



**USAID**  
FROM THE AMERICAN PEOPLE

**AFGHANISTAN**

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# FACT SHEET

## USAID Assistance to the Gemstone Sector

### OVERVIEW

Afghanistan contains a tremendous amount of mineral wealth, including precious and semiprecious gemstones. The sector has the potential to serve as a major driver of economic development. However, a lack of a clear laws governing gemstone mining, combined with insufficient local capacity to cut and polish stones, is severely constraining the sector's growth. To facilitate the expansion of this lucrative industry, USAID facilitates safe, legal, and profitable mining and processing of gemstones; promotes private investment in the gemstone industry; and assists the private sector in advocating for industry-specific legal and regulatory reforms.

### FACTS: THE GEMSTONE SECTOR

- There are over 120 gem occurrences in Afghanistan, including such precious and semiprecious varieties as emerald, sapphire, aquamarine, tourmaline, kunzite, ruby, lapis lazuli, and spinal.
- Current gemstones sales are estimated at \$2.8M per year. Improved extraction, processing, and sale of Afghan gemstones could be eventually be worth over \$300M per year.
- At present, 85% of Afghanistan's raw gemstones are exported for processing, where much of their economic value is added.
- Afghanistan's gemologists and gemstone traders lack the skills and technology for proper extraction, cutting, polishing, and marketing of gemstones.
- Synthetic and imitation gemstones are flooding the market, and Afghanistan's gemologists are currently unable to recognize these fakes or guarantee gemstone authenticity.
- The Government of the Islamic Republic of Afghanistan has not formalized laws and regulations governing the majority of mining operations in Afghanistan, thus losing potential tax revenues and relegating most commercial gemstone mining and sales to the informal sector.
- Comparatively high fees and royalties and unclear processes for allocating mining rights has deterred private investment in the sector.

### USAID ASSISTANCE TO THE GEMSTONE SECTOR

The gemstone sector's development will generate employment, increase incomes, and attract greater investment for further sectoral growth. USAID, through its Afghanistan Small and Medium Enterprise Development (ASMED) project, works to eliminate barriers to industry growth by:

- Providing technical assistance to improve gemstone extraction techniques, upgrade equipment, and increase safety in artisanal and commercial mines.
- Supporting the establishment of gemstone cutting and polishing facilities and the improvement of existing facilities through training and new equipment.
- Linking businesses along Afghanistan's gemstone value chain, from mines to markets (domestic and international).
- Building the capacity of private sector advocates, such as business associations, to advocate for legal reforms concerning licensing, taxation, and other regulatory policies governing the sector.
- Strengthening of industry infrastructure, such as the Afghan Geological Survey (AGS), opening gemology laboratories, training gemologists, and standardizing the gemstone authentication process.