



Completion Report

Project Number: 48275-001
Technical Assistance Number: 8735
September 2016

Pakistan: Improved Investment Climate for Mineral Sector Development in Pakistan

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TA Number, Country, and Name:			Amount Approved: \$225,000	
TA 8735-PAK: Improved Investment Climate for Mineral Sector Development in Pakistan			Revised Amount: N/A	
Executing Agency: Ministry of Petroleum and Natural Resources		Source of Funding: TASF-V	Amount Undisbursed: \$43,731.18	Amount Utilized: \$181,268.82
TA Approval Date: 16 Sept 2014	TA Signing Date: 16 Sept 2014	Fielding of First Consultant: 06 Jan 2015	TA Completion Date Original: 30 Sept 2015	Actual: 30 Sept 2015
			Account Closing Date Original: 30 Sept 2015	Actual: 02 May 2016

Description:

In May 2014 the Government of Pakistan and the provincial Government of Balochistan requested ADB to provide small-scale policy and advisory technical assistance (S-PATA) to help improve the investment climate for the mineral sector in Pakistan with a focus on Balochistan.¹ The S-PATA was designed to help the Government of Pakistan and Government of Balochistan manage and address (i) issues relating to mining leases and mine development in Balochistan, with a view to guide government in resolving ongoing and avoiding future disputes in large scale mining transactions; and (ii) other immediate barriers to attracting investment into the mineral sector in Pakistan.

Expected Impact, Outcome, and Outputs:

The impact of the proposed S-PATA was improved climate for foreign and domestic investment into the mineral sector in Pakistan with a focus on Balochistan.² The outcome of the proposed S-PATA was identification of measures that will improve rules on mining investment, licensing and revenue sharing. The TA had 3 outputs: (i) Government capacity to manage and address issues relating to mining leases and mine development; (ii) Improved and more transparent licensing process; (iii) Transparent resource revenue management.

Delivery of Inputs and Conduct of Activities:

Under the TA three international consultants and one national consultant were engaged. All the consultants were individual consultants and their selection and engagement was carried out in accordance with ADB's consulting services guidelines following the provisions in the approved TA paper. The TORs of the international legal and regulatory specialist included review of the current mining contracts, identification of international best practices, providing a sample mining agreement for large scale mining, and based on this work, provide policy advice to the government at highest level. The foreign direct investment and trade specialist was required to coordinate for meetings with government agencies, government officials, coordinate with Pakistan Mineral Working Group (PMWG).³ The resource revenue management specialist was assigned to review fiscal processes to allocate and utilize revenues from mining, compare those with best international practices and advise on introducing rules and mechanism for increasing transparency. The local legal and regulatory expert was responsible for reviewing the current legal framework in Balochistan and advise on the changes required in the legal framework to bring it in line with best international practices. On the request of Government of Balochistan, work on environmental and social protection was added in the TA. The foreign direct investment and trade specialist and local legal and regulatory specialist agreed to work on environmental and social protection⁴.

¹ As per the current constitutional structure of Pakistan, provinces have complete autonomy on minerals and mining, while the federal government has only an advisory and coordinating role.

² Biggest wealth of mineral deposits is believed to be in Balochistan province of Pakistan.

³ Pakistan Mineral Working Group (PMWG) is a working group comprising representatives from federal ministry of petroleum, mineral and natural resources, provincial mineral and mining departments. Group also includes representatives from leading private sector groups engaged in mining. Group plays role in coordinating formation of policy and laws, they facilitated in finalizing National Mineral Policy 2013.

⁴ Considering the tight timelines and non-availability of additional resources, a dedicated consultant for environmental and social protection was not recruited.

The duration of this consultancy was January 2015-September 2015. Consultancy activities were conducted in Islamabad, Quetta and home offices of the team members. The TA was completed on time and all activities were carried out. Consultants performed fully in accordance with TORs and their performance was satisfactory.

ADB's performance was satisfactory. The PMWG meetings and final workshop on September 15-16 were delivered and their presentations very effective. The Inception report and final report were shared with all the relevant government agencies and were of high quality. During the implementation of the TA, the ADB team met senior officials of the federal government in Islamabad and provincial government in Quetta.

Evaluation of Outputs and Achievement of Outcome:

The TA was implemented in close coordination with Government of Pakistan and Government of Balochistan. TA outputs and activities including assessment and evaluation of current legal, institutional and revenue management framework and comparison with international best practices were accomplished. The final report presented a roadmap/future course of action for attracting private sector investment from domestic and international investors in large scale mining, which was shared with government agencies.

TA outputs were delivered and its outcome of identification of measures to improve rules on mining investment, licensing and revenue sharing was fully achieved. The inception report, containing an overview of Pakistan minerals sector, existing legal and regulatory framework, and minerals sector as well as licensing in Balochistan and existing revenue management was well prepared. The report also included initial key findings that were shared with government agencies in Government of Pakistan and Government of Balochistan. Sample mining agreements in line with best international practices were developed and shared with Government of Pakistan and Government of Balochistan. A Workshop was conducted in September 2015 in which presentations were made by all the consultants and a few other resource persons for the benefit of government representatives. The final report provides a summary of recommended interventions that, based on comparative mineral market experience, have potential to establish the legal, financial, technical and overall foundation for a viable large-scale mining sector in Pakistan. The final report covers multiple areas including mineral related policies, legal and regulatory matters, mine workers' rights and safety, institutional strengthening, environmental and social protections as well as financing options, and identified actions and support required from government and donors.

All outputs under the TA were delivered. As a result, the TA was effective in achieving its outcome, providing measures that will improve rules on mining investment; licensing and revenue sharing were identified and effectively communicated to the government.

Overall Assessment and Rating:

The TA was successful based on assessment of overall relevance, effectiveness, efficiency and sustainability. The TA design was relevant during implementation and was adequately formulated. Changes made during its implementation were minor and were effectively managed.

Major Lessons:

Appropriate selection of consultants and continuous engagement with government is the key to successful implementation of TA.

Recommendations and Follow-Up Actions:

ADB to arrange a multi-donor meeting to table the final report, and invite interested donors to take forward the required interventions in the large scale mining sector.

TA = technical assistance.