

Implementation Status & Results
Afghanistan
Sustainable Development of Natural Resources (P098118)

Operation Name: Sustainable Development of Natural Resources (P098118)	Project Stage: Implementation	Seq.No: 5	Status: ARCHIVED	Last Modified Date: 10-Dec-2010
Country: Afghanistan	Approval FY: 2006			
Product Line: IBRD/IDA	Region: SOUTH ASIA	Lending Instrument: Emergency Recovery Loan		
Implementing Agency(ies): Ministry of Mines				

Key Dates

Board Approval Date	20-Jun-2006	Original Closing Date	31-Jul-2011	Planned Mid Term Review Date	Last Archived ISR Date	13-Aug-2009
Effectiveness Date	20-Sep-2006	Revised Closing Date	31-Jul-2011	Actual Mid Term Review Date	17-Jun-2010	

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

- Enhance the governance of the mineral and hydrocarbon resources sector.
- Effectively regulate Afghanistan's minerals and hydrocarbons in a transparent manner.
- Foster private sector development.

Has the Project Development Objective been changed since Board Approval of the Project?

Yes No

Component(s)

Component Name	Component Cost
Improving internal efficiencies	0.30
Developing regulatory capacity	9.00
Developing mineral resources	10.00
Enhancing sector governance	1.35
Program management and other	8.35

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Satisfactory	Satisfactory
Overall Implementation Progress (IP)	Satisfactory	Satisfactory
Overall Risk Rating		Medium-I

Implementation Status Overview

The project is making good progress with respect to its original Project Development Objectives of assisting the Ministry of Mines in improving its capacity to effectively regulate Afghanistan's minerals and hydrocarbon resources sector in a transparent manner and foster private sector development. The individual components, i.e. the improvement of administrative efficiencies, the development of regulatory capacities, the promotion of private sector led development of mineral resources and the building up of sector governance are progressing well.

Given the stepped up activities around the Aynak copper deposit development, the project has reacted and is putting stronger emphasis around environmental and social capacity building and regulation. Therefore the project will lend more support to the National Environmental Protection Agency (NEPA) through training and the provision of a Board of Experts, collaborate more closely with the Government to maintain high social standards in the resettlement process of villagers in the Aynak valley, and, finally, support the archaeological rescuing process to safeguard Buddhist relics around the planned copper mine.

Results

Project Development Objective Indicators

Indicator	Baseline	Current	End Target
Indicator Name Transparency, competition, and fairness of mineral and hydrocarbon development agreements	Value Baseline = No process for transparent review of mineral contracts	Value International Advisory Council operational. EITI implementation under way. Publication of Aynak contract (synopsis) underway	Value International Advisory Panel operational and reviews major (> \$20 mil) contracts. EITI adopted (validated)
Type Custom Indicator	Unit of Measure Text	Date 14-Jun-2006	Date 30-Jan-2013
	Comment	Date 17-Nov-2010	Comment
		Comment	

Indicator	Baseline	Current	End Target
<p>Indicator Name Strict adherence to the dispositions of the Minerals Law and Hydrocarbons Laws and associated regulations in the issuance of mining titles, licenses, and contracts.</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value Baseline = No competitive (or otherwise) assignments of mineral licenses.</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value Cadastre and Inspectorate work started in late 2008, much progress has been made. Major developments are: 1 . A fully operational and computerized Cadastral Base Map has been established. This includes the cadastral grid-cell overlay for both mining and hydrocarbon titles. Layers are in place for other related features like provincial and district boundaries. Current mining licenses have been recorded. 2. A cadastral database has also been established. 3. Centralization of licensing and inspectorate activities under one department has been taken up</p> <p>Date 17-Nov-2010</p> <p>Comment</p>	<p>Value all licenses issued through the mining cadastre</p> <p>Date 02-Jan-2009</p> <p>Comment</p>
<p>Indicator Name Ability to attract new investments</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value Baseline = no major new investments in the sector.</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value Aynak tender completed, first tranche of premium (US\$80.8 mill paid to GoA). 2. Supported by Norway (Norad) GoA is tendering 3 hydrocarbon blocks. 3. Hajigak tender commenced in September 2010 - several EoI received</p> <p>Date 17-Nov-2010</p> <p>Comment</p>	<p>Value Three new sector investments</p> <p>Date 01-Jun-2010</p> <p>Comment</p>

Intermediate Results Indicators

Indicator	Baseline	Current	End Target
<p>Indicator Name Effective review of licensing (mineral development agreements) by the Ministry with advice from the International Advisory Council</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value baseline = 0</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value International Advisory Council has recently drafted a review of the Aynak mining contract. This is currently being considered by the Minister of Mines.</p> <p>Date 13-Aug-2009</p> <p>Comment</p>	<p>Value 100% reports on all major (>\$20 mil) transactions</p> <p>Date 31-Dec-2008</p> <p>Comment</p>
<p>Indicator Name Issuance of mining titles consistent with the Mining Law and Regulations</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value Exploration licenses - 0 Quarry authorizations - 0 Exploitation Licenses - 0 Hydrocarbon licensing rounds - 0</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value Mining regulations are being completed and will be linked to the cadastral system.</p> <p>Date 13-Aug-2009</p> <p>Comment</p>	<p>Value Exploration licenses - 37 Quarry authorizations - 210 Exploitation Licenses - 12 Hydrocarbon licensing rounds - 2</p> <p>Date 01-Jun-2011</p> <p>Comment</p>
<p>Indicator Name Two new medium-size mines under development by 2010</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value baseline = 0</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value One large mine has been successfully tendered (Aynak - copper). The tender for another large mine (Hajigak - iron ore) has recently commenced.</p> <p>Date 13-Aug-2009</p> <p>Comment</p>	<p>Value 2</p> <p>Date 01-Jun-2011</p> <p>Comment</p>

Indicator	Baseline	Current	End Target
<p>Indicator Name Two hydrocarbon licensing rounds by 2011</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value 0</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value With the support of Norad (Norway), GoA (via MoM) is currently tendering three petroleum blocks internationally. EOIs have been received from eight international companies.</p> <p>Date 13-Aug-2009</p> <p>Comment</p>	<p>Value 2</p> <p>Date 01-Jun-2011</p> <p>Comment</p>
<p>Indicator Name Budget reflecting the priorities of developing regulatory capacity and mineral resources submitted to and approved by MoF</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value 0</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value Increased interaction between MoF, PMU and task team allows for better joint understanding of the sector requirements and status.</p> <p>Date 13-Aug-2009</p> <p>Comment</p>	<p>Value 100</p> <p>Date 21-Mar-2009</p> <p>Comment</p>
<p>Indicator Name Geological Information - infield district studies and promotional events</p> <p>Type Unit of Measure Custom Indicator Text</p>	<p>Value 0</p> <p>Date 14-Jun-2006</p> <p>Comment</p>	<p>Value Geological Survey consultancy is ongoing. Some of the consultant's methodology requires review - this is being discussed between GoA and the task team.</p> <p>Date 13-Aug-2009</p> <p>Comment</p>	<p>Value 4 completed mineral district studies 5 sector promotions</p> <p>Date 01-Jun-2011</p> <p>Comment</p>

Data on Financial Performance (as of 02-Dec-2010)

Financial Agreement(s) Key Dates

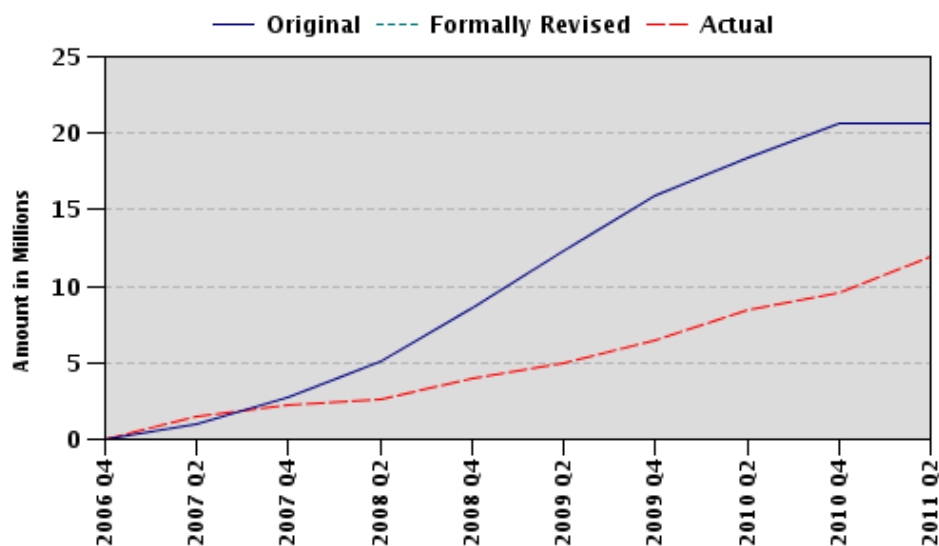
Project	Loan No.	Status	Approval Date	Signing Date	Effectiveness Date	Closing Date
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Project	Loan No.	Status	Approval Date	Signing Date	Effectiveness Date	Closing Date
P098118	IDA-H2380	Effective	20-Jun-2006	05-Jul-2006	20-Sep-2006	31-Jul-2011
P098118	IDA-H5030	Effective	11-Jun-2009	20-Dec-2009	16-Mar-2010	31-Jul-2011

Disbursements (in Millions)

Project	Loan No.	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P098118	IDA-H2380	Effective	XDR	20.60	20.60	0.00	11.99	8.61	58.00
P098118	IDA-H5030	Effective	XDR	6.80	6.80	0.00	0.00	6.80	0.00

Disbursement Graph



Key Decisions Regarding Implementation

- The following key decisions have been reached with the Government as a follow up to the Mid-Term Review:
- A three phased strategy is pursued to improve the IT capacities of the Ministry of Mines
 - All inspectorate and licensing activities will be centralized under the Inspectorate and Licensing Department
 - Contracting of the Strategic Environmental and Social Assessment firm is a key priority
 - Outreach and communication around Aynak and Hajigal will be strengthened
 - additional international experts will be assigned to the International Advisory Council

Restructuring History

There has been no restructuring to date.

Related Projects

P116651-Sustainable Development of Natural Resources - Additional Financing, P118925-Afghanistan: Sustainable Development of Natural Resources Project II

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