

Think-and-do-tank Govern4Afg on Good Governance in Afghanistan

Mining sector governance

Sector Factsheet



What is Govern4Afg?

Govern4Afg (Governance Forum Afghanistan) as an overarching platform supports the governance sector in Afghanistan in the implementation of the *BMZ Country Strategy*. Its objective is to foster policy dialogue between Afghan and German 'Drivers of Change' in the field of good governance.

Context

At the beginning of the transformation decade (2015–2025) in Afghanistan, the *National Unity Government (NUG)* has set benchmarks with the international community to realize the '*Self-Reliance through Mutual Accountability Framework (SMAF)*' highlighting 25 concrete short-term priorities for more transparent and effective governance structures.

This factsheet on the role of the *mining sector* in good governance in Afghanistan reflects one of six areas addressed in the first year of implementation of Govern4Afg. The forum's results are based on the Afghan-international expertise of practitioners, experts and decision-makers with interdisciplinary academic backgrounds who have discussed and developed their views on good governance combined with a roadmap which regards sustainability, self-reliance and accountability as guidelines.

Afghanistan is estimated to hold \$ 1 to 3 trillion in untapped mineral deposits, ranging from lootable ones (such as gems, marble, gold, coal, lapis lazuli and the like) to more non-lootable ones (such as iron ore, copper, oil and gas). Yet most of the extractive sector activities today in Afghanistan are artisanal, small- or medium-scale. Up to 10,000 deposits

are not under government control and linked with continuing conflict and violence, resulting in significant revenue losses from illegal extraction. At the same time, donors have focussed on initiatives for the extractive sector to support the country's economic development. To date, the *Ministry of Mines and Petroleum (MoMP)* has faced challenges, through learning by doing, to implement a mostly donor-driven agenda. Especially, obstacles related to efficient governance structures like developing, implementing and monitoring policies and strategies were evident.

Results

After a series of Govern4Afg interviews within the government agencies and holding an open dialogue with representatives of the Afghan government, affected communities, private sector, civil society actors and other stakeholders, the key findings of the Govern4Afg expert-team led to an overarching policy approach for the extractive sector. Given the current context in which the extractive sector has little chance to support the country's sustainable development, Govern4Afg addresses the following intertwined policy objectives:

- Setting peace as the prevailing objective, supporting slow and incremental resource extraction, fostering development of a social contract, and setting the goal of economic diversification and social spending;
- Conducting multi-layered and multi-level policy dialogues among Afghan policy makers on one hand and German and international stakeholders on the other hand in order to ensure continuous dialogue;



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- Enhancing accountability and transparency (in the whole process of bidding and contracting) by ensuring a strong civil society participation in the policy and decision makings in the sector.

In the course of dialogue events and interviews, Govern4Afg has sensitised the *National Environmental Protection Agency (NEPA)* about the needs for firming up the regulation for impact assessment and capacity to follow up mechanism. Govern4Afg dialogues have also prompted interest within the MoMP and the NEPA about linkages among the extractive sector and conflict, as well as technical matters such as the risks of seismic hazard for sites on the *Chaman Fault* along the Afghan-Pakistani border.

Recommendations

Environmental and social impact assessment by the government ministries

Impact assessments, required by law in Afghanistan, have only been done for less than 5 % of government-approved mining contracts. Besides the lack of monitoring the environmental and social impacts, corruption in tendering, review and access to data, weak private sector and regulatory capacity, unclear shared regulatory authority, ambiguous and incoherent regulatory requirements, and a token public participation requirement that can be easily waived are further challenges within the governmental institutions itself.

Recommendations to improve impact assessments include reviewing existing contracts for progressive implementation and monitoring, building government capacity, coordination and cooperation among MoMP and NEPA, building private sector capacity, expanding calls for transparency to include access to geologic data and ESIA's, raising awareness of the importance and methods of public participation, and conducting a legal and regulatory review to address gaps and ensure coherence across laws.

Civil society, transparency and accountability

Recommendations for the role of civil society to improve transparency and accountability of the sector include developing a locally-owned agenda for a slow development of the extraction of Afghanistan's resources, awareness-raising with the government that the extractive sector is not conflict-neutral, facilitating communication at multiple levels, strengthening inclusion of civil society beyond CSOs to support dialogue, and strengthening the role of CSOs in the *Extractive Industries Transparency Initiative (EITI)*. In particular, more cooperation and support with existing labour unions (e.g. in Khost) are planned. The most affected group of unprofessional and ill-equipped extractions in legal and also illegal mining sites are the workers and their families. One major challenge will be commitment for international and governmental support of well-structured and long-term vocational education and training systems for mining workers responsive to the different extractive sectorial needs (i.e. gas, oil, coal, gemstone, lithium, copper, gold etc.).

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