an important factor in the government’s November 2017 decision to publish the most comprehensive list of licenses to date. For civil society, the EITI has provided a key channel to follow up on the government’s commitment to contract disclosure, resulting in the publication of over a thousand small-scale mining contracts in 2017. All stakeholders have made frequent reference to EITI requirements to push for reforms.

Yet in many ways the EITI remains shy of its potential, even bearing the challenging Afghan context in mind. Limited coordination between government ministries has hindered effective follow-up on EITI recommendations. While stakeholders have used the EITI to encourage progress on cadastral management and revenue traceability, public financial management issues have not been part of the discussion. The lack of attention to the two state-owned extractives companies, which together account for three-quarters of the government’s extractives revenues, is a key weakness.

Implementation of the EITI Standard provides a key instrument to drive improvements in natural resource governance in Afghanistan. The successful establishment of an automated non-tax payment system as planned and linking it to the Ministry of Finance’s revenue collection systems would provide some level of assurance over government revenues. Implementation of the government’s plans to assign individual tax ID numbers per mining license and disaggregate extractives-specific revenue classifications should strengthen the government’s own oversight of the sector. Using annual EITI reporting as a diagnostic of state-owned enterprises’ financial relations with the government would support the government’s corporatisation plans for the two companies. Amidst sometimes erratic institution-building, developing government and company systems that systematically disclose information required under the EITI Standard will in many cases be the most efficient way to address key EITI reporting requirements. Such progress requires proactive – and operational – engagement from all constituencies.

**The Independent Validator’s Assessment of Compliance**

*Figure 1 – Validator’s assessment*

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

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| *Legend to the assessment card* | |
|  |  |
|  | The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled. |
|  | The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled. |
|  | The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled. |
|  | The country is compliant with the EITI requirement. |
|  | The country has gone beyond the requirement. |
|  | This requirement is only encouraged or recommended and should not be taken into account in assessing compliance. |
|  | The MSG has demonstrated that this requirement is not applicable in the country. |

**3. DETAILED FINDINGS**

This section highlights areas where the Validator disagrees with the findings of the Initial Assessment or requires further clarification.

4.1 The MSG had agreed on a materiality threshold of zero for selecting material revenue streams due to poor quality of the government’s initial reporting on which materiality decisions were based. (Recommendation # 20)

**4. RECOMMENDATIONS**

While the following report includes recommendations for specific improvements the MSG may wish to consider implementing, the following is a list of strategic recommendations that could help Afghanistan make even greater use of the EITI as an instrument to support reforms.

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. AEITI should also consider inviting representatives from SEC and Presidential advisors given their apparent influence over extractives issues. 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.
2. 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. 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. This is 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.
3. 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. 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.
4. 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.
5. 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 extractives licenses active in the period under review.
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.
7. 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. We understand there is a MSG commitment that by December 2018 comprehensive data on extractive resource sector production and export data is captured and publicly disclosed in an easily understandable format
8. 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. Given the apparent purchase of oil by local small refineries, AEITI should consider data requests to such refineries.
9. 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.
10. In accordance with Requirement 4.1 (a), revenue streams from small scale mining should be assessed to include material payments from that sector ahead off future EITI reports. This should include sectors such as emerald and lapis lazuli mining which have been previously flagged by MSG members as having potentially material revenue
11. In accordance with Requirement 4.1, a software system which provides a comprehensive and simple data base for all revenues collected from resource sector SOEs and private sector companies by MoF and MoMP should be installed and implemented.
12. 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.
13. 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.
14. 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.
15. In accordance with requirement 4.9, income from non-tax revenues should be disclosed and publicly available in a comprehensive and easy-to-understand format/reporting template.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. 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 prioritise these.
22. 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 harmonised. 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.
23. The MSG is encouraged to consider revisiting the materiality threshold for payments to strike a balance between the comprehensiveness of disclosures and the quality of reporting considering limited resources at their disposal.

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2. EITI (September 2017), ‘EITI Board decision: The Board agreed to postpone Afghanistan’s Validation for four months until 1 November 2017’, accessed [here](https://eiti.org/board-decisions) in January 2018. [↑](#footnote-ref-2)
3. World Bank Open Data website, accessed [here](https://data.worldbank.org/) in January 2018. [↑](#footnote-ref-3)
4. Geophysical and hyperspectral surveys have been conducted on roughly 75% of Afghanistan’s territory, following work by the Soviet Geological Mission in the 1970s and 1980s and, since 2001, by the US Geological Survey (USGS) and the British Geological Survey. Ministry of Mines and Petroleum (2012), ‘10 Reasons To Invest In Afghanistan’s Mining Sector’, accessed [here](http://mom.gov.af/Content/files/10%20reasons-10pg-4.pdf) in January 2018. [↑](#footnote-ref-4)
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7. Heinrich Böll Stiftung Afghanistan (2016), ‘Mining in Afghanistan’, accessed [here](https://www.boell.de/sites/default/files/assets/boell.de/images/download_de/worldwide/Mining_in_Afghanistan_KorrekturenCL.pdf) in January 2018. [↑](#footnote-ref-7)
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9. Global Witness (June 2016), ‘Afghanistan’s famous lapis mines funding the Taliban and armed groups, new investigation shows’, accessed [here](https://www.globalwitness.org/en/press-releases/afghanistans-famous-lapis-mines-funding-taliban-and-armed-groups-new-investigation-shows/) in January 2018. [↑](#footnote-ref-9)
10. GiZ (December 2016), ‘Artisanal and Small-scale mining in Afghanistan: background and context’, in Afghanistan EITI (December 2016), ‘1391 and 1392 (2012-2013) EITI Inception report and Fourth reconciliation report - appendices’, accessed [here](https://eiti.org/sites/default/files/documents/2012-2013_afghanistan_eiti_report_appendices.pdf) in January 2018, p.230. [↑](#footnote-ref-10)
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12. Heinrich Böll Stiftung Afghanistan (2016), op.cit.. [↑](#footnote-ref-12)
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