German Cooperation with Afghanistan

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Afghanistan Extractive Industries Transparency Initiative (AEITI): Pre-Assessment in Kabul

Kabul, 13th May 2017 – During the past week, the Afghanistan Extractive Industries Transparency Initiative (AEITI) concluded an assessment of the country's progress in implementing the EITI Standard. EITI is the global standard for transparency and good governance in the extractive sector. The assessment, organised and financed by the Afghan-German Cooperation, was facilitated by representatives from EITI International Secretariat, based in Oslo, Norway.

"This has been an excellent opportunity for Afghan stakeholders to take an in-depth look at their process, take note of their progress and identify priority areas for further work", Eddie Rich, Deputy Head of EITI, says. President Ashraf Ghani, the Minister of Finance Mr Hakimi, the recently nominated Minster of Mines and Petroleum Mrs Nehan, the Head of Development Corporation of the German Embassy Mr Gehlen and international donors such as USAID and the European Union as well as members of the AEITI multi-stakeholder group (MSG) discussed how EITI can contribute to reforming the extractive sector in Afghanistan.

In bilateral talks with Mr Rich, President Ashraf Ghani addressed annual revenue losses in the sector, estimated at USD 300 million. He pointed out that "there is an urgent need for sector reform to increase revenue in the mining sector. We need to make sure all contracts are appropriate and work closely with all provinces in order to formalise artisanal and small-scale mining activities."

Pablo Valverde, EITI Regional Director, commented: "AEITI is designed to serve as a tool to foster trilateral dialogue and reform." EITI representatives, the civil society, the private sector, and the government evaluated AEITI's latest report on the status of the extractive sector in 2014 and 2015 published on 30th April. The reconciliation report covers payments and production data provided by government and private sector. Major gaps in available data such as export data, were highlighted. It also emphasises that the government needs to implement sector reforms in order to reverse its own revenue collection's downward trend.

During Monday's Anti-Corruption Conference held by the EU, President Ashraf Ghani committed to deepen reforms in revenue-generating ministries such as the MoMP. Priorities addressed were for example the review and possible cancelling of mining contracts that do not correspond to international standards, that are disadvantageous to the government or that have been awarded without due process. Information on owners of mining operations needs to be collected and disclosed (beneficial ownership).

According to the President's agenda, newly nominated MoMP-Minister Nehan further presented new initiatives that suggest reforms regarding leadership deficits in the MoMP, contract revenue management and the revision of the Afghan mineral law.

EITI is a global standard for governing a country's oil, gas and mineral resources. The standard is implemented by governments together with companies and civil society. Countries applying the standard disclose information on tax payments, licenses, contracts, production and other key elements of natural resource extraction. Afghanistan became a candidate of the initiative in 2010 and will be undergoing further EITI validation to achieve full compliance.

Germany's programme for promoting good governance in the extractive sector in Afghanistan assists the Ministry of Mines and Petroleum (MoMP) in improving mining supervision in line with good governance standards. The project contributes to the Afghan National Development Strategy (ANDS), the National Extractive Industries Excellence Programme (NEIEP) and the Afghan National Peace and Development Framework (ANPDF). Activities focus on strategic support to the MoMP, capacity development for MoMP staff as well as provincial mining inspectorates and AEITI implementation.

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For further information please contact: pr-unit-afghanistan@giz.de