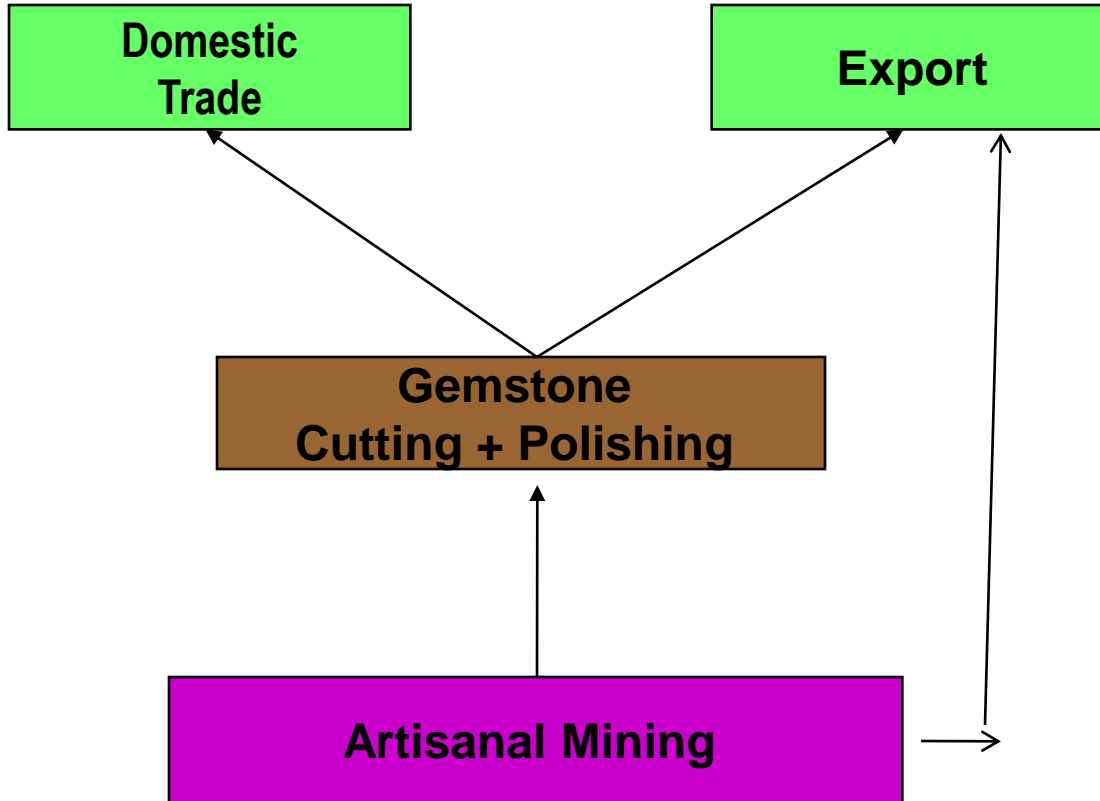


AFGHANISTAN GEMSTONE VALUE CHAIN

ENABLING ENVIRONMENT

INDUSTRY INFRASTRUCTURE



Marketing

Processing

Production

Gemstones: a source of sustainable development for Afghanistan- or ongoing conflict?

- Parties with 'vested interests' include former warlords in Panjshir, Badakshan, Jegdalek and Nuristan
- Some have 'extremist' affiliations, some do not
- Gems for arms
- 'Blood emeralds'
- Kidnapping and criminality
- Buksheesh / corruption
- Smuggling
- Unregulated markets allow money laundering
- Drugs and gemstones, symbiotic or mutually exclusive?

Artisanal mining in Panjshir Valley, Afghanistan



Training in gemmology, gem-cutting and jewellery is needed



What we can do to help break the cycle of poverty and conflict





AFGHANISTAN GEMSTONE SECTOR: A DEVELOPMENT STRATEGY

- Artisanal mines training
- Gemstone cutting and polishing
- Trading and exporting
- Enabling environment
- Industry infrastructure



ARTISANAL MINING

- Build civil society to reduce the control of warlords by establishing gemstone associations, nationally
- Mines training: improve extraction techniques & equipment
- Improve mines safety and address environmental issues



CUTTING AND POLISHING

- Training cutters in technical and business skills
- Poverty alleviation: jobs for women
- Facilitating private sector investment in establishing cutting/polishing facilities
- Bringing in experts who can produce export quality stones now



TRADING AND EXPORTING

- **Establish legal trading market - Jalalabad and others**
- **Trade shows**
- **Branding, marketing and promotion:**
 - Media coverage
 - TMF jewelry collection
 - Museum exhibitions
- **Market Linkages**

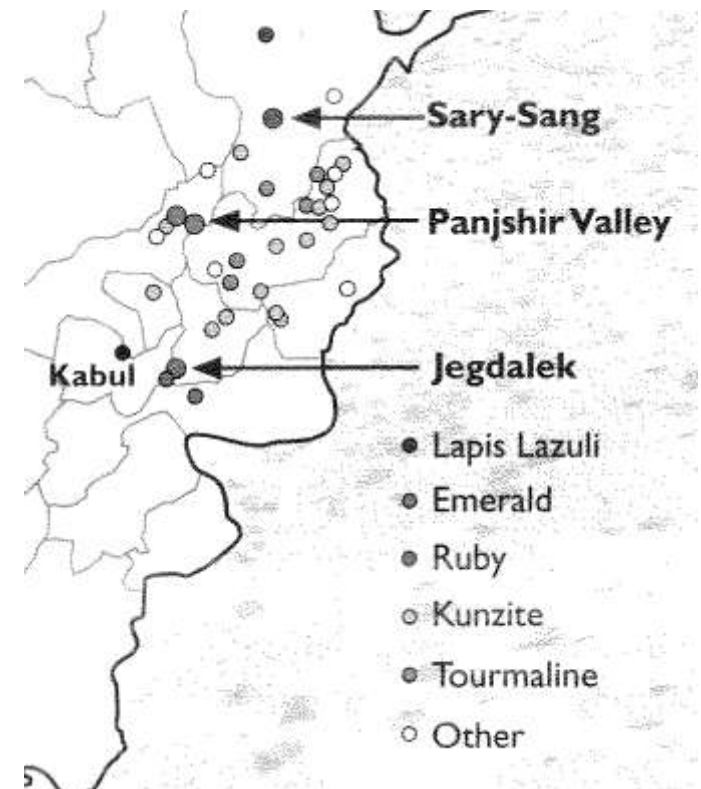


TRADING AND EXPORTING

- **Establish legal trading markets**
 - Jalalabad gem centre under construction
 - Private sector investor identified for gem centre in Kabul
- **Market Linkages and Trade shows**
 - Tuscon, 10 booths reserved for 2010
 - Bangkok, Gary Bowersox taking a group of Afghans on an education trip this week
- **Marketing and promotion:**
- -- Branding Afghan gemstones

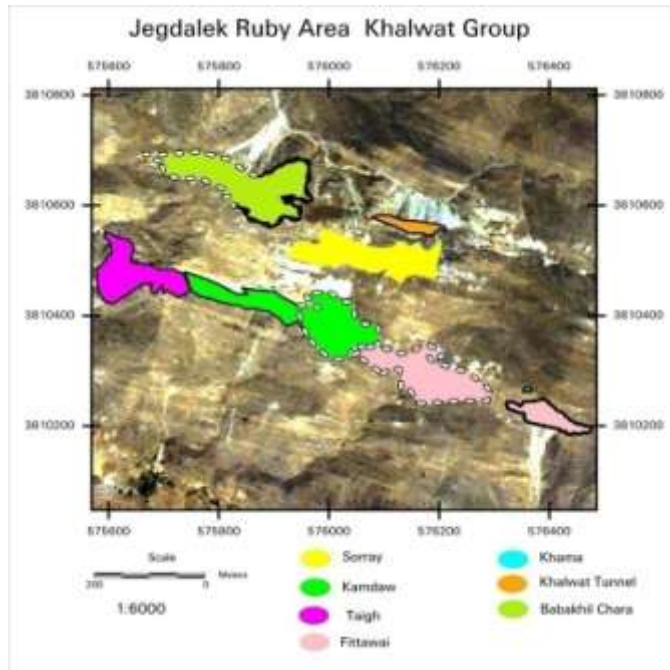
INDUSTRY INFRASTRUCTURE

- Geological surveys
- Gemological Institute
- Gem laboratory & certification (private sector)
- Ethical mining certification



INDUSTRY INFRASTRUCTURE

- Geological surveys
 - Complete geological surveys and mine mapping conducted in Panjshir and Jegdalek, identified 205 mines
 - Mapped on USGS data available for first time!



JEGDALEK		
Tunnel Khalwat (Khalwat Group)	N 34° 26.031' E 69° 49.675'	6030 ft.
Khalwat (Khalwat Group)	N 34° 25.950' E 69° 49.593'	6100ft
Lalpura	N 34° 26.294' E 69° 48.473'	6200ft
Loi Kan (Loaikhan)	N 34° 26.283' E 69° 48.778'	5900ft
Karoon Sapada (Sapara) (Karun Mir)	N 34° 26.331' E 69° 48.265'	5800ft
Shakoor Karkhana Nawaikhan (Sakor Mir)	N 34° 26.728' E 69° 48.650'	6000ft
Injunoghaspai (Enjiona Ghdaspa)	N 34° 26.459' E 69° 47.879'	5600 ft.
Taghar	N 34° 26.599' E 69° 47.687'	5600ft
Chongi (Chingi) Chalk Group	N 34° 26.780' E 69° 46.874'	6000ft
Sowray (Sorrai) Khalwat Group	N 34° 25.996' E 69° 49.626'	6100ft
Jamaludin (Jamali Madan)	N 34° 26.786' E 69° 48.093'	5500ft
Paira Dara (Pahra-Dar) Chalk Group	N 34° 26.887' E 69° 46.678'	5600ft
Ghormankai Kan	N 34° 26.418' E 69° 48.062'	5600ft
Tabai	N 34° 26.599' E 69° 47.687'	5600ft
Zawar Kandao	over ridge from Tabai	
Fitawai (Patta Wai)	N 34° 25.823' E 69° 49.933'	6400ft
Khama	N 34° 25.823' E 69° 49.933'	6400ft
Kandaw	N 34° 25.976' E 69° 49.455'	6100ft
Taigh (Taraq Mir)	N 34° 25.991' E 69° 49.439'	6200ft

ENABLING ENVIRONMENT

- Licensing for mines
- Licensing for sales & export
- Streamlining of export duties & procedures (especially for trade shows)
- Taxes

SOUNDS GREAT, BUT....

- Lack of licenses / authorizations for mines means that stones currently mined in Afghanistan are “illegal”
- Reputational risk for private sector investors and NGO's of “illegal” activities -if perceived poorly by media
- Confusion in media over Swat's ‘blood emeralds’ and Panjshir emeralds
- Risk of conflict with Afghan authorities presents challenges for implementation
- Conflicting interests within the gem sector may present problems for implementation
- Is the trade in Afghan gemstones outside the country funding armed conflict?
- Corruption may invalidate competitiveness of “legal” trade

Finally, managed risk will reap rewards

ACTIVITY	Managed Risk	Higher Reward
Artisanal Mining	Also: Provide advanced mining equipment	More mines sites will use advanced equipment more quickly, extracting more high quality raw stones. Private sector expands more rapidly, larger scale commercial operations established. Increased revenues from trade shows due to ASMED support Gem lab & Gem institute established on larger commercial scale. Increased EE reform improves competitiveness.
Cutting & Polishing	Also: Invest in private sector firms	
Trading & Exporting	Also: Sponsor trade show participants to make sales Direct investment in marketing	
Industry Infrastructure	Also: Invest in gem lab & gem institute	
Enabling Environment	Facilitate all licensing, advocate for reduced duties	