

Implementation Status & Results
Afghanistan
Afghanistan: Sustainable Development of Natural Resources Project II (P118925)

Operation Name: Afghanistan: Sustainable Development of Natural Resources Project II (P118925) Project Stage: Implementation Seq.No: 4 Status: ARCHIVED Archive Date: 17-May-2014

Country: Afghanistan Approval FY: 2011
 Product Line: IBRD/IDA Region: SOUTH ASIA Lending Instrument: Technical Assistance Loan
 Implementing Agency(ies):

Key Dates

Board Approval Date	31-May-2011	Original Closing Date	30-Jun-2016	Planned Mid Term Review Date	27-Jan-2014	Last Archived ISR Date	02-Nov-2013
Effectiveness Date	21-Sep-2011	Revised Closing Date	30-Jun-2016	Actual Mid Term Review Date	27-Jan-2014		

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

to assist the Ministry of Mines (MoM) and the National Environmental Protection Agency (NEPA) in further improving their capacities to effectively regulate Afghanistan's mineral resource development in a transparent and efficient manner, and 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
Component A: Award of Contracts and Licenses	12400000.00
Component B: Regulation and Monitoring of Operations	22000000.00
Component C: Preservation of Aynak Antiquities and Support for Alternative Livelihoods through Sustainable ASM	7600000.00
Component D: Project Implementation Support	10000000.00

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Satisfactory
Overall Risk Rating		Moderate

Implementation Status Overview

REGULATORY REGIME

SDNRP2 continues to assist the Ministry of Mines & Petroleum), the National Environmental Protection Agency (NEPA), and Ministry of Information & Culture (MoIC) to further

improve their capacities to effectively regulate Afghanistan's mineral resource development in a transparent and efficient manner. Key achievements include:

- (a) Award of Contracts and Licenses - (i) continued support of a Secretariat within the Inter-Ministerial Committee (IMC) to be responsible for all tendering of mineral deposits; (ii) assistance from the International Advisory Panel (IAP) regarding competitive transparent tender processes; (iii) continued Aynak Contract Monitoring & Supervision into operational phase; (iv) ensuring preservation of cultural / antique artifacts at Mes Aynak through support to DAFA and UNESCO via Ministry of Information & Culture; and (v) continued licensing / cadastre modernization through up-to-date software and related training for staff
- (b) Advancing Geoscientific Knowledge - completion of digitalization of geo data and development of a comprehensive and user-friendly geo-database; support for new field work to collect additional geological data in order to attract private sector exploration, support of a laboratory
- (c) Implementation of a Dynamic Inspection & Contract Compliance regime -- (i) Continue strengthening of monitoring and inspection capabilities, inspection services at MoMP and NEPA (ii) establishment of a Contract Compliance Office and follow up regarding the results of a second Strategic Environmental / Social Assessment SESA; (iii) Increase NEPA's capacity regarding preparation, implementation, and review of environmental/social impact assessments and environmental/social management plans; monitoring and enforcement of environmental and social requirements; and ensuring effective public consultation and community engagement; and (iii) Preparation of a Resettlement Policy Framework and grievance redress mechanism under Aynak Authority

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

For the Afghanistan EITI (AEITI), the Bank supports implementation through the Second Sustainable Development of Natural Resources Technical Assistance Project (SDNRP2), as well as the global EITI MDTF. The SDNRP2 funding is administered and channeled through the Ministry of Mines & Petroleum, whereas it is the AEITI National Secretariat which is housed in the Ministry of Finance that is the implementing agency for MDTF-related funds. Furthermore, the Bank has provided funds to directly support Civil Society Organizations (CSO) in Afghanistan, working closely with Revenue Watch and Integrity Watch and its various partners. Progress has been made in AEITI over the last couple years in terms of securing EITI Candidate Status, establishing the formal AEITI Multi Stakeholders Group with an adequate and active participation of all EITI stakeholders groups, and fully-staffed AEITI Secretariat to support and coordinate daily EITI activities such as various capacity building events, training, workshops, MSG meetings, media and outreach activities, etc.

The work related to the key EITI activities such as reconciliation processes and validation corrective measures have been initiated and are underway towards their full implementation in accordance with EITI action plan. The WB staffs including local consultants and the SDNRP Project Implementation Unit's staff have been closely engaged in providing the AEITI with procurement, financial management, advisory, and relevant administrative assistances over the implementation of various EITI activities as set out in the related procurement plans, general AEITI action plan, and other documents. The 1st and 2nd AEITI National reconciliation reports have been produced and widely discussed by AEITI stakeholders. Upon completion EITI Validation process in 2013 the EITI International Board agreed that Afghanistan had made meaningful progress in the EITI fulfilling 11 EITI requirements out of 21 in accordance with EITI Rules. In this regard its candidacy was extended for 18 months, until 10 October 2014 by which time it must have completed EITI validation that demonstrate compliance with the 2011 edition of EITI Rules. The work to address validation shortcomings has been already initiated and in February 2014, the MSG meeting had full participation of the partners, MSG members and the two Excellencies Minister of Finance and Minister of Mining and Petroleum, and was chaired by Minister of Finance and co-chaired by Minister of Mining and Petroleum. The meeting reported on several positive developments regarding: revised MSG ToR's, revised Country Work Plan, a Comprehensive Communications Strategy, and a new Website (aeiti.af). In addition in late March the A-EITI Secretariat met with EITI Global Secretariat counterparts in Oslo

ENVIRONMENTAL AND SOCIAL SAFEGUARDS/MES AYNAK

The MoMP and NEPA have made good progress on the finalization of the Environmental and Social Management Framework (ESMF) and associate Resettlement Policy Framework (RPF), the Aynak Resettlement Action Plan (RAP), and the Strategic Environmental and Social Assessment (SESA) for the sector. While the preparation of these documents marks a critical achievement towards ensuring that Afghanistan's mining sector contributes to the sustainable development of the country over the long-term; their preparation is however only a first step in this long-term trajectory. There is a need for the government to systematically prioritize and implement key recommendations to strengthen the documentation and transparency of processes / decisions around resettlement and compensation of Aynak project affected people. Weakening performance on safeguard compliance resulting from inadequate documentation and transparency of reporting is due to slow and faltering implementation of the Aynak Resettlement Action Plan, lack of observance of the policies and procedures set out in the RAP and the ESMF regarding documentation and reporting which includes decisions under the Grievance Redress Management system. To remedy this issue, the Bank has urged MoMP to immediately take action by: 1) Finalizing the procurement of the national social specialist; and 2) make greater use of independent Third Party monitoring of all processes and outcomes of acquisition/compensation/resettlement in Aynak; this activity is currently undertaken through the Aynak compliance monitoring contract with a major consultancy (GAF).

INVESTMENT CLIMATE

There continues to be investor interest in Afghanistan's oil, gas and mining sector. There has been good progress in the negotiations of a mineral development agreement for Hajigak iron ore, with the award of three of four blocks to an India consortium led by state-owned Steel Authority of India Ltd. (SAIL) and the award of the fourth block to a Canadian company, Kilogold. In recent month four new medium size mines (Balkhab Copper, Badakhshan Gold , Shaيدا Copper, Zarkashan Gold & Copper) were successfully tendered with support from the USG's Task Force for Business and Stability Operations (TFBSO). However, the finalization of negotiations of many of these mining contracts is expected to be delayed until passage of the new mining law which is in Parliament. On September 24, 2013, the Ministry of Mines and Petroleum (MOMP), with support from the Donors including the WB, invited several international experts to participate in a workshop aimed providing members of the Afghanistan Parliament and staff with critical information about the country's mineral resources, details the process of responsible exploration and extraction in the mining sector, and international good practice on mining laws. Preparation of related environmental, social, health and safety, and licensing regulations aligned with the new law have been completed or are underway.

Locations

Country	First Administrative Division	Location	Planned	Actual
Afghanistan	Not Entered	Shibirghan		
Afghanistan	Not Entered	Mazar-e Sharif		
Afghanistan	Not Entered	Kabul		
Afghanistan	Not Entered	Haji Gak		
Afghanistan	Not Entered	Aynak		

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Cumulative number of tenders for larger mining and hydrocarbon deposits	<input type="checkbox"/>	Number	Value	1.00	10.00	4.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		The above mentioned number of tenders Badakhshan Gold, Balkhab copper, Shayda Copper and Zarkashan Gold & Copper has been approved by IMC and soon will be send to cabinete approval. Parwan , Herat and Baghlan cement contracts are at the primary stages after tender process. The others are the one which are already contracted.	

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Production data collected and reported for medium scale and for large scale mining and hydrocarbon operations	<input type="checkbox"/>	Number	Value	1.00	1.00	10.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		The Ministry has received the production data from Amu Darya oil production Company (CNPCI) . These data are including; <ul style="list-style-type: none"> • Daily production report. • Seismic Data Acquisition • Well Lock Report • Well test Report 	
Number of corporatization plans drafted (cumulative)	<input type="checkbox"/>	Number	Value	0.00	0.00	2.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		The Ministry has recruited a consultancy firm for the Afghan Gas Corporatization and Northern Coal within a year period of time. The consultancy has already started . it is actually in Dec,2013.	
View of key stakeholders such as local non state actors, international companies and the donor community as to how well the sector is managed and how transparent are licensing decisions and approvals	<input type="checkbox"/>	Number	Value	0.00	1.00	
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments			
EITI Reconciliation Reports issued (cumulative)	<input type="checkbox"/>	Number	Value	1.00	2.00	3.00
			Date	01-Sep-2010	01-Apr-2014	30-Dec-2016
			Comments		Two reconciliation reports and one Validation Report have been produced. <ul style="list-style-type: none"> 1- First Reconciliation Report covering year 2008-2009 2- 2nd Reconciliation Report covering year 1389 3- Validation Report in 	

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					2012 , where Afghanistan Met 8 of 21 requirements and 11 not yet met or close to compliance, then another deadline was given to produce 2nd Validation Report by Oct 2014 4- The process of preparing for 3rd Reconciliation Report which is due for March 2014.	
Field investigation reports for HSE compliance at medium and large scale mining and oil/gas operations (reports prepared, issued, corrective actions taken by operator)	<input type="checkbox"/>	Number	Value	0.00	1.00	5.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		For the time being field investigation reports for HSE has been completed by CNPCI and . another 2 reports are going to be complete by Dragon and Turkish Petroleum very soon.	
Percent of women trained (as a percentage of total trained) in gemstone cutting, polishing and jewelry making	<input type="checkbox"/>	Number	Value		0.00	300.50
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		Under SDNRP, the consultancy services for Artisanal and Small scale Mining (ASM) will start it's activity by end April 2014.	
Percentage of sites in Aynak Valley with antiquities where protection activities have started versus total number of sites within the red zone	<input type="checkbox"/>	Percentage	Value	10.00	75.00	50.00
			Date	01-Sep-2010	01-Apr-2014	30-Dec-2016
			Comments		The above number shows the work progress percentage on the red-zone area.	

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Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Publication of a new Mining Sector Development Strategy and new policies and plans regarding quarrying and ASM mining	<input type="checkbox"/>	Text	Value	Overarching national Extractive Industries Excellence Program (NEIEP) published in draft	One main and 18 individual policies including ASM have been made approved and published	ASM Mining plan approved and published
			Date	01-Sep-2011	01-Apr-2014	31-Dec-2016
			Comments			

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% of new geodata collected as a percentage to total area	<input type="checkbox"/>	Percentage	Value	10.00	80.00	95.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		In CBAGS II , now working on systematic database access to the data scanned by TFBSO, which is for now just a huge pile of files; about 2 TB; and mostly inaccessible for those with normal network connections and ordinary PCs (some files are several GB in size). It will take some time until this valuable source of information, which resides on the AGS server, will become fully accessible.	
Percent of licenses digitalized into online cadastre	<input type="checkbox"/>	Percentage	Value	5.00	90.00	85.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		The above number is from face one of the project which was implemented by GAF. Since the awarding process for the second face of the project is almost at the last stage there for , can expect increase on the above number on the upcoming few months.	
Number of days to process medium scale licenses	<input type="checkbox"/>	Days	Value	180.00	90.00	
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		There are two kind of licenses; a, licenses for exploration and, b, licenses for exploitation. After the announcement of tender ittakes about three months to sign the contract, the licenses for exploration are issuing after the documents received from the company, the period for exploration usually takes around three months or more.	

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					The company requests for exploitation licenses after the completion of licenses for exploration. The issuing of licenses for exploitation usually takes about six months	
Number of trained mine inspectors (cumulative)	<input type="checkbox"/>	Number	Value	30.00	32.00	50.00
			Date	01-Sep-2011	01-Apr-2014	30-Dec-2016
			Comments		The above number is from Phase one of the project which was implemented by GAF. Since the awarding process for the second phase of the project is almost at the last stage there for , can expect increase on the above number on the upcoming few months.	
Staffing and annual budget for the compliance office at NEPA	<input type="checkbox"/>	Text	Value	0	Two national, in addition to one international. Procurement of a firm for capacity building for NEPA is currently being processed	Additional staff positons identified and in the process of being filled.
			Date	01-Sep-2011	01-Apr-2014	31-Dec-2015
			Comments			
Number of Mining Regulations promulgated	<input type="checkbox"/>	Number	Value			6.00
			Date			30-Dec-2016
			Comments			
Number of Inspectors trained in appropriate mining techniques and environmental management in the ASM subsector	<input type="checkbox"/>	Number	Value			30.00
			Date			30-Dec-2016
			Comments			
NEPA promulgates sector standards for mining	<input type="checkbox"/>	Text	Value	Baseline is zero – steps in promulgating the standards		Final draft of Standards tabled for adoption
			Date	01-Apr-2014		01-Dec-2016
			Comments			
Contract Compliance Monitoring of Aynak and Hajigak – preparation and dissemination of quarterly compliance report and summarized into an Annual Report.	<input type="checkbox"/>	Number	Value	0.00		5.00
			Date	01-Sep-2011		01-Dec-2016
			Comments			

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Data on Financial Performance (as of 07-Apr-2014)

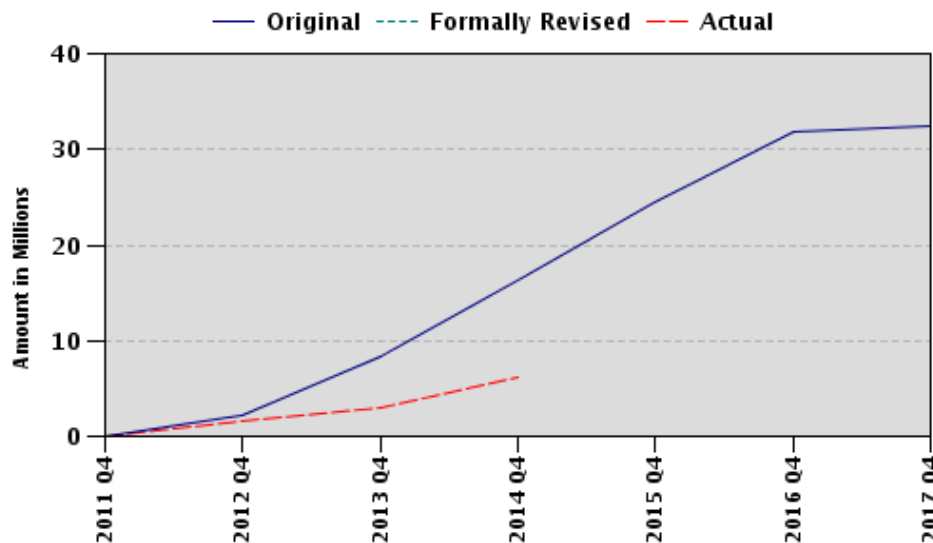
Financial Agreement(s) Key Dates

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P118925	IDA-H6990	Effective	31-May-2011	16-Jul-2011	21-Sep-2011	30-Jun-2016	30-Jun-2016

Disbursements (in Millions)

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P118925	IDA-H6990	Effective	XDR	32.80	32.80	0.00	6.08	26.72	19.00

Disbursement Graph



Key Decisions Regarding Implementation

This ISR is based on discussions with the PMU, other relevant government counterparts, and project consultants as well as findings from the Mid-Term Review (MTR) of the project which took place from February - April 2014. The following key decisions have been reached with the Government during that period:

- Based on the findings of the mission, the Bank team in consultation with the MoMP recommends a restructuring of SDNRP2. The aim of the restructuring is to eliminate duplication with other donor funded activities that emerged during project implementation and to realign project to evolving government priorities in the sector.
- SDNRP2 will support further capacity building of CSO and the MGS under the EITI process, with a view to supporting AEITI reach candidacy status by Oct 2014.
- In an effort to build greater ownership of the site at a national level, the number of international archaeologists has been reduced over the last several months, which will be replaced by more national and regional archeologists. In addition, UNESCO is being procured to provide sustained capacity-building to the Ministry of Information and Culture (MOIC), which will support the transition from a primarily internationally led effort to one with greater national support.

Restructuring History

There has been no restructuring to date.

Related Projects

There are no related projects.