

# افغانستان آزاد – آزاد افغانستان

AA-AA

چو کشور نیاشد تن من مباد بدین بوم ویر زنده یک تن مباد  
همه سر به سر تن به کشتن دهیم از آن به که کشور به دشمن دهیم

[www.afgazad.com](http://www.afgazad.com)

[afgazad@gmail.com](mailto:afgazad@gmail.com)

European Languages

زبان های اروپایی

McClatchy Newspapers

## Firm alleges problems with major Afghan mining contract

By Jon Stephenson and Ali Safi

02/18/2012

KABUL — An Afghan-American company that failed to win a multibillion-dollar contract to develop one of Afghanistan's most lucrative mines alleges that the bidding process was riddled with irregularities and that the winning bidders may not be able to meet production targets. The claims, which were backed by a former senior Afghan mining official, suggest that a potential key source of revenue for the Afghan government — which will be saddled with massive bills after U.S. forces withdraw from the country — could be in jeopardy.

The Afghan-American firm, Acatco, was one of about two dozen bidders that competed for the right to extract minerals from the Hajigak iron ore mine in Afghanistan's central Bamiyan province. Industry experts have called Hajigak the jewel of Afghanistan's mining sector. Contracts for developing four sections of Hajigak were awarded in November — three to a consortium of Indian firms led by the state-owned Steel Authority of India, or SAIL, and one to Kilo Goldmines, a Canadian firm. But Acatco said that these companies had failed to demonstrate they had the funds to carry out the project.

"This is against the spirit and the letter of the tender documents," Acatco president Nasir Shansab wrote last month to Afghanistan's minister of mines, Wahidullah Shahrani. He added that "those bids should have been disqualified."

Acatco last week asked Afghanistan's parliamentary complaints commission to investigate the Hajigak contracts, citing illegality and possible corruption in the bidding process. The commission has scheduled a hearing for Saturday and summoned Shahrani, but a spokesman for the minister told McClatchy that Shahrani was departing on an overseas trip and wouldn't appear at the hearing.

A former Afghan deputy minister of mines, Mohammad Akram Ghiasi, who resigned two years ago after accusing Shahrani of illegal and unprofessional conduct, told McClatchy in an interview, "If I was still deputy minister of mines, I would not have declared SAIL and Kilo as the winning bidders."

According to company officials, Acatco, based in Herndon, Va., was the only firm among the six that were short-listed in the bidding that had secured the funding to develop Hajigak. Shansab said the company had \$1.2 billion in guaranteed funds. By contrast, he quoted numerous international media reports that said the Indian consortium would struggle to raise money for the project.

SteelGuru, an Indian publication, quoted SAIL chairman C.S. Verma in a March 2011 story as saying that because of Afghanistan's high level of risk, "banks and financial institutions will not take the risk to such an exposure. The consortium will not be in a position to raise money on its own, either."

Shansab also claimed that the royalties his firm had offered the Afghan government — \$800 million a year for the first five years of operation, and a total of \$20 billion over 20 years — were substantially higher than those offered by the winning firms.

An internal Ministry of Mines evaluation of the bids that McClatchy obtained appeared to confirm this. The document shows that Kilo would pay from 3.5 percent to 7.5 percent of the per-ton price of iron, while SAIL would pay 5 percent of the per-ton price of steel and 6 percent of the per-ton price of iron, minus the cost of transportation to customers.

Acatco was offering to pay 20 percent of the per-ton price of steel.

Shansab also claimed that Acatco was the only bidder with a clear start date for production of steel from the mine, as the tender documents required. SAIL's production would start in eight to 12 years and Kilo, which planned to produce iron, had made no commitment to produce steel, Shansab said. Acatco said it would have begun steel production by July 2015.

Afghanistan's mineral wealth has long been seen as a potential source of income that could sustain the troubled nation after U.S.-led international forces withdraw in 2014. Afghanistan has massive bills to pay — particularly the costs of 300,000 soldiers and police that U.S.-led forces are training — but some U.S. experts believe that the country's mineral sector could generate as much as \$1 trillion in revenue.

The awarding of the contracts to a state-led Indian consortium was widely seen in Kabul as a guarantee that India, the economic power in South Asia, would remain committed to Afghanistan after international forces withdraw.

Shansab said he had written three letters to Shahrani, the mines minister, detailing Acatco's concerns about the Hajigak bidding process but hadn't received a reply. He also wrote an email Feb. 9 to J. Alexander Thier, a senior official who works on Afghanistan and Pakistan at the U.S. Agency for International Development, saying: "This is also an important example of how the natural resources of the poverty-stricken Afghan people should not be squandered — not just for the sake of the people of Afghanistan but also for U.S. policy in view of post-2014 Afghanistan."

Thier and other U.S. officials in Kabul and Washington didn't respond to McClatchy's requests for comment. A spokesman for Shahrani said the minister was not immediately available for an interview.

Ghiasi, the former deputy mines minister, said the contracts had been decided "without any transparency."

"We know that one of the ways to rescue Afghanistan and the Afghan people from poverty is to give mining contracts to foreign companies," Ghiasi said. "But it must be based on transparency."