

جمهوری اسلامی افغانستان  
دفتر مشاور ارشد رئیس جمهور در امور معادن و انرژی



د افغانستان اسلامي جمهوریت  
د ولسمشر د کابو او انرژۍ د ستر سلاکار دفتر

**Islamic Republic of Afghanistan**  
Office of Senior Adviser to the President  
of Afghanistan for Mines & Energy

**Excellencies, Dignitaries, Mr. Chairman, dear Colleagues, ladies and gentlemen**

It is with great pleasure that on behalf of the Islamic Republic of Afghanistan I have been invited to speak today before you.

First of all, I would like to thank the CASM and the World Bank for sponsoring the participation of Afghanistan at this conference in this beautiful country of Mozambique.

As you are Aware, Afghanistan has suffered years of civil conflict and wars. For 23 Years, much of our country's infrastructure has been ruined as a result of wars as well as neglect of operations maintenance and equipment upgrades.

Since 2001, the people of Afghanistan have united with the international community to find ways to build the economy, reconstitute our energy, mining and industrial sectors and to build the capacity of our people to provide the talent and skilled labor for steering our future economic development.

I am pleased to announce that during the last seven years, great strides have been made throughout the economy and that the viable Mining sector of Afghanistan is re-emerging with the support of Government and the donor community. It is our hope that investors will be interested to work in Afghanistan in this sector.

The ministry of Mines is the government body responsible for Mining sector in Afghanistan.

The Hydrocarbons Law and the Minerals Law of Afghanistan were both approved by the government and are now in effect. These Laws introduce important international standards to support private investment that include:

- The establishment of an Inter-Ministerial Oversight Committee to review and support private investment contracts
- The establishment of a Cadastre and Regulatory body
- The upgrading of a market-based Inspectorate
- Enhancement of the data and research functions of the Afghan Geological Survey.

We are confident that the legal and regulatory framework, as well as the tax, customs and business laws are in place, which will be attractive to investors in Afghanistan.

To underpin the Petroleum and Minerals Law a comprehensive set of regulations will be in place that set out in details the obligations of the developer and the Ministry of Mines as the regulator. Both set of regulations are in the final stages of being enacted

Since 2002, the Government of Afghanistan has been closely collaborating with the international community to develop its Mining sector. The US and British Geological Surveys, World Bank, USAID, ADB, NORAD have provided important technical assistance and funding to help Afghanistan to digitize our maps and data and to upgrade the skills of the staff at the Afghan Geological Survey and in the Ministry of Mines.

Government has entered into a 30 million US\$ grant agreement with the World Bank to establish important institutional support for the private sector including a Cadastre, Inspectorate and Oversight Body and capacity building for the Ministry of Mines including the Afghan Geological Survey.

The Asian Development Bank is providing technical assistance to draft gas regulations, establish a regulatory body and capitalize initial rehabilitation of existing gas fields in the north. The ADB is also funding the quad lateral meetings to explore the opportunities to develop the Turkmenistan-Afghanistan-Pakistan-India or TAPI-National gas pipeline.

The Ministry of Mines is also the government body responsible for the oversight of the oil and gas sector in Afghanistan. As I will discuss later,

new market-based institutions are being established to support private investment.

In Afghanistan, the northwestern oil and gas basin called the Amu Darya Basin, has been explored and exploited over the years but there remains considerable potential. There exist 8 known gas fields of which 3 have been exploited and 6 known oil field.

In addition, there are four basins of probable oil and Gas reserves, “Afghan-Tajik”, “Helmand”, “Katawaz” and “Herat”.

The US Geological Survey completed an assessment of Undiscovered Petroleum Resources of Northern Afghanistan. The resulting estimates are 1.6 million barrels of crude oil, 16 trillion cubic feet of gas, and 600 million barrels of condensate.

With the help of NORAD, the Norwegian Agency for Development, the first Afghanistan hydrocarbon bidding round has been initiated. One oil and two gas blocks are being offered. Expressions of interest have been called for and of the eleven companies that submitted EOIs, seven are pre-qualified to bid in the bidding round. It is planned to have petroleum contracts signed by early December 2009. Details of the bedding round can be found at [www.ghanistanpetroleum.com](http://www.ghanistanpetroleum.com)

The Ministry of Mines has worked with the US Geological Survey to conduct a series of airborne geophysical surveys that will provide valuable data concerning resource reserves and location throughout Afghanistan. The Geophysical data being collected includes:

- Photogrammetry
- Digital topographic Maps
- Hyper-spectral
- Gravity
- Magnetic, and
- Seismic Aerial Research

The Government of Afghanistan owns all of this data and will be using it to prepare “data packages” for investors on a variety of resource opportunities for investment including oil, gas and the Small scale Mining. USGS has

published this in a comprehensive report “Preliminary Non-Fuel Mineral Resource Assessment of Afghanistan” which is public ally available in paper and digital format. In addition USGS have prepared a very detailed compilation of Afghanistan’s coal resources “Large Scale Digital Geological Map Databases and Reports of North Coal District in Afghanistan” which is available in digital form.

We will continue to build our data for valuable application by Government and investors.

Last year after very transparent international tender the Ministry of Mines awarded a mining contract for the Aynak copper deposit southeast of Kabul to develop the copper resource to MCC-Jiangxi Copper Consortium of China. The consortium agreed to pay on top of royalties and income tax, an \$808m bonus to the government. The copper resource at Aynak is a substantial copper resource that will provide several thousands of jobs and important revenue for the Afghanistan treasury.

Following up on this, the Ministry of Mines is currently in the process of an international tender for the rich iron deposit at Hajigak, near Bamyan in Central Afghanistan. After a call for expressions of interest, a shortlist of seven qualified companies have been chosen and these will be invited to prepare detailed bids for the exploration and development of an integrated mining and steel manufacturing facility based on the Hajigak iron deposit.

It is our intention to continue tendering. By working with private industry, the Government seeks to build revenue for the national budget, modernize mining sector operations and maximize production, create employment, source of income and training, educating young Afghans, who are literally the country’s future-markers.

I want to conclude with information about small scale mining in Afghanistan to open the door for discussion to the participants of this conference.

Afghanistan and gemstones have been inextricably linked for more than 6000 years and the country remains rich in precious and semiprecious gemstone deposits. Lapis lazuli, mined in the Hindu Kush since the Neolithic Period, was transported along the ancient trade routes to Mesopotamia, Egypt and India. Precious gems including emeralds, ruby and sapphires have been mined in country for many centuries

Gemstone mining in Afghanistan is typically an artisanal activity, carried out by people living in villages surrounding the mines. Tunnels are excavated and gems are extracted by hand using drills, dynamite and often high explosives recycled from ordnance. These techniques lead to much waste and damage to gems, and result in low yield.

Most of the gemstones mined in Afghanistan leave the country illicitly, 90–95 % of them going to Peshawar in Pakistan where they are sorted for quality. The main valued stones that are mined in Afghanistan include emeralds, rubies, tourmaline, aquamarine, kunzite, topaz, garnets, fluorite, the semi-precious lapis lazuli, and varieties of quartz. Afghanistan is also a source of good quality mineral specimens sought by collectors.

In Pakistan, the low-value stones are cut for the domestic market and the medium- and high-quality stones are sent around the world for accurate cutting for the western markets. This pattern of trade ensures that Afghanistan gains little value from its gemstones, and makes the value of the annual production difficult to estimate. The World Bank has valued it as US \$ 2.75 million (Mining as a source of growth March 2004), and other estimates suggest a much higher figure (UNDP, 2005). It has been suggested that the potential annual value is US \$160 million (UNDP, 2005) and this could be realized if better techniques were instituted at the mines and if all known deposits were worked.

Recent government initiatives and work being undertaken by USAID are addressing the economic issues associated with gemstone production. The Mining Law has been passed and regulations are being developed to provide the framework for more formal exploration and mining. Implementation of these will enable the gem trade to be legalized and this will encourage greater investment in the mines, which in turn will lead to better work practices, greater yields and less waste. The Government of Afghanistan is starting to formalize the industry by asserting its authority in rural areas.

Other developments that are capacity building and education in the complete value chain of exploration, mining, sorting, cutting, polishing, gemology, and the creation of quality standards and targeted marketing campaigns in order to increase the value of Afghan gemstones before they are exported. Although there is a long way to go, the potential for Afghanistan's gemstones is immense.

In brief, there are four main gemstone producing areas: the Panjshir Valley producing emeralds, the Jegdalek area producing rubies and a range of fancy colored and blue sapphires, Badakhshan producing the world-famous and most recognized of Afghan gems, lapis lazuli, and Nuristan producing a wide range of semi-precious gems such as tourmaline, kunzite, aquamarine, spodumene and beryl.

The Afghanistan Geological Survey's database on mineral resources contains many reports on Afghanistan's gemstone resources. Further information can be obtained from the Programme Management Unit of the World Bank funded Sustainable Development of Natural Resources programme [asediqi@spcglobal.net](mailto:asediqi@spcglobal.net) and from the Afghanistan Ministry of Mines website – [www.mom.gov.af](http://www.mom.gov.af). I have with me a digital brochure on Afghanistan's gemstones that I can make available.

We hope we will see you soon in Afghanistan.

Thank you

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