

DESK REVIEW REPORT

(An integral part of Inception Report)

ON

ESTABLISHMENT & OPERATIONALIZATION

OF

**KHYBER PAKHTUNKHWA MINERALS DEVELOPMENT AND
MANAGEMENT COMPANY LIMITED (KP-MDMCL)**

(A Public Limited Company formed under the relevant provisions of the Companies Act, 2017)

Submitted to



MINERALS DEVELOPMENT DEPARTMENT
Government of Khyber Pakhtunkhwa



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TABLE OF CONTENTS		
Section	Title	Page
❖	Disclaimer	3
❖	Table of Abbreviations	4
I	Introduction	5
	1. Background	5
	2. Purpose and Significance	7
	3. Methodology	7
	3.1 Document Collection and Review	8
	3.2 Gap Identification and Risk Assessment	8
	3.3 Comparative Analysis	9
	3.4 Alignment with Broader Reform Agenda	9
	3.5 Expert Consultations	9
II	Existing Organizational & Governance Structure	10
	1. Existing Structure	10
	1.1 Attached Departments & Their Functions	11
	1.2 Feedback from the Directorate of Mines	13
	1.3 Feedback from the Inspectorate of Mines	15
	1.4 Feedback from the Commissionerate of Mines	17
	2. Distinguished Functions	21
	3. Licensing & permitting	22
	4. Royalty Collection & Management	23
	4.1 Preamble	23
	4.2 Findings – on Royalty Functions	24
	4.3 Findings – on Royalty Collections	24
	4.4 Findings – on Royalty Projections	26
	4.5 Findings – food for thought	26
	4.6 Recommendations – MDF	27
	4.7 Benefits of the Proposed Model	28
	5. Analysis of Preferred Functions	29
	6. Investor Facilitation – MIFA’s Role	32
	6.1 MIFA’s Limited Mandate and Impact	32
	6.2 Comparison of MIFA’s Role (2017–2025)	33
	6.3 MIFA vs. KP-MDMCL in Attracting Investment	34
	6.4 Why MIFA Failed	34
	6.5 Why KP-MDMCL Could Be a Game-Changer	35
	6.6 Recommendations	35
III	Legal & Regulatory Framework	36
	Companies Act, 2017	37
	Public Sector Companies (Governance) Rules, 2013	37
	Independent Directors Regulations, 2018	38
	State-Owned Enterprises (Governance and Operations) Act, 2023	38

Section	Title	Page
	KP Mines and Minerals Act, 2017 (amended 2019)	39
	KP Public-Private Partnership Act, 2020	40
	Mines Safety Act, 2019	40
	Excise Duty on Minerals (Labour Welfare) Act, 1967	41
	KP Mines and Minerals Bill, 2025	41
	Other Rules and Regulations	42
IV	Strategic Policy Review KP Mineral Development Policy & Strategic Action Plan 2022	43
	A. Governance and Institutional Structure	44
	B. Investment Climate and Incentives	44
	C. Land Use and Infrastructure	44
	D. Environmental and Occupational Standards	44
	E. Support for Artisanal and Small-Scale Mining	45
	F. Capacity Building and Coordination	45
	G. ESG Compliance and International Standards	45
	H. OECD Due Diligence	45
	I. IFC Performance Standards	46
	J. Global Reporting Initiative (GRI)	46
	K. Consolidated Mining Standard Initiative (CMSI)	46
	L. Minerals Security Partnership (MSP)	47
V	Companies Under Similar Regimes – Comparative Analysis	48
	1. Punjab Mineral Company (PMC)	50
	2. Punjab Mineral Development Corporation – (PUNJMUN)	53
	3. Sindh Lakhra Coal Mining Company (SLCMC)	54
	4. Baluchistan Mineral Exploration Company (BMEC)	56
	5. Baluchistan Mineral Resources Limited (BMRL)	58
VI	Legal and Institutional Challenges	60
VII	Studies on Mineral Development in Khyber Pakhtunkhwa	64
VIII	Recommendations	70
IX	Conclusion	74
❖	ANNEXURE-I	75
❖	ANNEXURE-II	78
❖	BIBLIOGRAPHY	80



DISCLAIMER

This desk review has been prepared for advisory purposes only and is intended to offer strategic, legal, and institutional recommendations to support establishment and operationalization of the Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL). The analysis, observations, and proposals contained herein are suggestive in nature, and do not constitute binding policy or legal directives. All findings and recommendations remain open to further discussion, refinement, and consultation with relevant stakeholders and authorities to ensure alignment with evolving priorities, legal frameworks and the ground realities.

TABLE OF ABBREVIATIONS

Abbreviation	Full Form
ADS	Administrative District Short-Codes
BMEC	Baluchistan Mineral Exploration Company Limited
BMRL	Baluchistan Mineral Resources Limited
CMSI	Consolidated Mining Standard Initiative
EIAs	Environmental Impact Assessments
ESG	Environmental, Social, and Governance
GoKP	Government of Khyber Pakhtunkhwa
GRI	Global Reporting Initiative
GSP	Geological Survey of Pakistan
HR	Human Resources
HRM	Human Resource Management
IFC	International Finance Corporation
JV	Joint Venture
KP-MDMCL	Khyber Pakhtunkhwa Minerals Development and Management Company Ltd
MDD	Minerals Development Department
MDF	Minerals Development Fund
MIFA	Mineral Investment Facilitation Authority
MSP	Minerals Security Partnership
OECD	Organization for Economic Co-operation and Development
PMC	Punjab Mineral Company (Pvt) Limited
PMDC	Pakistan Mineral Development Corporation
PPP	Public-Private Partnership
PUNJMIN	Punjab Mineral Development Corporation
RFZ	Reshun Fault Zone
SDA	Sarhad Development Authority
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SLCMC	Sindh Lakhra Coal Mining Company Limited
SOEs	State-Owned Enterprises
SPV	Special Purpose Vehicle
UNDP	United Nations Development Program
USAID	United States Agency for International Development

INTRODUCTION

This desk review envisages to provide a structured foundation for the establishment and operationalization of the Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL). It aims to examine the legal, policy, and institutional landscape surrounding mineral sector governance in the province, while also drawing insights from national and international models. The review is structured around key thematic areas, including the following:



1. Background

Khyber Pakhtunkhwa (KP) is richly endowed with a diverse array of mineral resources, including but not limited to, chromite, marble, granite, phosphate, soapstone, coal, and rare earth elements. However, despite this considerable natural wealth, the province's mineral sector has historically underperformed. This underperformance is largely attributed to fragmented governance structures, outdated regulatory frameworks, insufficient investment incentives, and limited institutional capacity. A key structural challenge lies in the governance model, where the Minerals Development Department (MDD) functions simultaneously as both regulator and operator. This dual role has given rise to perceived conflicts of interest, lack of regulatory transparency, and suboptimal utilization of mineral assets. In response to these structural challenges, the Government of KP has proposed a transformative shift: the establishment of a dedicated corporate entity, the Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL). This entity is envisioned to serve as a professionally managed, commercially oriented body that will undertake exploration, development, and investment facilitation in the province's mineral sector, as the principal representative of the provincial government.

As part of this reform, the government intends to reduce its direct involvement in commercial functions, focusing instead on policy-making and regulatory oversight, while delegating core operational responsibilities such as mining development, mineral asset management, assistance towards royalty collection and management and the previously earmarked functions of MIFA, to KP-MDMCL. The company will function as an umbrella organization, providing structured engagement with the private sector and serving as the central institutional platform for advancing mineral resource development in Khyber Pakhtunkhwa. The creation of KP-MDMCL is thus, aligned with the broader objectives under the KP Mineral Development Policy and Strategic Action Plan - 2022, which calls for separating regulatory and commercial functions, attracting public-private partnerships (PPPs), ensuring environmental and community protections, and enhancing institutional efficiency.

To achieve these goals, however, the formation of KP-MDMCL must be grounded in a robust and coherent legal framework, one that harmonizes federal and provincial laws, incorporates global standards of corporate-governance and ensures compliance with the international ESG (*Environmental, Social, and Governance*) principles. In this context, a desk review is warranted to evaluate the legal viability, structural options, policy alignment and regulatory readiness for establishing and operationalizing Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL) as a fully functional public sector entity, serving as the primary institutional face of the Government of Khyber Pakhtunkhwa in the mineral sector.

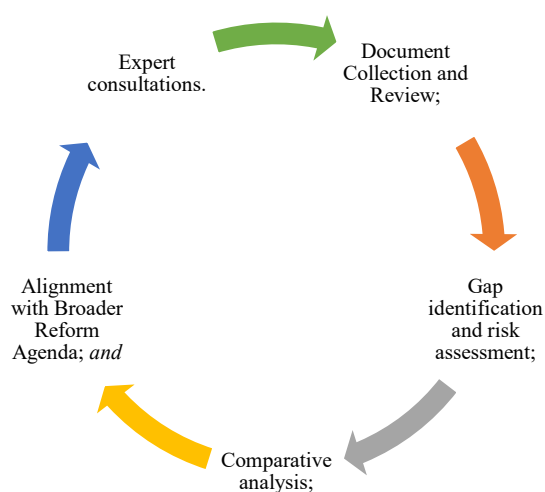
2. Purpose and Significance

The purpose of this desk review is to carry out a structured and detailed analysis of the legal, institutional and policy frameworks relevant to the establishment and operationalization of the Khyber Pakhtunkhwa Mineral Development and Management Company Limited (KP-MDMCL). The company is envisaged as one of the largest public sector entities in Pakistan to operate as Public Limited Company. It signifies the statutory basis for the incorporation and lawful commencement of business by KP-MDMCL, and identifies key-regulatory and compliance requirements across relevant domains, including corporate-governance, mining-operations, environmental-standards, and labor-laws. The review also signifies institutional linkages between KP-MDMCL and existing provincial entities, particularly the Directorate of Mines and Minerals with a view to ensure operational clarity, and avoid jurisdictional overlaps.

Importantly, this desk review holds strategic value within the broader context of the Government of Khyber Pakhtunkhwa’s ongoing mineral sector reforms. These reforms aim to enhance governance, attract structured investment, and ensure a clear separation between regulatory oversight and commercial operations. By identifying legal, policy, and institutional gaps, and proposing targeted reforms where necessary, the review contributes to establishing KP-MDMCL on sound legal and operational foundations, aligned with both provincial priorities and national frameworks.

3. Methodology

The desk review was conducted through a structured and multi-tiered approach to ensure a comprehensive understanding of the legal, institutional and policy frameworks relevant to the establishment and operationalization of KP-MDMCL. The methodology adopted involved the following key steps:



3.1 Document Collection and Review

A wide range of primary and secondary sources were collected and examined. These included relevant constitutional provisions, federal and provincial statutes, rules and regulations, government policies, and official notifications. Additional references included academic publications, policy-papers, and white-page reports published annually by the Finance Department, Government of KP, and other regulating bodies. It is worth adding that the primary legislation and subordinate regulations at both the federal and provincial levels included the following:

Companies Act, 2017
State-Owned Enterprises (Governance and Operations) Act,
2023
Public Sector Companies (Corporate Governance) Rules, 2013
Independent Directors Regulations, 2018
Khyber Pakhtunkhwa Public-Private Partnership Act, 2020
Khyber Pakhtunkhwa Mines and Minerals Act, 2017
KP Mines and Minerals Bill - 2025
KP Minerals Development Policy and Strategic Action Plan -
2022
Mines Safety Act, 2019
Excise Duty on Minerals (Labor Welfare) Act, 1967

3.2 Gap Identification and Risk Assessment

As part of the desk review, a legal and institutional mapping exercise was carried out to assess the existing statutory and regulatory framework relevant to KP-MDMCL's establishment and operations. This helped identify gaps by comparing current laws, analysis revealed several legal, policy, and institutional gaps, including areas of ambiguity, overlapping mandates, and regulatory shortcomings that could affect compliance and operational efficiency. Particular attention was given to potential conflicts between KP-MDMCL's commercial functions and the regulatory role of the Directorate of Mines and Minerals. These findings are critical for ensuring the company's long-term legal and institutional viability.

3.3 Comparative Analysis

The review incorporated case studies of similar mineral development companies operating in other provinces, as well as international models where relevant. This comparative lens provided insights into alternative governance structures, legal arrangements, and regulatory frameworks, helping to identify best practices that could be adapted to the KP context.

3.4 Alignment with Broader Reform Agenda

The methodology ensured that findings and recommendations were aligned with the broader mineral sector reform agenda of the Government of Khyber Pakhtunkhwa. This included reference to constitutional provisions (especially Article 172(3)), relevant federal policies, and emerging investment facilitation frameworks, such as public-private partnership models and ESG standards.

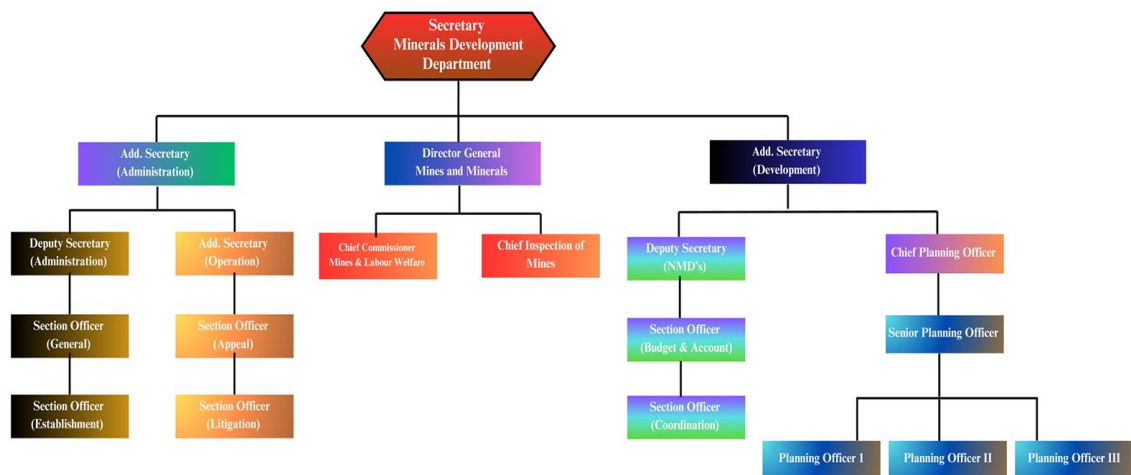
3.5 Expert Consultations

In addition to the desk review, informal consultations were conducted with a diverse range of high-profile experts, including seasoned professionals in the fields of mining and mineral development, senior bureaucrats, geologists, environmentalists, legal practitioners, and chartered accountants. These engagements provided valuable insights into the legal, technical, environmental, and financial dimensions of the sector. The consultations were instrumental in validating legal interpretations, assessing institutional frameworks, and clarifying practical implications of policy provisions and regulatory requirements. This inclusive, multi-disciplinary approach enriched the analysis and ensured that the resulting assessment is not only evidence-based but also grounded in sectoral realities, thereby supporting the legal and operational structuring of KP-MDMCL in alignment with applicable laws, development objectives, and principles of sound governance.

EXISTING ORGANIZATIONAL & GOVERNANCE STRUCTURE

1. Existing Structure

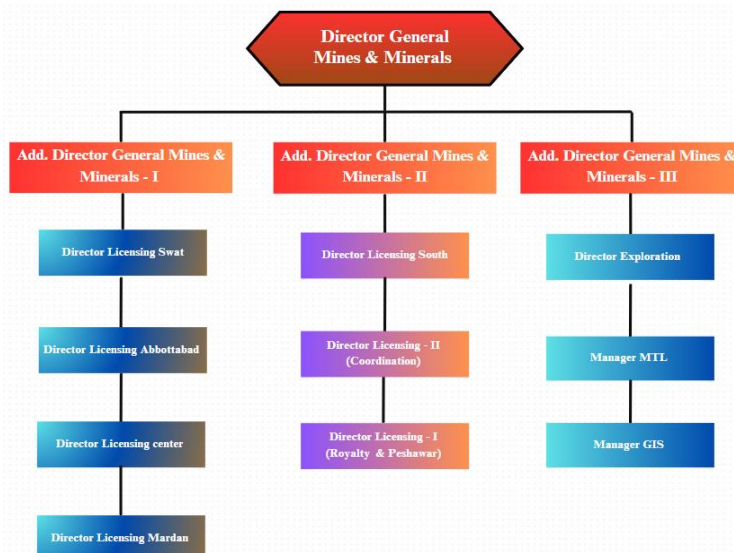
The Minerals Development Department (MDD) of Khyber Pakhtunkhwa (KP) serves as the principal governmental body responsible for the stewardship, regulation, and advancement of the province's mineral resources. Operating under the jurisdiction of the KP government, MDD is structured to ensure efficient management and sustainable development of the mineral sector. At the apex of the department is the Minister for Minerals Development, a member of the Chief Minister's Cabinet, who provides strategic direction and policy oversight. Supporting the minister is the Secretary of Minerals Development, who oversees the department's administrative functions and ensures the implementation of policies and programs. The administrative framework is further reinforced by Additional Secretaries, Deputy Secretaries, and Section Officers, each tasked with specific operational domains such as administration, establishment, litigation, and planning. This hierarchical structure facilitates streamlined decision-making and effective governance. The Organogram of the Mineral Development Department under the lead of its secretary is demonstrated as follows:

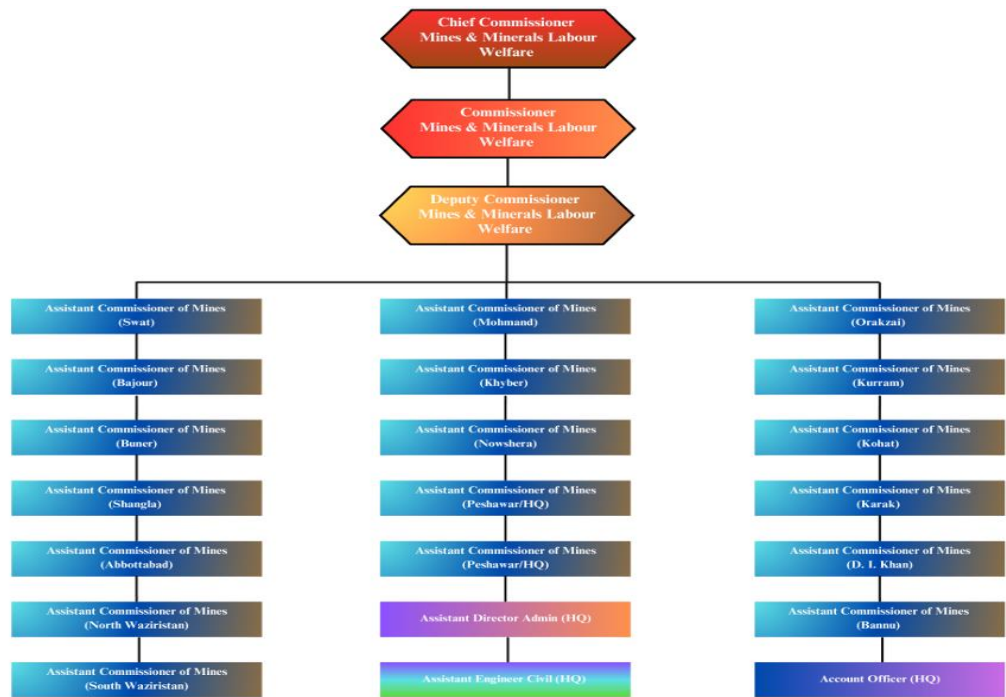


1.1 Attached Departments & their functions

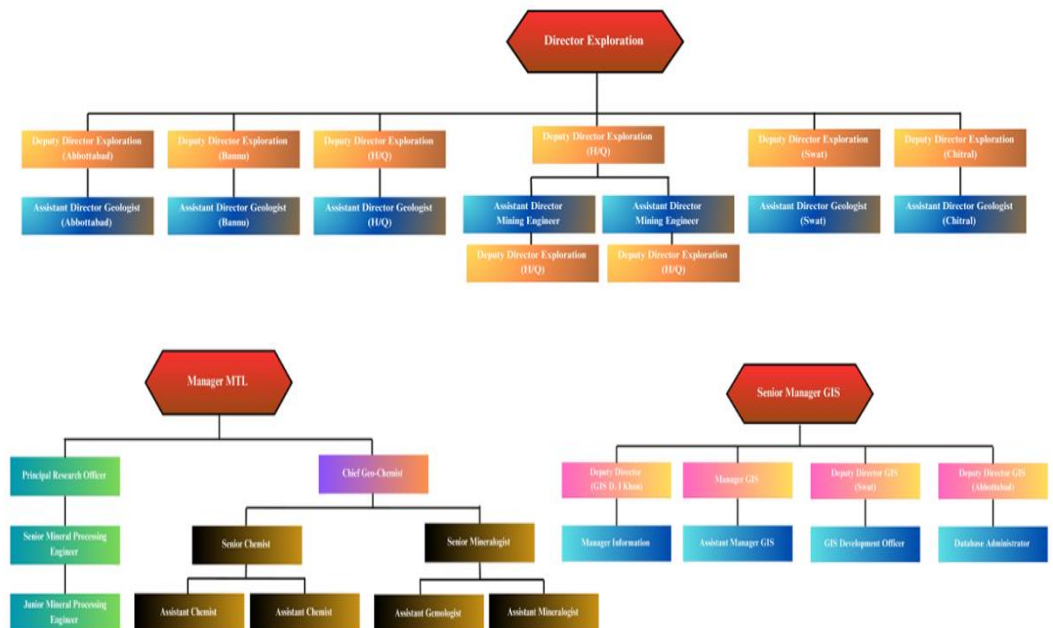
In order to execute its multifaceted mandate, the MDD operates in conjunction with several specialized attached departments:

- a) Directorate General of Mines and Minerals: This directorate is responsible for the issuance of licenses and leases, regulation of mining operations, and promotion of mineral exploration activities. It plays a pivotal role in facilitating investment and ensuring compliance with mining regulations. According to our understanding, the Directorate has consented to take assistance from KP-MDMCL for operational support in royalty assessment, digital reporting, production monitoring, and collection facilitation under defined concessions and agreements with MDD’s endorsement.
- b) Inspectorate of Mines: Charged with enforcing safety standards and conducting regular inspections, this body ensures that mining activities adhere to established safety protocols, thereby safeguarding the well-being of mine workers and the environment.
- c) Commissionerate of Mines Labor Welfare: Focused on the welfare of mine laborers, this Commissionerate implements labor welfare schemes, monitors working conditions, and addresses labor-related grievances within the mining sector.
- d) Technological Integration and Transparency: In a bid to modernize operations and enhance transparency, the MDD has introduced the Mining Cadaster Portal. This e-Government platform provides stakeholders with real-time access to information on mineral titles, licensing processes, and regulatory frameworks, thereby streamlining procedures and fostering an investor-friendly environment. (kpminerals.kp.gov.pk)





In view of the aforesaid, the organizational and governance structure of the MDD is viewed to have been meticulously designed to balance regulatory oversight with developmental objectives. Through its hierarchical administration, specialized departments, and integration of technology, MDD strives to ensure the responsible utilization of mineral resources, contribute to the province's economic growth, and uphold the welfare of its labor force.



1.2 Feedback from the Directorate of Mines & Minerals, GoKP

An interactive briefing session was held on May 19, 2025 with senior management of the Directorate General of Mines and Minerals (DGMM) Government of Khyber Pakhtunkhwa. The session, conducted as part of a strategic planning effort, provided valuable insights summarized below:

1. Revenue Streams

DGMM reported the following key sources of revenue:

- ❖ Royalty
- ❖ Profit Sharing, which includes: Auction proceeds (both Minor and Major minerals), Application fees & Annual rent and annual fees
- ❖ Excise Duty - *especially claimed to be the functions of the Commissionerate also.*

2. Growth in Mineral Titles and Revenue

The number of mineral titles issued has increased significantly:

- ❖ 2010: 482 titles
- ❖ 2020: 1,762 titles
- ❖ 2024 (to-date): 4,371 titles
- ❖ Revenue receipts during FY 2023–2024 stood at Rs. 6.413 billion.

3. Registered Mines and Workforce Training

- ❖ Total registered mines: 3,081
- ❖ Total mine workers: 20,118
- ❖ Workers trained: 12,660 (representing 62.93% of the total workforce)

4. Welfare Initiatives (FY 2023–2024)

- ❖ Scholarships to 6,215 children of mine workers, amounting to Rs. 86.6 million.
- ❖ Free medical treatment provided to 9,869 mine workers
- ❖ Permanent disability support provided to 26 workers, totaling Rs. 14.28 million
- ❖ Pulmonary disease support extended to 75 workers, amounting to Rs. 22.5 million

5. ADP Schemes

DGMM shared details of ongoing Annual Development Programs (ADPs) with a cumulative funding of Rs. 1.318 billion. Further details are provided in Annexure-II placed in this report.

6. Auction of Placer Gold Blocks

Four gold blocks (Blocks A, B, C, and D) were auctioned:

- ❖ Blocks A & B: 50 sq. km each, located on the Indus River, District Swabi
- ❖ Block C: 35 sq. km, District Nowshera
- ❖ Block D: 34 sq. km, Indus River, District Kohat

The total auction value was Rs. 4.93 billion. Offer letters have been issued to successful bidders for compliance. Additionally, 12 remaining blocks have been advertised for open auction, with a reserve price of Rs. 400 million per block.

7. Challenges Highlighted

DGMM identified the following operational challenges:

- ❖ Non-availability of explosives for mining operations
- ❖ Delays in issuance of NOCs for foreign investors
- ❖ Lack of rebate on import of mining machinery
- ❖ Provincial-level restrictions, including bans on mining in Guzara forests/ other lands
- ❖ District-level issues, such as unauthorized mining and lack of support from District Mining Liaison Committees

8. Way Forward – Investment & Resource Estimation

DG Mines/ Director Exploration emphasized the need for:

- ❖ Allocation of adequate funds for reserve estimation to attract potential investors
- ❖ Investment in infrastructure development to unlock mining potential
- ❖ Strategic planning for the development of 19 metallic and gemstone blocks across KP for future investment opportunities

1.3 Feedback from the Inspectorate of Mines

As part of a strategic planning initiative, a desk review was conducted on the regulatory and operational scope of the Office of Chief Inspectorate of Mines, Khyber Pakhtunkhwa, which culminated in an interactive joint-briefing session held on May 23, 2025 with the Chief Inspector of Mines-KP and his team, leading to a productive exchange of institutional information, insights, and alignment on future collaboration. As ascertained, the Chief Inspector’s office primarily deals with inspections and regulation of mines, training of mines managers and workers, conducting mine rescue and recovery operations besides conducting competency examinations. The statistics and/or information shared during the review were thoroughly deliberated upon, and performance relevant to last six months on several activities were considered significant enough to be reproduced for inclusion in this document.

a. Inspection & regulation of mines

Out of a total of 4,159 registered mines employing approximately 20,617 mine workers, 3,293 mines—representing nearly 79%—have been uploaded onto the Mine and Contractor System (MCS). The mines fall into two categories: underground mines (1,597) and surface mines (2,562). These mines are subject to inspection and regulation by field offices operating under three regional divisions—North, South, and NMSs—covering 35 districts. Regulatory oversight is provided by 21 inspectors, including 3 female inspectors.

b. Trainings extended to the mines HR

Technical training was reportedly provided to approximately 1,246 mine workers, including 835 underground mine workers and 411 surface mine workers. Similarly, out of 13 managers trained in the concept of on-the-job training, 7 were from underground mines and the remaining 6 from surface mines. Furthermore, 11 mining/Geology graduates were placed in mining field across the province.

c. Mine rescue and recovery operations

As part of the function, the inspectorate experienced rescue operation in 2 mines whereas, the total number of mine-workers rescued/ recovered were 5 during the past six months.

d. Competency examinations

Following statistics was shared regarding the competency examinations conducted by the Inspectorate, showing the nature and level of examinations together with the number of examinations and the passed-out candidates.

Certification Type	No. of Exams	Candidates Passed
Mines Manager – 1st Class	9	59
Mines Manager – 2nd Class	2	2
Surveyor Certificate	8	48
Mine Sirdar	19	1,326
Shot Firer	19	278

e. Public Engagement, Complaint Redressal & Legal Enforcement

The Chief Inspector of Mines briefed the forum on the redressal of mine-related complaints lodged through the Pakistan Citizens Portal. During the last six months, a total of 8 complaints were received, out of which 6 were successfully resolved, reflecting a 75% resolution rate. In addition to the Citizens Portal, the Inspectorate has actively engaged the public through social media most notably via its official Facebook page, which has garnered 11.3K likes. The page is regularly updated with informative content on the Inspectorate's functions and field activities. In one highlighted outreach initiative, the page reached 6,544 individuals who interacted with the content by January 24, 2025, and was estimated to have a potential audience reach of 59 to 69 million people underscoring the significant role of digital platforms in public communication. Separately, on the legal enforcement front, 31 prosecution cases were lodged during the past six months. Of these, 7 cases were fully adjudicated, while 24 cases remain under process. The total fines imposed amounted to Rs. 2,481,000, out of which Rs. 2,301,000 have been recovered—indicating a recovery rate of approximately 92.75%.

f. Legal framework

The Inspectorate of Mines, Khyber Pakhtunkhwa, operates under a dual mandate: the inspection and regulation of mines in accordance with the *Mines Safety, Inspection & Regulations Act, 2019*, *Coal Mines Rules, 2021*, *Metalliferous Mines Rules, 2022*, and the provision of training and conducting examinations under the *Conduct of Examination Rules, 2022* and *Rescue & Training Rules, 2009*.

1.4 Feedback from the Commissionerate of Mines

Likewise, as part of a strategic planning initiative, a desk review was undertaken to assess the operational scope of the Chief Commissioner of Mines, Khyber Pakhtunkhwa. The review concluded on May 23, 2025, culminating in a productive exchange of institutional data, operational insights, and alignment on potential avenues for future collaboration, particularly with reference to KP-MDMCL. The statistics and information shared during the session were thoroughly deliberated upon, and key aspects of the Commissionerate’s performance were deemed significant enough to be reproduced and incorporated into this report.

a. Core functions & legal framework

The Commissionerate of Mines Labor Welfare (CMLW), Khyber Pakhtunkhwa, operates under a dual mandate: the collection of Excise Duty on Minerals in accordance with the *Khyber Pakhtunkhwa Excise Duty on Minerals (Labor Welfare) Act, 2021*, and the provision of welfare facilities to mine labor, guided by principles of Corporate Social Responsibility (CSR). The Commissionerate’s legal framework is rooted in the 2021 Act, along with the KP Excise Duty on Minerals (Labor Welfare) Rules, 1969, and the Rules of 2025, which are presently under review by the Law Department.

b. Revenue Collection (Excise Duty)

In response to an inquiry in relation to the core function of the Commissionerate, it was noted that the target fixed by the Finance Department, GoKP for Fiscal Year 2024-2025, was reported to be the same (Rs.200 Million) as were fixed for Fiscal year 2023-2024, where the revenue collection was Rs.203.300 Million, ended June 30, 2024. On the other hand, the actual receipt until April, 2025 during 2024-2025 stood at a sum of Rs.176 Million, and the Commissioner was confident to achieve the desired target by or before June 30, 2025.

c. Mines Labor Welfare (MLW) Schemes

The key schemes operational under the Commissionerate include:

1. Health Facilities

Multiple **MLW** Dispensaries across mineral-producing districts including (a) Bampokha & Bagh (Buner) (b) Ghundo Tarako & Saleem Khan (Swabi) (c) Sherwan & Kali Mitti (Abbottabad) (d) Beer & Dewan Cement (Haripur) (e) Shah Kot (Nowshera) (f) Jatta Ismail Khel, (g) Chungi No. 2 & (h) Gula Khel (Karak). The labors benefited from aforementioned dispensaries in FY 2024-2025 upto April, 2025 stood 8,454 number of persons as opposed 9,869 during FY 2023-2024. The Commissioner expressed confidence in meeting the targets set for the current year, and even surpassing them. Upon inquiry, it was found that the Commissionerate had extended financial assistance to mine labor, classified into two categories: Permanently Disabled (PD) mine workers and those suffering from Occupational Pulmonary Diseases (OPD). During the fiscal year 2024–2025, financial assistance was provided through 115 grants amounting to Rs. 34.500 million for OPD cases, and 27 grants amounting to Rs. 13.140 million for PD cases. For the preceding three fiscal years (2020–21 to 2023–24), the statistics for PD-related grants were 66, 39, and 26, amounting to Rs. 14.180 million, Rs. 8.640 million, and Rs. 14.280 million, respectively. Similarly, for OPD-related assistance during the same period, the number of grants issued were 29, 73, and 75, corresponding to Rs. 8.700 million, Rs. 21.900 million, and Rs. 22.500 million, respectively.

2. Educational Support

As part of its welfare initiatives, the Commissionerate of Mines Labor Welfare extends comprehensive educational support to the families of mine workers. This includes the provision of scholarships to children of mine laborers, as well as coverage of educational expenses for those enrolled in professional institutes, those who are high achievers in educational boards, and special children requiring tailored educational assistance. These efforts aim to promote educational inclusion, merit-based encouragement, and equal opportunity for the families of mine workers across Khyber Pakhtunkhwa.

It is worth adding that the Commissionerate extended 5,989 number of scholarships amounting to Rs.110.450 million during FY 2024-2025, as against 6,215 number of scholarships amounting to Rs.98.150 million in the immediately preceding financial year. The achievement of the Commissionerate was found manifold increase if compared to 938 number of scholarships in FY 2018-19, 1,604 in FY 2019-20, 2,162 in FY 2020-21, amounting to Rs.16.28 M, Rs.25.790 M and Rs.37.720 M respectively.

3. Others – Welfare Initiatives - (<https://app.cmlw.gkp.pk/schemes>)

As part of its broader Corporate Social Responsibility (CSR) framework, the Commissionerate reported the provision of marriage grants to the daughters of mine-laborers, aimed at supporting families during significant life events. In addition, stipends were extended to trainee mine laborers, reflecting the department’s commitment to skill development and socio-economic upliftment within the mining workforce.

4. Digitalization

As part of its commitment to digitization and improved service delivery, the Commissionerate of Mines Labor Welfare has launched an online portal (www.cmlw.gkp.pk) that enables online registration of mine-labor, submission of applications for various welfare schemes, and a transparent, automated system for scrutiny and processing. As of May 2025, a total of 33,514 mine workers had been registered through the portal. In parallel, the Commissionerate has maintained an active presence on the Pakistan Citizen Portal to address public grievances efficiently and continues to engage the public through social media platforms, including a dedicated Facebook-page, enhancing transparency, accessibility and responsiveness. As per the Commissioner, and as evident from the Pakistan Citizens Portal, 37 complaints were lodged, all of them were resolved with no pendency bringing the satisfactory level to hundred percent.

d. Control over weighbridges

During the desk review, the performance of the Inspectorate of Mines emerged as a critical concern, particularly in relation to its inadequate oversight and ineffective control over weighbridges through which mineral extracts are transported. The lack of a dependable mechanism to independently verify and document the actual volumes passing through these weighbridges has reportedly led to serious deficiencies in accountability and transparency. This indicates the absence of a foolproof system for recording, cross-verifying, and reconciling weighbridge data with extraction permits, royalty assessments, and field-level reports. The resulting gap not only casts doubt on the credibility of mineral production reporting, but also opens avenues for significant revenue losses and regulatory breaches. The situation is further exacerbated by the absence of digitized, real-time monitoring systems and the weak operational linkage(s) between field offices and central oversight mechanisms. This systemic shortfall undermines the very essence of the Inspectorate’s regulatory mandate and leaves the mineral extraction value chain vulnerable to underreporting and exploitation. To address this, the Inspectorate’s role must be reinforced by leveraging the institutional and technological capabilities of KP-MDMCL, particularly in the design, implementation, and operation of an integrated digital monitoring system that ensures end-to-end traceability, verification, and compliance across all mineral transport and reporting activities.

2. Distinguished Functions

In order to ensure efficient governance, transparency and optimal resource utilization within the minerals sector of Khyber Pakhtunkhwa, it is imperative to clearly delineate the functional responsibilities between the MDD/Directorate of Mines and Minerals, GoKP and the KP Minerals Development and Management Company Limited (KP-MDMCL). While the MDD is mandated to perform policy, regulatory, and oversight functions, such as formulation of mineral policies, licensing, and Royalty collection and its management through Directorate of Mines and Minerals, the KP-MDMCL is established as a commercial arm responsible for operationalizing business strategies, facilitating investments, and executing projects in alignment with government policies. A well-defined functional distinction will minimize overlap, avoid institutional conflicts, promote accountability, and create a conducive environment for sustainable sectoral growth by leveraging the regulatory authority of the Department/Directorate and the commercial agility of KP-MDMCL. Some of the distinguished functions (policy and regulatory Vs. commercial) are appended below, with the understanding that KP-MDMCL, while taking over the MIFA’s functions will also assist the Directorate in royalty collection and its management in the first instance and can fully take over the same once the company’s infrastructure and capabilities reaches to the stage of a complete takeover.

POLICY & REGULATORY VS. COMMERCIAL ACTIVITIES

Function Category	Policy & Regulatory Functions <i>(To be performed by MDD/ DGMM)</i>	Commercial Functions <i>(To be performed by KP-MDMCL)</i>
Governance, Planning & Sector Development	Develop mineral policies, strategic plans, legal frameworks, and sectoral priorities; designate mineral zones; define infrastructure requirements; promote geological research and institutional capacity building.	Execute approved strategies, lead business planning and market expansion, implement projects, invest in operational infrastructure, utilize geological data for asset development and innovation, including designing and implementing robust system at weighbridges.
Licensing & Permitting	Administer, monitor, and renew licenses and leases in accordance with statutory and regulatory frameworks.	Facilitate compliance support and process management for license holders; provide commercial advisory and operational assistance.
Royalty Collection & Management	Set and enforce royalty rates, oversee declaration audits, and ensure effective collection mechanisms.	Support accurate reporting, digital monitoring, and royalty collection under government-endorsed concession frameworks.
Compliance, Market Regulation & Investor Support	Ensure environmental, legal, and operational compliance; regulate domestic pricing; prevent anti-competitive practices; provide inter-agency coordination and one-window investor facilitation.	Enforce internal ESG standards, manage domestic sales, engage in B2B partnerships, develop joint ventures and investor relationships.
Trade, Marketing & Export Facilitation	Coordinate with federal authorities on trade policies, export quotas, tariffs, and customs procedures.	Lead mineral marketing efforts, manage export logistics, engage international buyers, represent sector in trade fairs and global forums.

3. Licensing & Permitting

The licensing and permitting regime in the mining and mineral sector of Khyber Pakhtunkhwa is currently administered as a core function by the Directorate General of Mines & Minerals (DGMM), an attached department under the administrative control of the Government of Khyber Pakhtunkhwa (GoKP). The DGMM is responsible for regulating exploration and mining activities across the province, including the issuance of reconnaissance licenses, prospecting licenses, mining leases, and other associated permits in accordance with the Khyber Pakhtunkhwa Mining Concession Rules, 2005 (as amended) and relevant policy instruments. The permitting process involves technical evaluation, regulatory compliance checks, and coordination with other line departments, including those related to environmental protection and land use. While these functions fall within the statutory domain of the government through the DGMM, they directly influence the pace and quality of mineral development and private sector participation in the region.

*Although KP Minerals Development & Management Company Limited (KP-MDMCL) does not currently have a statutory mandate to issue or approve licenses and permits, its strategic role as a government-owned enterprise with sectoral oversight responsibilities presents an opportunity for greater integration into the decision-making ecosystem. Given the company's positioning as a principal entity led by a professionally competent Board of Directors (BoD), there is a strong rationale for institutionalizing its presence within the licensing framework, if not as a regulatory authority, then at least as an informed and independent voice within the process. **In this context, it is worth considering that the Chief Executive Officer of KP-MDMCL, or an independent director from its Board, may be nominated to participate in relevant licensing and permitting forums or committees in an advisory or observer capacity. Such representation would enhance transparency, ensure alignment with the broader objectives of sustainable mineral development, and help bridge the gap between regulatory authority and commercial viability.***

4. Royalty Collection & Management

4.1 Preamble

Royalty is the major source of revenue of the Provincial Government, through Minerals Development Department of GoKP. The Directorate of Mines and Minerals, GoKP, operates under the Khyber Pakhtunkhwa Mining Concession Rules, 2005 (amended periodically), managing lease approvals, royalty collection, and compliance oversight. Royalties are collected based on tonnage and grade of extracted minerals, with field monitoring through Mines Inspectors and Royalty Check Posts. Our preliminary assessment indicates that while a regulatory structure exists as aforesaid, the Directorate of Mines and Minerals, GoKP, continues to face several operational challenges including manual processes, absence of real-time digital integration, risk of underreporting, limited field capacity, and lack of public transparency. Our initial assessment of Current Licensing and Royalty Administration, through the Directorate of Mines and Minerals, GoKP, revealed the following status:

Category	Key Points
Strengths	<i>Legal structure in place for mineral leasing and royalty collection. Royalties form a major part of KP's non-tax revenue. Royalty check posts at major mining sites aid enforcement and compliance.</i>
Critical Weaknesses	Manual and Fragmented Processes High Risk of Underreporting & Revenue Leakages Weak Monitoring & Accountability Mechanisms
Manual Processes	<i>Reliance on manual documentation increases risk of tampering, delays, and inefficiencies. Absence of an integrated digital system hampers real-time data access and field coordination.</i>
Revenue Leakages	No standardized, verifiable weighing-mechanisms at extraction and transport-points exists, that enable quantity and quality manipulation. Poor integration between licensing, production, and royalty data creates blind spots in oversight.
Monitoring & Accountability	<i>Limited staffing and insufficient training in modern audit and digital tools. No third-party checks or automated systems to validate field data. Key data on royalties, concessions, and collections not publicly disclosed, limiting external oversight.</i>

4.2 Findings – on royalty functions

Traditionally, royalty collection is a regulatory function because it involves public revenue, compliance enforcement, and oversight to prevent underreporting or evasion. As such, it remains under the jurisdiction of Directorate of Mines and Minerals, ensuring transparency, legal accountability and alignment with fiscal frameworks. However, under a public-private hybrid model, certain operational functions related to the collection and management of mineral royalties may be strategically delegated to a government-backed commercial entity, such as KP-MDMCL, while ensuring that core regulatory authority, policy control, and enforcement powers remain exclusively with the Directorate. *(This model reflects international best practices, where governments retain regulatory sovereignty while leveraging specialized operational capabilities of semi-autonomous entities to enhance efficiency, transparency, and accountability. It may be noted that practical implementation of such a model does present challenges, including the risk of role-ambiguity, resistance from internal stakeholders and the need for real-time integration of financial and operational data. However, these difficulties should be embraced in good faith, as they are part of the necessary trade-offs for achieving long-term institutional efficiency, transparency, and sustainability. Every meaningful reform carries transitional challenges, but when navigated with commitment and clarity, they pave the way for durable and impactful outcomes).*

4.3 Findings – on royalty collection

On consulting White Page (2024-2025) document, as published by Finance Department, Government of Khyber Pakhtunkhwa, it was revealed that an amount of Rs.10.500 Billion has been projected to be received during FY 2024-2025 from the Mines and Minerals Department. An analysis of the preceding five years from FY 2020-21 through 2024-25, regarding the royalty collection (non-tax revenue), revealed significant improvement from Rs.5.2 billion in year 2020-21 to the Budget Estimate of Rs.10.5 billion during FY 2024-25, reflecting over 100% increase in the royalty revenue. White-page issued by the GoKP for 2024-2025, further revealed collections from 20 districts of the KP province amounting to Rs.10.5 billion with major contributors to be from the Mines and Quarries – Haripur (HR-5075) which form 27% of the budgeted receipt, amounting to Rs.2.283 billion, which was then followed by Nowshera (21%), Kohat (15%) and Dera Ismail Khan (14%). Other quotable districts from the perspective of royalty collection were found to be Mardan, Malakand, Abbottabad, Buner, Peshawar, Bannu, Lakki, Karak, Swat, Mansehra, Chitral, Swabi, Upper Dir and Charsadda. District-wise breakup is also appended below:

Royalty Receipts 2024-25

Code	Mines & Quarries	Budget 2023–2024	Budget 2024–2025	% age
ADS5085	Abbottabad	184,750,000	237,831,000	2.27
BD5076	Buner	176,931,000	217,761,000	2.07
BU5082	Bannu	120,016,000	163,196,000	1.55
CA5078	Charsadda	2,889,000	3,555,000	0.03
DI5105	D I Khan	1,085,310,000	1,465,114,000	13.95
DP5069	Dir Upper	4,020,000	4,948,000	0.05
HR5075	Haripur	1,856,917,000	2,823,022,000	26.89
AK5065	Karak	114,426,000	98,200,000	0.94
KT5084	Kohat	1,153,105,000	1,532,994,000	14.60
LK5069	Lakki	120,635,000	147,153,000	1.40
MA5076	Mansehra	23,420,000	42,721,000	0.41
MD5092	Malakand	212,317,000	261,313,000	2.49
MR5121	Mardan	481,814,000	762,044,000	7.26
NR5078	Nowshera	1,676,140,000	2,245,230,000	21.38
PR5494	Peshawar	102,746,000	140,544,000	1.34
SU5084	Swabi	5,799,000	7,137,000	0.07
SW5097	Swat	59,512,000	73,246,000	0.70
CL4162	MDO – Chitral	20,307,000	36,687,000	0.35
PR4442	HQ, Mineral Dev. Dept. Peshawar	202,000,000	205,000,000	1.95
	TOTAL	7,652,000,000	10,500,000,000	100.00

It is worth adding that the total expenditure incurred (or estimated to be incurred) for FY 2024-2025 against the royalty collection stood Rs.2 billion at the maximum, comprising Rs.1.840 billion against current (salaries) while Rs.0.217 billion against developmental expenditure, resulting in saving of Rs.8 billion, worked out as follows:

Description	Rs./billion	%age
Total receipt	10.500	100.0
Total expenditure	02.058	19.6
Savings	08.442	80.4

4.4 Findings – on royalty projections

Assuming the foregoing actual saving(s), the projected receipts, expenditure and savings during financial year(s) 2025-26 to 2029-30, applying a very nominal incremental factor (15%) both towards the revenue and expenditure, the savings are exhibited as follows:

Projected Royalty Savings (Rs. in Billion)

Financial Year	Receipts (15% Growth)	Expenditure (15% Growth)	Savings
2024-25 (Base)	10.500	2.058	8.442
2025-26	12.075	2.367	9.708
2026-27	13.886	2.722	11.164
2027-28	15.969	3.130	12.839
2028-29	18.364	3.600	14.764
2029-30	21.119	4.140	16.979

4.5 Findings – food for thought

A comprehensive analysis of royalty collections vis-à-vis the associated costs clearly demonstrates the strategic role of KP Minerals Development and Management Company Limited (KP-MDMCL) in enhancing revenue efficiency through its collaborative framework with the Directorate of Mines and Minerals, Government of Khyber Pakhtunkhwa (GoKP). In line with its mandated functions, KP-MDMCL intend to introduce best-practices in royalty collection and management, leveraging AI tools, advanced technologies, and institutional oversight through its fully empowered Board of Directors. This model, if considered positively, will not only curb revenue leakages but also ensure optimized resource utilization. The resultant cost savings in royalty collection operations hold significant potential(s) to be **redirected entirely** into Minerals Development Fund (MDF) and placed at the disposal of KP-MDMCL, thereby enabling sustained investment for the promotion and growth of the mineral sector across the province, and at the national level. Alternatively, in recognition of its operational excellence and effective management, KP-MDMCL may justifiably be allocated at least one-third (or 30%) of the realized savings as a management fee, thereby institutionalizing a performance-based incentive(s) structure that reinforces accountability and sectoral development. This approach would ensure the entity's financial sustainability from the outset, eliminating need for recurring grants and unnecessary fiscal dependence.

4.6 Recommendations – MDF

Given the targeted role to the newly formed company, and the province’s growing focus on structured mineral development and exports, it is imperative to empower KP-MDMCL with financial autonomy, enabling it to undertake critical functions beyond exploration, including mineral-research, commercialization, strategic-marketing and digital- transformation. As outlined already, an option to consider diversion of royalty savings towards a dedicated Minerals Development Fund (MDF) with key justifications therefor, is reiterated as follows:

a. Reinvestment principle

- A major portion of royalty savings should be earmarked to establish a Mineral Development Fund, instead of being absorbed into the general treasury;
- This is consistent with national practices like KP Hydel Development Fund (*created in 1992 & operative till date with tremendous growth*) and the global best-practices where extractive revenues are reinvested for sectoral development.

b. Governance & Deployment

- The MDF should be utilized under specific guidelines approved by the Board of Directors of KP-MDMCL as the implementing agency under the overall monitoring of MDD, GoKP.
- Funds should be non-lapsable and operated under a performance-based disbursement model for:
 - Mineral research and geo-data
 - Digital royalty and production monitoring
 - Mining cluster and industrial zone development
 - Machinery leasing, mobile labs, and field operations
 - International marketing and participation in global expos
 - Talent acquisition and HR development for the company

c. Financial Autonomy for KP-MDMCL

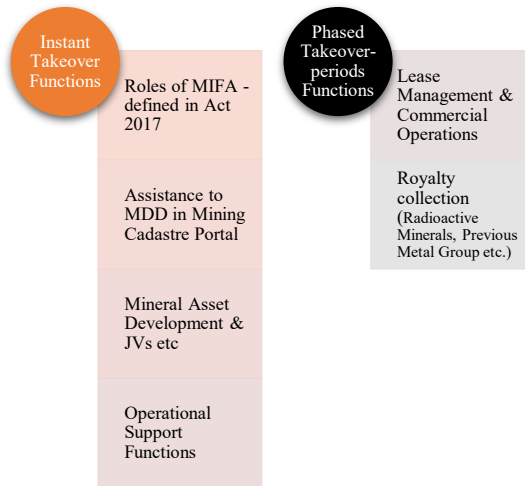
- KP-MDMCL should be granted operational financial autonomy within the framework of the Fund in particular, to enable timely decision-making and agile project execution.
- Periodic audits and performance scorecards of the fund in particular, can ensure transparency and accountability.

4.7 Benefits of the Proposed Model

Impact Area	Expected Outcome
Strategic Utilization	Converts passive royalty savings into active sectoral investments
Institutional Sustainability	Ensures that KP-MDMCL is not financially dependent on ad-hoc Govt. grants
Public-Private Engagement	Enables the company to offer co-financing and JV incentives to investors
Policy Continuity	Creates a ring-fenced mechanism shielded from political or budgetary fluctuations
Export Enhancement	Supports infrastructure, marketing, and certification for mineral exports

5. Analysis of Preferred Functions

The strategic establishment of KP Minerals Development and Management Company Limited (KP-MDMCL) marks a significant shift in the governance and development of the mineral sector in Khyber Pakhtunkhwa. By clearly delineating the roles of government oversight and commercial operations, this model is going to enhance institutional focus, operational efficiency, and stakeholder engagement. For the Government of Khyber Pakhtunkhwa, it will reduce the administrative and operational burden of direct mineral asset management, allowing it to concentrate on its core functions, namely strategic policy formulation, regulatory and environmental oversight, and long-term sectoral planning. This repositioning will not only strengthen the province's fiscal framework through stable and predictable royalty revenues with minimal enforcement costs but also allows the government to operate more effectively in a supervisory and policy-oriented capacity. It has been proposed elsewhere in this desk report, that the KP-MDMCL will assist the DG, Mines and Minerals in royalty collection and management. For KP-MDMCL, the decentralized structure under the Companies Act, 2017, will support timely decision-making and efficient project execution, essential for success in a capital-intensive and competitive sector. The financial autonomy if generously accommodated, will also create a favorable environment for fostering public-private partnerships, thus attracting both domestic and foreign investment. For stakeholders such as investors, leaseholders, and local communities, this transformation introduces greater transparency, improved lease administration, efficient dispute resolution, and enhanced institutional accountability. The professionalization of the sector under KP-MDMCL significantly improves investor confidence and promotes sustainable practices, contributing to the broader socio-economic development of the province, particularly in underdeveloped mineral-rich areas. In view of these advantages, a functional re-alignment is proposed, whereby selected core functions currently performed by the Directorate General of Mines & Minerals (Government of KP) be delegated to KP-MDMCL in a phased-out periods. This shift is essential to reinforce KP-MDMCL's operational effectiveness and financial independence in fulfilling its core mandate of mineral exploration, extraction, and development, while ensuring that the Government of Khyber Pakhtunkhwa maintains its strategic role in regulation and sectoral governance. This delegation may be operationalized through two approaches:



Instant Takeover of priority and high-impact functions that align directly with KP-MDMCL’s existing capacity and strategic focus; and

Phased Takeover Defined Periods for functions that require capacity building, legal adjustments, or transitional arrangements to ensure seamless integration and minimal disruption.



- MDD - GoKP**
- Directorate of Mines & Minerals
 - Inspectorate of Mines
 - Commissionerate of Mines Labor Welfare
 - Technological Integration and Transparency



5.1 Mineral Asset Development

The following functions are proposed for immediate transfer to KP-MDMCL, based on its existing legal mandate, institutional readiness, and strategic positioning as the Government’s lead agency for mineral sector development. These functions are aligned with the company's operational framework and can be effectively undertaken without delay:

Public-Private Partnerships (PPP): KP-MDMCL shall take over the responsibility for structuring, negotiating, and managing PPP arrangements in the mineral sector. This includes identification of viable PPP projects, preparation of pre-feasibility and feasibility studies, transaction structuring, investor engagement, and monitoring of PPP performance. The company’s corporate governance structure and commercial orientation place it in a strong position to attract private sector investment and ensure value-for-money outcomes for the province.

Identification and Management of Joint Ventures (JVs): KP-MDMCL shall assume full charge of identifying potential mineral rich areas and underutilized government-owned mineral assets suitable for joint venture development. The company will lead on partner selection, JV structuring, negotiation of terms, and ongoing performance oversight. This will allow for the productive utilization of dormant or sub-optimally exploited resources, while ensuring government interests are safeguarded through transparent and commercially viable arrangements.

Oversee Exploration and Feasibility Studies for Potential Minerals: KP-MDMCL will progressively take over the responsibility for designing, managing, and supervising geological exploration programs and conducting technical and economic feasibility studies for priority mineral reserves. This phased transition will involve the development of in-house geoscience expertise and technical partnerships, allowing the company to identify bankable projects for investment promotion and sustainable resource development.

Strengthening Value Chain Development through Public-Private Partnerships (PPPs): KP-MDMCL shall build the capacity to develop downstream processing initiatives aimed at enhancing the value chain of Khyber Pakhtunkhwa’s mineral resources. This includes supporting the setup of mineral processing units, branding and certification of gemstones, and marketing processed products in domestic and international markets. The transition will require collaboration with industry players and gradual investment in technical infrastructure and market linkages.

Levy Service Charges / Fees on Leaseholders: In due course, KP-MDMCL will be authorized to provide specialized technical services to leaseholders, including environmental impact assessments, geological and topographic surveys, and GIS-based mapping, and recover service charges/fees accordingly. This will not only help standardize and professionalize mining operations but will also generate a sustainable revenue stream for the company while reducing the burden on public resources. These functions, by their nature, require agility, commercial insight, and investment facilitation capabilities, which are better suited to the operational model of KP-MDMCL than a traditional departmental setup. The instant takeover of these roles will therefore serve as a critical step toward improving sectoral governance and unlocking the investment potential of Khyber Pakhtunkhwa’s mineral wealth.

Operational Support Functions: Provide geological surveys, mine planning, and environmental compliance support to private lessees. Data Management and maintain a centralized digital repository of mining leases, production data, and royalty payments.

6. Investor Facilitation – MIFA’s role in particular

The mineral development sector stands as a critical pillar in our national economic growth strategy, offering unparalleled opportunities for sustainable investment, value addition, and regional development. Recognizing this potential, the MDD, Government of KP, has taken significant steps to create investor-friendly ecosystem, including policy reforms, improved regulatory frameworks, and institutional facilitation. In this regard, the previously envisioned role of the Mineral Investment Facilitation Authority (MIFA), as rightly anticipated through formal legislation, was to serve as a one-window platform to streamline processes, enhance transparency, and accelerate private sector participation in mineral exploration, development, and commercialization.

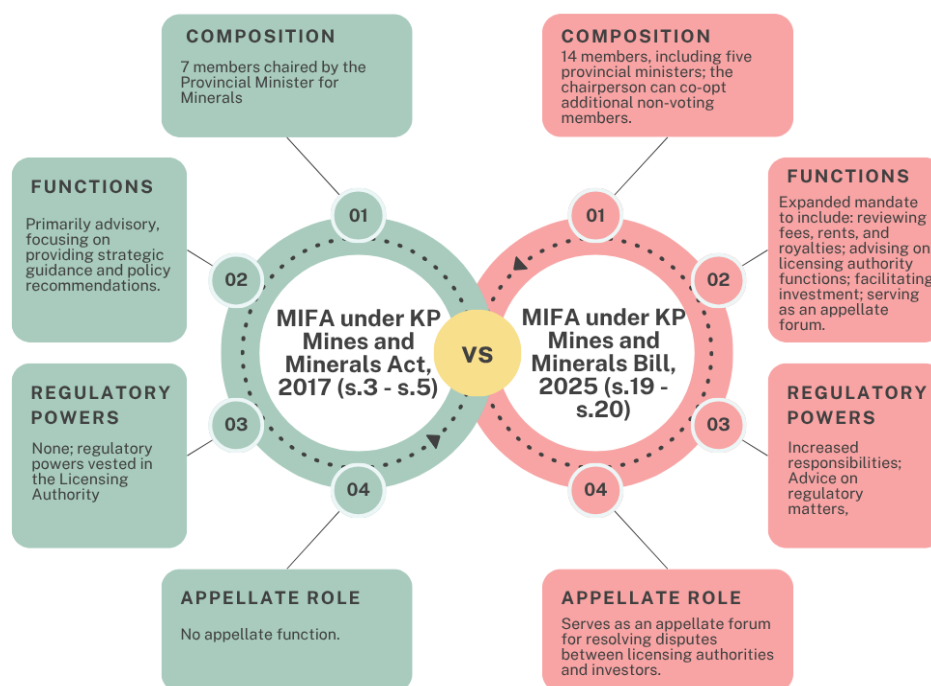
6.1 MIFA’s Limited Mandate and Impact

The Mineral Investment Facilitation Authority (MIFA), currently operates under the framework established by the Khyber Pakhtunkhwa Mines and Minerals Act, 2017 (*as amended in 2019*). Under this framework, MIFA functions primarily as an advisory body with a limited scope and a streamlined structure. Its role focuses predominantly on providing strategic guidance and policy recommendations to the provincial government, without possessing any regulatory powers, which remain vested in the Licensing Authority. As detailed in the table below, MIFA's existing structure comprises only 7 members, including the provincial Minister for Minerals and senior bureaucrats.

The advisory nature of its mandate is narrow, with 12 defined functions, and its interaction with federal authorities is minimal. As a result, MIFA’s overall institutional impact remains limited, constrained by its restricted mandate and lack of decision-making authority. By contrast, the Khyber Pakhtunkhwa Mines and Minerals Bill, 2025, currently under consideration, proposes a significant expansion of MIFA’s role. The Bill outlines a broader mandate with 16 - defined functions, including advising on licensing authority operations, reviewing fees, rents, and royalties, facilitating investment, and serving as an appellate forum for resolving disputes. It also proposes expanding the Authority’s composition to 14 members, including five provincial ministers, and empowers the chairperson to co-opt non-voting members for expert input. Additionally, the Bill introduces a provision for MIFA to consider suggestions from the Federal Mineral Wing, although these remain advisory and non-binding. Collectively, these proposed reforms aim to enhance MIFA’s institutional capacity and strategic role within the provincial mining sector.

6.2 Comparison of MIFA’s role (2017- 2025)

The diagram below presents a comparative summary of MIFA’s structure, functions, and legal basis, both under the current 2017 Act, and the proposed 2025- Bill.



6.3 Comparison of MIFA Vs. KP-MDMCL in Attracting Mineral Sector Investment

The Mineral Investment Facilitation Authority (MIFA) was originally envisioned as a high-level, statutory body mandated to act as a one-window facilitation platform to attract and manage investment in the mineral sector. Its primary role was to coordinate across departments, streamline approval processes, and enhance investor confidence through policy clarity and institutional support. However, practical challenges, including predominantly government-based composition of MIFA and the logistical difficulty in convening regular meetings, limited its operational effectiveness. Investor confidence is often undermined when facilitation depends on bureaucratic structures with delayed responsiveness and limited commercial orientation. In contrast, the Khyber Pakhtunkhwa Minerals Development & Management Company Limited (KP-MDMCL), as a public limited company under corporate governance, is uniquely positioned to undertake and accelerate this role. With its expanded mandate, KP-MDMCL can proactively engage with domestic and foreign investors, structure joint ventures, offer investment-ready projects, and ensure timely execution—functions traditionally expected from MIFA. Importantly, nothing in law or practice prevents KP-MDMCL from stepping into this facilitative role. In fact, a public limited company governed under the Companies Act offers greater confidence to investors due to transparency, continuity, commercial agility, and the ability to operate with autonomy beyond bureaucratic constraints. This corporate structure is particularly attractive to foreign investors, who seek streamlined, professionalized engagement backed by predictable governance. In essence, while MIFA was a promising concept, KP-MDMCL is better equipped—both structurally and operationally—to lead investor facilitation and sectoral development in the mineral domain of Khyber Pakhtunkhwa and Pakistan at large.

6.4 Why MIFA Failed Despite Legislative Strength?

MIFA's performance has been marred by a lack of proactive leadership and execution, with its role largely confined to meetings and paperwork, resulting in no substantial policy implementation or major investment deals. Bureaucratic inertia and structural weaknesses—such as the absence of a dedicated operational team and clear performance benchmarks—further hampered its effectiveness. It failed to curb illegal mining, particularly in Malakand, Hazara, and the Merged Districts, while efforts toward e-auctioning and digitization remained sluggish and inconsistent. This inaction eroded investor confidence, as no significant domestic or foreign investment was attracted, and policy uncertainty continued to prevail.

6.5 Why KP-MDMCL Could be a Game-Changer?

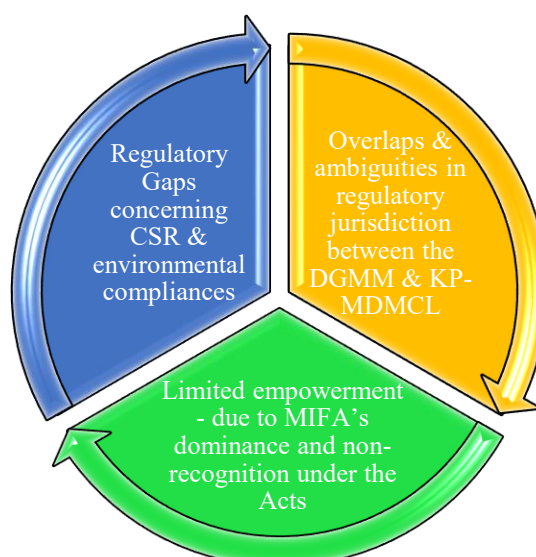
The newly structured KP-MDMCL is envisioned as a dynamic, corporate-style entity designed to address and overcome the shortcomings of MIFA. Unlike the bureaucratic and ad-hoc nature of MIFA, KP-MDMCL operates under a public limited company model, ensuring professional governance, financial autonomy, and operational efficiency. With a dedicated board inclusive of Independent Directors, Board Committees, CEO, CFO & Other operational team, it will pursue performance-based KPIs to drive focused execution and accountability. The company offers greater flexibility, including the ability to raise capital through equity or debt and directly invest in mining projects, enabling it to form JVs and PPPs with ease. Significantly, consultants are evaluating the absorption of MIFA's functions into KP-MDMCL, positioning it as a single, empowered entity to lead mineral sector development in Khyber Pakhtunkhwa, eliminating duplication and unlocking investor confidence.

6.6 Recommendations

It is recommended that the Government of Khyber Pakhtunkhwa formally conclude the chapter of the **Mineral Investment Facilitation Authority (MIFA)**, whose limited operational progress has rendered it largely redundant. In its place, the government should fully empower KP-MDMCL as the province's central minerals development entity, responsible for driving operational execution, project facilitation and sectoral oversight. To enable KP-MDMCL to deliver meaningful results, it must be equipped with technocratic leadership, operational and financial autonomy and an uninterrupted actionable mandate as already provided in the Memorandum of Association of KP-MDMCL. Nonetheless, if for certain reasons the current umbrella role of MIFA is deemed inevitable, and its function is restricted solely to policy-making and strategic guidance, it is recommended that it be renamed as "**Mineral-Development-Council (MDC)**". This revised nomenclature would more accurately reflect a non-operational, advisory role, aligning with global governance models where policy oversight is distinct from execution. With this structure in place, KP-MDMCL can emerge as the key implementation vehicle, unlocking the province's mineral potential and contributing to long-term economic development.

LEGAL & REGULATORY FRAMEWORK

The legal and regulatory framework serves as the cornerstone for the effective governance, transparency, and operational efficiency of public sector entities, including mineral development companies. In the context of KP-MDMCL, a comprehensive and robust legal framework is crucial to ensure that the company operates in alignment with the constitutional mandate, federal and provincial mining laws, environmental regulations, and international best practices. This desk review identifies the critical role of legal instruments in defining KP-MDMCL’s mandate, operational autonomy, financial discipline and public accountability. It also serves as a reference for assessing the company’s powers, obligations and its ability to enter into public-private partnerships, joint ventures, and concession agreements for mineral exploration and development. A preliminary analysis of the existing laws, including (a) the Companies Act, 2017 (b) Public Sector Companies (Corporate Governance) Rules, 2013 (c) Independent Directors Regulations, 2018 (d) State-Owned Enterprises (Governance and Operations) Act, 2023 (e) KP Mines and Minerals Act, 2017 (amended 2019) (f) Khyber Pakhtunkhwa Public-Private Partnership Act, 2020 (g) Mines Safety Act, 2019 (h) Excise Duty on Minerals (Labor Welfare) Act, 1967; and (i) Khyber Pakhtunkhwa Mines and Minerals Bill – 2025, Public Procurement Rules and relevant environmental and land acquisition laws, reveals areas where statutory clarity and harmonization are required. Key issues include:



Desk-Review Analysis – Laws & Regulations in Pakistan

1. Companies Act, 2017 – Section 49

Section 49 of the *Companies Act, 2017* provides the legal authority for a provincial or federal government to form a company limited by shares for the purpose of carrying out any lawful activity, including commercial and developmental functions. The provision enables the government to establish such a company through notification in the official gazette, conferring upon it a separate legal identity and corporate status under the general framework of company law. In April 2025, the Government of KP formally announced its plan to operationalize a provincial mineral-development company, formed earlier on 14 September, 2024, as part of a broader initiative to enhance governance and promote investment in the minerals sector. As reported in *The News International*, the then proposed company was expected to operate on professional lines, and/or support the implementation of the upcoming mineral development frameworks. KP-MDMCL'S operational scope would remain subject to licensing, regulatory approvals and oversight under the *KP Mines and Minerals Act, 2017*, or any successor legislation, although the company is very much entitled to commence its operation by obtaining certificate of commencement of business from the Securities and Exchange Commission of Pakistan (SECP). (<https://www.thenews.com.pk/print/1185504-kp-govt-to-establish-mineral-development-company>).

2. Public Sector Companies (Corporate Governance) Rules, 2013

The *Public Sector Companies (Corporate Governance) Rules, 2013*, issued under the Securities and Exchange Commission of Pakistan Act, 1997, are applicable to all companies in which the government holds a controlling interest. These rules set out mandatory governance obligations, including the constitution of boards with at least one-third independent directors, formation of audit and HR committees, and compliance with disclosure, risk management, and internal control standards. These governance requirements will apply directly to the KP-MDMCL, given its status as a wholly government-owned enterprise. Non-compliance may attract regulatory penalties and/or adversely affect the credibility of the entity with oversight bodies, such as Audit Oversight Board and prospective investors. (Source: *Securities & Exchange Commission of Pakistan – Public Sector Companies (Corporate Governance) Rules, 2013*).

3. Independent Directors Regulations, 2018

The *Companies (Manner and Selection of Independent Directors) Regulations, 2018*, issued by the Securities and Exchange Commission of Pakistan (SECP), provides the regulatory framework for the appointment, qualifications and tenure of independent directors on the boards of the companies, including public sector entities. Under these regulations, all public sector companies are required to appoint independent directors through a transparent process involving a data bank maintained by the Pakistan Institute of Corporate Governance (PICG). Independent directors must meet specific eligibility criteria related to the financial independence, professional background, and conflict of interest provisions. For the KP-MDMCL, which intends its formal commencement with effect from July 01, 2025, compliance with these regulations will be obvious, rather mandatory to meet the corporate governance requirements under, both the *Companies Act, 2017* and the *Public Sector Companies (Corporate Governance) Rules, 2013*. The inclusion of qualified, independent professionals on KP-MDMCL's board will help ensure non-partisan decision-making and enhance institutional credibility. (Source: Securities and Exchange Commission of Pakistan <https://www.secp.gov.pk/document/the-companies-manner-selection-of-independent-directors-regulations-2018>).

4. State-Owned Enterprises (Governance and Operations) Act, 2023

The *State-Owned Enterprises (Governance and Operations) Act, 2023* was enacted to improve the performance, transparency, and accountability of government-owned companies across Pakistan. It provides a statutory framework for the governance of state-owned enterprises (SOEs), covering areas such as strategic planning, performance evaluation, board structure, and financial oversight. Under the Act, all federal and provincial SOEs are required to prepare performance contracts, submit corporate plans annually, and adopt merit-based processes for the appointment of Chief Executive Officers and board members. It also introduces minimum standards for reporting, risk management, and internal audit mechanisms. If the KP-MDMCL is established as a state-owned entity under Section 49 of the *Companies Act, 2017*, it will be subject to the provisions of this Act. Compliance will be essential to ensure transparency, performance accountability, and alignment with national standards for public enterprise governance. (Source: Ministry of Finance, Government of Pakistan – <https://pakistancode.gov.pk>)

5. Khyber Pakhtunkhwa Mines and Minerals Act, 2017 (amended -2019)

The Khyber Pakhtunkhwa Mines and Minerals Act, 2017 serves as the foundational legal framework for the regulation, management, and concession of mineral resources within the province. It comprehensively governs the issuance of reconnaissance, exploration, and mining licenses; outlines the terms and conditions of leases; prescribes royalty structures; and details enforcement mechanisms for regulatory compliance. The Act empowers the provincial government, through its designated authorities, to oversee and administer the development of mineral resources in the public interest. Nonetheless, while the Act provides robust procedures for licensing and mineral rights allocation, it does not explicitly authorize the establishment or preferential treatment of a government-owned commercial entity tasked with mineral development. In the case of the proposed Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL), this legal gap presents a structural challenge for its intended operational model. To resolve this issue, one of the following legal pathways would be necessary:

Legislative Amendment: Introducing specific amendments to the KP Mines and Minerals Act, 2017 to create a legal carve-out or special provision explicitly permitting the provincial government to establish, own, and allocate mineral rights to a public sector entity such as KP-MDMCL, formed under the Companies Act, 2017 by extending complete financial autonomy through its Board, and the CEO to act as Principal Accounting Officer, without dependence on Government.

Regulatory Interpretation and Discretion: Interpreting the existing provisions of the Act in a manner that permits the Licensing Authority, under its discretionary powers, to allocate mineral titles or concessions directly to KP-MDMCL, subject to conditions consistent with public interest and regulatory integrity. Importantly, unless a legal exemption is granted through future legislation, subsidiary rules, or a specific government notification, KP-MDMCL will be subject to the same licensing, application, and reporting obligations as any private sector entity. The Licensing Authority, established under the 2017 Act, will continue to retain independent regulatory control over the issuance and oversight of mineral concessions, ensuring transparency and competitiveness in the allocation of mineral assets. (Source: KP Mines and Minerals Act, 2017, Khyber Pakhtunkhwa Code)

6. **Khyber Pakhtunkhwa Public-Private Partnership Act, 2020**

The *Khyber Pakhtunkhwa Public-Private Partnership Act, 2020* provides the legal framework for structuring, approving, and executing public-private partnership (PPP) projects in the province. It enables government entities to enter into partnerships with private sector actors for the development of infrastructure and public services through models such as Build-Operate-Transfer (BOT), concessions, and Special Purpose Vehicles (SPVs). The Act establishes a dedicated PPP Unit within the Planning and Development Department and prescribes mechanisms for project screening, risk allocation, competitive bidding, and dispute resolution. It also allows for the creation of project companies with mixed ownership between government and private investors. In the context of the proposed KP-MDMCL, this Act provides a legal basis for adopting a hybrid public-private model, should the government choose to structure KP-MDMCL as a joint venture. It offers the flexibility to engage private capital and technical expertise while maintaining public oversight and strategic control.

Source: https://kpcode.kp.gov.pk/uploads/The_Khyber_Pakhtunkhwa_Public_Private_Partnership_Act_2020.pdf.

7. **Mines Safety Act, 2019**

The *Khyber Pakhtunkhwa Mines Safety, Inspection and Regulation Act, 2019* establishes safety standards, inspection mechanisms, and regulatory obligations for mining operations within the province. The Act mandates compliance with occupational health and safety (OHS) protocols, accident reporting procedures, provision of protective equipment, and appointment of certified mine managers and safety officers. For the KP-MDMCL, compliance with this Act will be mandatory in any exploration or operational activity involving direct mineral extraction or site management. The Act imposes strict liability on operators for ensuring safe working conditions and authorizes the Mines Labor Welfare Department to conduct inspections and impose penalties for violations. Given the increasing global emphasis on safety and human rights in extractive industries, adherence to this legal framework will also be essential for KP-MDMCL to meet investor and ESG compliance expectations.

Source: https://kpcode.kp.gov.pk/uploads/Khyber_Pakhtunkhwa_Mines_Safety_Inspection_and_regulation_Act_2019.pdf

8. [Excise Duty on Minerals \(Labor Welfare\) Act, 1967](#)

The *Excise Duty on Minerals (Labor Welfare) Act, 1967* is a federal law that mandates the collection of a duty on mineral production to fund welfare schemes for mine workers. These schemes cover essential benefits such as housing, education, healthcare, training, and social protection. The duty is collected by provincial governments and transferred to welfare funds administered by the Ministry of Overseas Pakistanis and Human Resource Development (MOPHRD). Should the Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL) engage in direct extraction or operational joint ventures, it will be liable to comply with this duty in accordance with the rates notified by the provincial government. Compliance is necessary not only to meet statutory requirements, but also to reinforce the company's commitment to labor rights, community welfare, and equitable resource sharing in the mineral sector. (*Ministry of Overseas Pakistanis and Human Resource Development – [Labor Welfare Laws](#)*)

9. [Khyber Pakhtunkhwa Mines and Minerals Bill, 2025](#)

The *Khyber Pakhtunkhwa Mines and Minerals Bill, 2025* (Bill No. 52 of 2025), currently under consideration in the Provincial Assembly, seeks to repeal and replace the *Mines and Minerals Act, 2017*. The bill introduces institutional reforms aimed at improving investment facilitation, curbing illegal mining, and enhancing transparency in the mineral sector. Key features of the bill include the creation of the Mineral Investment Facilitation Authority (MIFA) and the formal classification of mining operations by scale. ***While the bill strengthens regulatory mechanisms, it does not explicitly authorize the establishment or operational mandate of a state-owned mineral development company such as KP-MDMCL. This omission presents a potential legal gap, as KP-MDMCL's role, licensing procedure, and relationship with regulatory bodies are not currently defined under the proposed framework.*** To eliminate jurisdictional ambiguity and ensure legal certainty, the establishment of KP-MDMCL may necessitate the insertion of a dedicated provision within the proposed Mines and Minerals Bill, 2025. Furthermore, the provisions relating to the creation of the Mineral Investment Facilitation Authority (MIFA) may need to be omitted as the KP-MDMCL, by virtue of the objectives set forth in its Memorandum and Articles of Association, inherently assumes the functions envisaged for MIFA. This streamlining would avoid redundancy and promote a unified institutional framework for mineral sector development under a single, professionally managed entity. In addition, the formation of KP-MDMCL as a Public Limited Company under the Companies Act, 2017 provides it with the legal capacity to operate not only within Khyber Pakhtunkhwa but across Pakistan and internationally.

This corporate structure empowers KP-MDMCL to attract and negotiate direct foreign-investment(s) independently or in collaboration with the provincial and federal governments, as deemed appropriate by its Board of Directors. Accordingly, any procedural or structural shortcomings in the Mines and Minerals Bill, 2025 or the amended Mines and Minerals Act, 2019 can be addressed or mitigated through the overriding legal effect and enabling provisions of the Companies Act, 2017, ensuring the company's seamless operationalization and legal standing within Pakistan's broader corporate and investment framework. (Source: Provincial Assembly of Khyber Pakhtunkhwa – Mines and Minerals Bill, 2025, Bill # 52 of 2025; Companies Act, 2017)

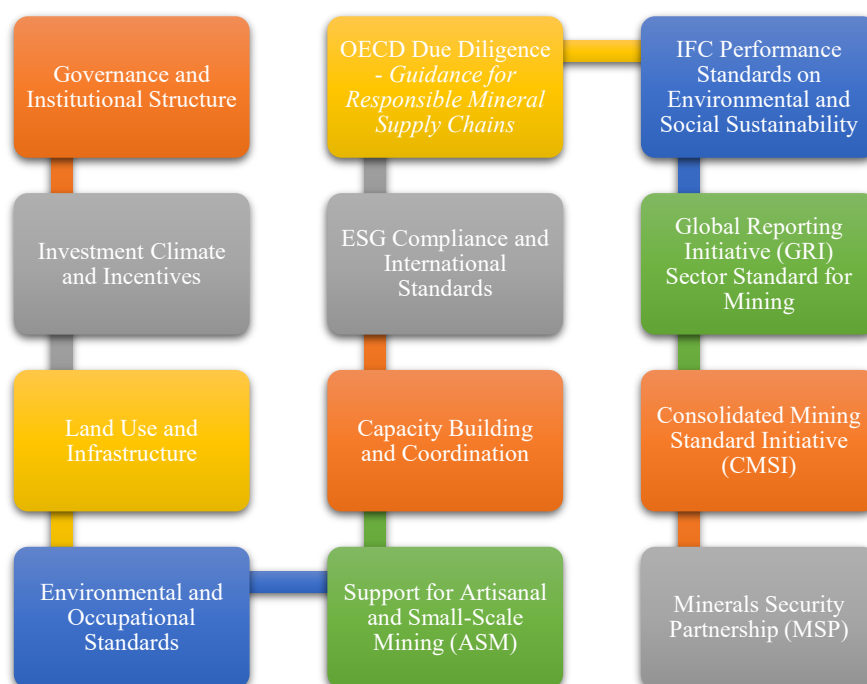
10. Other Rules and Regulations

The formulation of comprehensive internal policies, rules, and manuals is fundamental to establishing a transparent, efficient, and accountable institutional framework within KP-MDMCL. As the flagship entity for mineral resource development in the province, KP-MDMCL must adopt a structured and codified approach to its internal governance and operational processes to ensure alignment with statutory obligations, regulatory expectations, and corporate best practices. In this regard, the urgent development of core manuals including but not limited to a Human Resource Management (HRM) Manual, Procurement Manual, and Operational Manual is imperative. These documents will serve as the cornerstone for managing human capital, regulating procurement processes, and streamlining core functions of the company. Their absence can result in ambiguity, ad hoc decision-making, compliance risks, and potential reputational or financial setbacks. The HRM Manual will define standardized procedures for recruitment, performance management, staff development, and disciplinary mechanisms, ensuring fairness, meritocracy, and motivation across the workforce. Similarly, the Procurement Manual will establish transparent, competitive, and efficient procurement procedures that are consistent with public sector procurement rules and anti-corruption safeguards. The Operational Manual will outline KP-MDMCL's internal workflows, functional hierarchies, and project execution mechanisms, thereby enhancing productivity, accountability, and service delivery. It is strongly recommended that the formulation of these documents be undertaken in consultation with professionally sound firms possessing demonstrable experience in public sector corporate governance, compliance, and policy development. This approach will ensure that the manuals are technically robust, legally compliant, and practically implementable. Ultimately, the development and enforcement of these policies and manuals form an integral part of the broader legal and regulatory framework of the company. Their consistent implementation, in letter and spirit, will enable KP-MDMCL to function with greater institutional integrity, operational efficiency, and public accountability, thereby fulfilling its strategic mandate in the mineral development sector of Khyber Pakhtunkhwa.

STRATEGIC POLICY REVIEW

1. KP Mineral Development Policy and Strategic Action Plan - 2022

The KP Mineral Development Policy and Strategic Action Plan – 2022 presents a comprehensive roadmap for transforming the province’s mineral sector, placing the Khyber Pakhtunkhwa Mineral Development and Management Company Limited (KP-MDMCL) at center of this transformation as a state-owned enterprise tasked with exploration, development, and investment facilitation. A desk review of the policy highlights several potential obstructions to the operationalization of KP-MDMCL, including ambiguities in governance and institutional role, clarity between KP-MDMCL and regulatory bodies such as duplication of MIFA’s functions, limited institutional capacity and readiness, delays in establishing the required legal and regulatory framework, lack of streamlined public-private partnership mechanisms and investment facilitation processes, possible stakeholder resistance to reforms in land use and environmental management, financial constraints in terms of initial capital and sustainability, and procedural hurdles in integrating environmental and land use safeguards. Addressing these challenges through a well-defined institutional audit, risk mitigation strategy, and capacity-building plan will be critical to ensuring effective implementation of the Strategic Action Plan 2022.



A. Governance and Institutional Structure

The policy separates commercial and regulatory functions by assigning oversight to the MDD and designating KP-MDMCL as the province’s commercial operator. This aims to reduce conflicts of interest and align KP’s approach with international governance practices. Transparency measures such as public disclosure of mining contracts and stakeholder engagement mechanisms are also introduced. The Mines and Minerals Bill 2025 complements this direction through proposed entities like the Mineral Investment Facilitation Authority (MIFA) and a dedicated Mines Force for enforcement. (Josh & Mak International, 2022 <https://www.joshandmakinternational.com/khyber-pakhtunkhwa-mineral-development-policy-2022>).

B. Investment Climate and Incentives

The policy enhances KP’s attractiveness to investors by offering fiscal incentives (e.g., tax breaks, royalty concessions), streamlined permitting processes, and joint venture options. Public-private partnerships are encouraged, particularly for large-scale operations. The KP-MDMCL is expected to act as a commercial partner in such ventures, providing provincial equity and operational support. As per media reports, the KP cabinet approved the KP-MDMCL to promote responsible, modern mining, while leaving room for investor flexibility. (The News, June 2024) <https://www.thenews.com.pk/print/1185504-kp-govt-to-establish-mineral-development-company>).

C. Land Use and Infrastructure

The policy addresses land-related challenges by identifying mining zones, establishing land acquisition guidelines, and ensuring compensation and dispute resolution frameworks. These measures are crucial for KP-MDMCL to avoid delays and community resistance. It also aligns with broader development efforts such as the Bannu Economic Zone, which connects mineral extraction with industrialization and regional trade. https://en.wikipedia.org/wiki/Bannu_Economic_Zone.

D. Environmental and Occupational Standards

The policy mandates Environmental Impact Assessments (EIAs), site rehabilitation, pollution control, and compliance with the KP Mines Safety Act 2019. KP-MDMCL will be required to demonstrate leadership in environmental sustainability and worker safety by adopting international ESG standards and internal compliance frameworks. With Pakistan’s mining sector facing criticism for its safety record, adherence to these measures is vital for KP-MDMCL’s legitimacy. (Industrial Global Union: <https://www.industrialunion.org/pakistan-accidents-in-mines-claim-more-lives>).

E. Support for Artisanal and Small-Scale Mining (ASM)

Recognizing ASM’s role in KP’s economy, the policy offers measures to formalize and support small miners through technical training, simplified licensing, and access to credit. KP-MDMCL may act as a market aggregator or provide support services, integrating ASM into formal supply chains and promoting equitable growth. However, concerns remain that these provisions need clearer execution strategies to avoid regulatory overload on small miners. (Josh and Mak International: <https://www.joshandmakinternational.com/khyber-pakhtunkhwa-mineral-development-policy-2022/>)

F. Capacity Building and Coordination

To implement these reforms, the policy emphasizes institutional strengthening through staff training, interdepartmental coordination, and partnerships. The KP-MDMCL is expected to hire qualified personnel and engage in knowledge-sharing with national and international partners. Government steps such as approving hundreds of technical positions and securing donor support reflect a commitment to capacity development (The Frontier Post: <https://thefrontierpost.com/kp-cabinet-discuss-key-initiatives-to-strengthen-police/>). In summary, the policy provides a strong legal and policy basis for KP-MDMCL’s formation and success. Its effective implementation will depend on consistent regulatory practices, robust governance, and proactive institutional support aligned with commercial and sustainability goals.

G. ESG Compliance and International Standards

In the global mining industry, adherence to Environmental, Social, and Governance (ESG) standards is increasingly recognized as essential for sustainable operations, investor confidence, and regulatory compliance. For KP-MDMCL, aligning with internationally recognized ESG frameworks is crucial to ensure responsible mineral development and to attract both domestic and foreign investment.

H. OECD Due Diligence - *Guidance for Responsible Mineral Supply Chains*

The Organization for Economic Co-operation and Development (OECD) has developed comprehensive guidance to help companies respect human rights and avoid contributing to conflict through their mineral sourcing practices. This guidance provides a five-step framework for risk-based due diligence in mineral supply chains, applicable globally and endorsed by numerous governments and industry groups. Implementing these guidelines can assist KP-MDMCL in establishing robust supply chain management systems and in mitigating risks associated with sourcing minerals from conflict-affected and high-risk areas.

OECD Guidance for Responsible Mining: (<https://mneguidelines.oecd.org/mining.htm>).
OECD Due Diligence Guidance for Responsible Mineral Supply Chains (full publication): (https://www.oecd.org/en/publications/2016/04/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_g1g65996.html) OECD Due Diligence Guidance Official Portal: (<https://www.duediligenceguidance.org/>)

I. IFC Performance Standards on Environmental and Social Sustainability

The International Finance Corporation (IFC) has established Performance Standards that serve as benchmarks for identifying and managing environmental and social risks in projects. These standards cover areas such as labor and working conditions, resource efficiency, community health and safety, and biodiversity conservation. Adhering to these standards can help KP-MDMCL in achieving sustainable development goals and in meeting the expectations of international financiers and stakeholders. IFC Performance Standards Document <https://www.ifc.org/content/dam/ifc/doc/mgrt/ifc-performance-standards.pdf> IFC Performance Standards Overview & Insights: (<https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards>)

J. Global Reporting Initiative (GRI) Sector Standard for Mining

The Global Reporting Initiative (GRI) has introduced the GRI 14: Mining Sector 2024 standard, which provides detailed guidance on sustainability reporting specific to the mining industry. This standard address topics such as emissions, waste management, human rights, and community engagement. By adopting this standard, KP-MDMCL can enhance transparency, demonstrate accountability, and improve stakeholder trust through comprehensive ESG disclosures. Official GRI 14: Mining Sector (<https://www.globalreporting.org/standards/standards-development/sector-standard-for-mining>). ECG article detailing the launch of the new standard: (<https://www.esgtoday.com/gri-launches-sustainability-reporting-standard-for-mining-sector>)

K. Minerals Security Partnership (MSP)

The Minerals Security Partnership (MSP) is a coalition of countries including the United States, Canada, Japan, and the European Union, committed to supporting the responsible production and processing of critical minerals. Although Pakistan is not a member, alignment with MSP principles can help KP-MDMCL adopt internationally accepted ESG standards, access technical expertise, and attract responsible investment.

Integrating these standards would also enhance KP-MDMCL’s transparency, operational sustainability, and global competitiveness in critical mineral supply chains. This is particularly relevant as global investors become increasingly cautious about ESG risks and governance issues in mineral-rich regions. A recent Financial Times article, “Tough terrain ahead for investors in energy transition minerals,” highlights investor concerns over sourcing from jurisdictions lacking strong safeguards. By aligning with MSP-aligned ESG frameworks, KP-MDMCL can address these concerns and position itself as a credible partner in the global energy transition. Tough terrain ahead for investors in energy transition minerals (<https://www.ft.com/content/54123a3a-ffb3-4429-a846-9da08b863e9a>)

L. Consolidated Mining Standard Initiative (CMSI)

In an effort to streamline ESG standards in the mining sector, leading organizations like the Copper Mark, International Council on Mining and Metals (ICMM), Mining Association of Canada, and World Gold Council have launched the Consolidated Mining Standard Initiative (CMSI). This initiative aims to harmonize existing ESG standards, making compliance more efficient for mining companies. Engaging with CMSI can assist KP-MDMCL in aligning with globally recognized ESG practices and in simplifying reporting requirements. Reuters: Mining associations unveil effort to simplify sector's ESG standards.

<https://www.reuters.com/sustainability/mining-associations-unveil-effort-simplify-sectors-esg-standards-2024-10-17> Anthesis Group: ESG standards & frameworks in mining industry: <https://www.anthesisgroup.com/au/insights/esg-standards-and-frameworks-in-the-mining-industry>

COMPANIES UNDER SIMILAR REGIMES - Comparative Analysis

A comparative analysis of the companies established under similar regimes in other provinces and regions also remained a subject matter of the desk review. The analysis made revealed critical insights into the enabling factors and structural reforms necessary for the successful operationalization of KP-MDMCL. Entities such as the Punjab Mineral Company (PMC), Sindh Lakhra Coal Mining Company (SLCMC), and Baluchistan Mineral Exploration Company (BMEC), or such other as described herein this document, offer valuable lessons in terms of governance frameworks, legal empowerment, investor facilitation models, and public-private partnership mechanisms. These companies have benefited from well-defined mandates, political ownership, independent boards, streamlined regulatory linkages, and targeted resource mobilization strategies. In contrast, organizational inefficiencies, overlapping functions with line departments, and unclear strategic direction have hampered performance where institutional clarity and financial autonomy were lacking. This comparative exercise underscores the need for KP-MDMCL to adopt a **“fit-for-purpose”** governance-model, ensure operational and financial independence, and establish integrated coordination with sectoral regulators. Drawing on best practices from these comparable models can significantly enhance KP-MDMCL’s institutional design, strategic positioning, and long-term sustainability within the framework of the KP Mineral Development Policy and Strategic Action Plan – 2022. To supplement our findings, we give hereunder some of the companies operating under similar regimes/ models in other provinces of Pakistan and there is a dire need to evaluate their operational challenges as lesson for KP-MDMCL.

1. Punjab Mineral Company (Pvt) Limited - PMC
2. Sindh Lakhra Coal Mining Company (Pvt) Limited (SLCMC)
3. Baluchistan Mineral Exploration Company (BMEC)
4. Baluchistan Mineral Resources Limited (BMRL)
5. Punjab Minerals Development Company (PMDC)

COMPANIES UNDER SIMILAR REGIMES – COMPARATIVE ANALYSIS					
Feature	Punjab		Sindh	Baluchistan	
		Punjab Mineral Company (Pvt) Ltd PMC	Punjab Mineral Development Corporation PUNJMIN	Sindh Lakhra Coal Mining Company SLCMC	Baluchistan Mineral Exploration Co Ltd BMEC
Legal Entity	Private Limited	PMDC Act, 1975	Private Limited	Public Limited	Public Limited
Established	2009	1975	2016	2020	2020
Ownership	Government of Punjab	Government of Punjab	Government of Sindh	Government of Baluchistan	Government of Baluchistan
Core Focus	Exploration & evaluation of Punjab’s mineral resources	Mining and marketing of minerals like coal, salt,- gypsum	Coal mining and supply (Lakhra Coalfield)	Geological surveys & exploration across multiple mineral sectors	Commercial mining projects, JV facilitation, value addition
Key Minerals	Iron ore, Copper, Bauxite, Silica, Limestone	Coal, Salt, Gypsum	Lignite coal	Copper, Lead, Zinc, Iron, Sulfur	Copper, Gold, Lead, Zinc, Barite, Chromite
Major Projects	Chiniot-Rajoa Iron-Copper Project, Kalabagh Iron	Supply of minerals to chemical, ceramics, and cement industries	Lakhra coal supply to power plants, new block exploration	Provincial exploration blocks, technical assessments	Strategic partner in Reko Diq revival, foreign JV mining projects
Current Operations	Feasibility studies, geological assessments, PPP deals	Active mining and supply of minerals to various industries	Underground coal mining, field medical facilities	Mineral exploration & mapping (no commercial production yet)	Active in MoUs and joint ventures for mine development and mineral exports
Workforce Size	51–200 employees	Not specified	~100+ personnel (on-ground and administrative)	Small technical staff (~50 employees)	Medium-size team with mining engineers, legal & policy experts
Business Model	Public-sector funding + Public–Private Partnerships	State-run operations with focus on mineral supply chain	State-run mining operations	Technical mapping to inform future investment	JV model with both local & international private sector
Challenges	Delays in licensing, bureaucratic hurdles	Modernization of equipment, expansion of operations	Environmental compliance, equipment modernization	Lack of infrastructure, difficult terrain	Security in mineral zones, policy clarity for private partners
Social/ESG Impact	Not actively publicized	Supplies essential minerals to key industries, contributing to economic development	Miner health insurance, site clinics	Job creation goal (early stage)	Aims to boost provincial revenue and local employment through responsible mining

Note: The above analysis didn’t include several other entities operating in Mineral Exploration like Baluchistan Mineral & Rocks (Pvt) Limited, formed in year 2024, and likewise companies incorporated in the private sector.

1. Punjab Mineral Company (Pvt) Limited - (PMC)

The Punjab Mineral Company (Pvt.) Limited (PMC) is a wholly owned enterprise of the Government of Punjab, established in 2009 under the Companies Ordinance, 1984. Functioning as a state-owned enterprise (SOE), PMC's mandate encompasses the exploration, development, and promotion of the province's mineral resources. The company's legal framework is guided by the Punjab Mineral Policy 2018, which outlines strategic objectives for sustainable mineral development and emphasizes the role of public-private partnerships (PPPs) in achieving these goals. PMC's operational model is centered on fostering PPPs to leverage private sector expertise and investment. The company actively engages in identifying and developing mineral-rich areas, facilitating investments, and ensuring sustainable mining practices. Notably, PMC is involved in the Chiniot Iron Ore Resource Project, which aims to establish a steel mill in Punjab, marking a significant step towards value addition in the mineral sector. Additionally, PMC is assisting in the restructuring of the Mines and Minerals Department to enhance institutional efficiency and regulatory oversight.

1.1 Financial state of affairs of PMC

In comparing the objectives and future business plans of KP-MDMCL with similar entities operating in other provinces of Pakistan, reference was made to the Punjab Mineral Company (Pvt.) Limited, which was incorporated on May 7, 2009, under the relevant provisions of the Companies Ordinance, 1984 (now repealed and replaced by the Companies Act, 2017). It was observed at the outset that the legal existence of the company had been challenged before the Hon' able Lahore High Court, Lahore through two specific writ petitions—No. 94609 dated October 23, 2017, and No. 112301 dated December 7, 2017—which remains a legal issue of particular relevance. This legal matter has been disclosed under the 'contingent liabilities' in the company's audited balance sheet, without any adverse inference being drawn. As per an analysis of the company's balance sheet as of June 30, 2023, the major asset category comprises "Exploration and Evaluation Assets" disclosed at its historical cost at Rs. 7.662 billion. This figure represents approximately 93% of the company's total assets, which stood at Rs. 8.239 billion. During the financial year 2022–2023, the company incurred general and administrative expenses amounting to Rs. 101.867 million, of which 65% pertained to staff salaries and allowances. The aforementioned major asset classified as "Exploration and Evaluation Assets" as of June 30, 2023 was made up as follows:

Project Description	2023 (PKR)	2022 (PKR)
Kalabagh Iron Ore Project	142,337,581	142,337,581
Iron Ore in Chiniot Rajoa and Others	7,419,681,119	7,172,405,371
Feasibility Study & Concessionaire Cost	99,650,875	99,650,875
Total	7,661,669,575	7,414,393,827

Our analysis showed that a sum of Rs.247.275 Million was incurred during FY 2023 (Rs.422.148 M in 2022) on the main project, i.e., Iron ore project in Chiniot in the form of payments made to the contractors, salaries and allowances to the staff employed by the company, licensing and the borrowing cost etc. which reflects slow pace of progress at the company's end. It was also noted that Phase-II of Iron ore project in Chiniot Rajoa and other areas of Punjab was initiated in year 2018. M/s. Furgo Consult GmbH (Germany) were engaged as resident consultants while M/s.Ortadogu Drilling Company (Turkey) was engaged as the main contractor for the project, with limited scope of work to in fill and extension drilling, according to which almost 53, 5 & 3 boreholes, respectively known as resource boreholes, hydrological boreholes and geo-tech boreholes were completed. Another major cost component charged to the above referred project constitutes the borrowing costs on loans obtained by the company, Rs.71.039 M included therein Rs.65.200 as penalty on loan. It is worth adding that the company's operational activities were found totally dependent upon funding from the provincial government, which too was found 'NIL' receipt during the financial year 2023, as opposed to Rs.474 M received in the immediately preceding year. The deficit, therefore, was met from the profits earned on bank deposits as disclosed in the accounts at a sum of Rs.86.410 M during 2023 (Rs.46.505 M – 2022). In our opinion, the pace of development is observed to be extremely slow, rather discouraging, and the auditors of the company have already expressed 'material uncertainty related to 'going-concern' by indicating the company's current liabilities exceeded its current assets as of June 30, 2024 with similar expectations at present.

1.2 Key Lessons for KP-MDMCL from PMC

PMC's success is rooted in its establishment within a well-defined legal and institutional framework, anchored by the Punjab Mineral Policy 2018. This alignment has enabled the company to operate with legitimacy and strategic direction, while minimizing administrative ambiguity and interdepartmental conflict. For KP-MDMCL, this underscores the need to harmonize its corporate mandate with provincial mineral policies, existing mining legislation, and broader economic development plans. Doing so will foster coherence across governance levels and improve stakeholder coordination, particularly with regulatory bodies, investors, and community representatives.

1.3 Public-Private Partnership Model

PMC's structured approach to public-private partnerships (PPPs) reflects a successful hybrid model in provincial mineral development. By inviting private sector expertise and investment into exploration and development projects, PMC has been able to unlock dormant mineral assets, expedite project implementation, and attract competitive technologies. For KP-MDMCL, replicating this model can help mobilize funding for high-capital initiatives while retaining public sector control over strategic resources. Such a structure also enhances credibility with financial institutions and development partners looking for bankable projects under stable governance.

1.4 Transparency and Resource Mapping

A defining feature of PMC's operations is its emphasis on comprehensive geological surveying and the transparent auctioning of mineral blocks. These initiatives have improved data reliability, minimized information asymmetries, and created a competitive investment climate. KP-MDMCL can learn from this by prioritizing high-resolution mapping, open-access mineral data portals, and fair concession allocation procedures. Implementing digital auction systems and public disclosure mechanisms can also deter rent-seeking behavior and enhance provincial revenue from mineral licensing.

1.5 Sustainability and ESG Integration

PMC has shown a progressive outlook by embedding environmental sustainability and social responsibility into its operational ethos. From environmental impact assessments (EIAs) to community benefit programs, its activities demonstrate that mining ventures can be both profitable and ethically grounded. KP-MDMCL should adopt a similar ESG-centered strategy by institutionalizing environmental safeguards, labor protections, grievance redress systems, and benefit-sharing frameworks for host communities.

This alignment with global ESG standards is not only a moral imperative but a strategic one—especially in attracting responsible international investors and complying with multilateral financing requirements. Relevant Links & Sources Punjab Mineral Company Official Website <https://pmc.punjab.gov.pk>, Punjab Mineral Policy 2018 (PDF), [https://cms.sifc.gov.pk/images/Punjab% 20Mineral.pdf](https://cms.sifc.gov.pk/images/Punjab%20Mineral.pdf), PMC pmc.punjab.gov.pk/, & Daily Times Article on PPP Mining Projects <https://dailytimes.com.pk /1277301/punjab-approves-four-major-public-private-mining-projects-worth-rs271-billion>

2. Punjab Mineral Development Corporation – (PUNJMUN)

Punjab Mineral Development Corporation (PUNJMIN), established in 1975 under the *Punjab Mineral Development Corporation Act, 1975*, is an autonomous entity operating under the administrative control of the Mines & Minerals Department, Government of Punjab, Pakistan. Its operations are further governed by the *Punjab Mineral Development Corporation Service & Recruitment Rules, 1981*. As a public sector organization, PUNJMIN plays a pivotal role in the development of the province’s mineral resources. PUNJMIN is a self-reliant, model mining organization engaged in the exploration, development, and production of minerals. It is actively working in frontier areas to develop new mines for the extraction of raw materials aimed at meeting both domestic and international industrial demand. PUNJMIN aspires to become a major contributor to the provincial economy and a technology leader in the mining sector of Punjab. A desk review indicates that PUNJMIN currently holds 22 mining leases and is actively engaged in the excavation of five geological commodities through both surface and underground mining operations. The extracted minerals are supplied to valued industrial consumers for the manufacturing of various products. The key minerals being mined include Coal, Rock Salt, Gypsum, Bauxite, and Silica Sand. Notable projects under the PUNJMIN’s portfolio include the following projects:

- Jutana Rock Salt Project
- Khewra Project (Rock Salt & Bauxite)
- Dandot Coal Project
- Khushab Coal Project
- Quaidabad Rock Salt Project
- Marmandi Rock Salt Project
- Mianwali Project (Gypsum & Silica Sand)

3. Sindh Lakhra Coal Mining Company (Pvt) Limited (SLCMCL)

The Sindh Lakhra Coal Mining Company (Pvt.) Limited (SLCMCL) is a wholly owned subsidiary of the Government of Sindh, established under the Companies Ordinance, 1984. It operates under the administrative control of the Energy Department and is part of the Sindh Energy Holding Company (SEHCL) portfolio. SLCMCL's mandate is to develop the coal sector value chain by introducing modern mining and processing techniques, enhancing technical capabilities, and undertaking applied research and development activities. Operationally, SLCMCL manages mining activities over more than 13,000 acres within the Lakhra coalfield, overseeing over 100 mines with a daily extraction exceeding 1,500 tons of coal. The company emphasizes mechanized mining, coal washing, and the development of coal by-products. Additionally, SLCMCL is involved in skill development, geological studies, and offers investment opportunities in various coal-related projects, including coal-fired power plants and coal transportation services.

Key Lessons for KP-MDMCL from SLCMCL

3.1 Sector-Specific Structuring and Mandate

SLCMCL's creation under the administrative control of the Sindh Energy Department, with an exclusive focus on coal, illustrates the value of aligning corporate mandates with sectoral policies and provincial planning priorities. This focused structuring enables the company to specialize in technical functions, regulatory compliance, and market strategy tailored specifically to the coal industry. For KP-MDMCL, adopting a similarly tailored mandate, based on mineral priorities in Khyber Pakhtunkhwa, can ensure more efficient resource allocation and streamlined decision-making.

3.2 Technological Adaptation in Existing Resource Fields

Despite operating in a traditionally low-tech environment, SLCMCL has introduced mechanized mining, coal washing, and extraction safety protocols across its 13,000-acre concession in the Lakhra coalfield. This demonstrates that innovation can be incrementally integrated even in legacy mining zones. KP-MDMCL can leverage this lesson by exploring modernization of underutilized or dormant mineral blocks in KP, balancing cost-efficiency with improved productivity and compliance with contemporary safety standards.

3.3 In-House Technical and Research Functions

SLCMCL has strategically developed internal capabilities in geology, mine planning, and applied research to reduce over-reliance on consultants and external feasibility studies. This internalization of technical functions enhances responsiveness, reduces costs over the long term, and enables continuity in project execution. KP-MDMC can replicate this approach by developing a core team of technical experts, supported by a knowledge base tailored to the geological diversity of the province.

3.4 Gradual Private Sector Integration

SLCMCL’s model of inviting private sector participation, particularly in non-core areas such as logistics, power generation, and support services, offers a pragmatic path for gradual liberalization without ceding full control. This phased strategy lowers capital burden, distributes operational risk, and brings in innovation from private partners. KP-MDMCL can adopt a similar model, prioritizing PPPs in infrastructure and mineral processing while maintaining state oversight of upstream activities.

3.5 Environmental and Social Responsibility

SLCMCL’s initiatives, such as providing health insurance to miners and adhering to environmental safeguards, demonstrate a working example of how ESG principles can be embedded in provincial mineral operations. These measures are not only ethically necessary but also instrumental in attracting responsible investors and securing long-term community support. KP-MDMCL should adopt a proactive ESG strategy, incorporating worker welfare, rehabilitation plans, and community benefit-sharing mechanisms into its operational framework. Through its focused mandate, modernization efforts, internal capacity building, collaborative investment model, and ESG integration, SLCMCL offers a replicable framework for provincially led mineral development. KP-MDMC can draw from these lessons to craft a robust operational structure that is both commercially viable and socially accountable, strengthening its role as a flagship mining institution in Khyber Pakhtunkhwa.

Relevant Links and Sources:

Sindh Energy Holding Company (SEHCL) Official Website <https://www.sehcl.com.pk>
SEHCL Introduction Page <https://www.sehcl.com.pk/index.php/introduction/>
Sindh Lakhra Coal Mining Company (SLCMC) – Sindh Energy Department <https://sindhenergy.gov.pk/slmc/>
Sindh Lakhra Coal Mining Company (SLCMC) Official Website <https://www.sindhmining.com>
SLCMCL Company Flyer (PDF) <https://sindhenergy.gov.pk/wp-content/uploads/2023/03/SLCMC-Flyer.pdf>
SLCMCL Mining Operations Page <https://www.sindhmining.com/mining.html>

4. **Baluchistan Mineral Exploration Company Limited (BMECL)**

The Baluchistan Mineral Exploration Company Limited (BMECL) is a public sector enterprise established in 2020 as a joint venture between the Government of Baluchistan (90% ownership) and the Pakistan Mineral Development Corporation (PMDC) (10% ownership). BMECL's primary objective is to facilitate responsible exploration, development, and commercialization of mineral resources in Baluchistan, aiming to attract private investment and boost government revenue. BMECL operates under the administrative control of the Baluchistan Mines and Minerals Development Department, with its head office in Quetta and a branch office in Islamabad. The company is governed by a board of directors comprising experts from the minerals sector, ensuring strategic direction and oversight. Key Lessons for KP-MDMCL from BMECL

4.1 **Public-Private Partnership Model**

BMECL's establishment as a joint venture between the Government of Baluchistan and the Pakistan Mineral Development Corporation (PMDC) illustrates how strategic collaboration between provincial and federal stakeholders can unlock complex mineral development projects. This model allows for the pooling of technical expertise, financial capital, and political support, making it particularly effective in managing large-scale exploration activities.

4.2 **Strategic Governance and Oversight**

BMECL's governance framework includes a board composed of sector experts and public officials, which provides strategic direction, accountability, and sector-specific insight. This combination of technical knowledge and administrative authority allows for balanced decision-making, minimizes policy inconsistency, and strengthens the company's operational credibility. KP-MDMCL can benefit from creating a similarly structured board that includes geologists, mining economists, and ESG professionals to ensure technically sound and forward-looking governance.

4.3 **Focus on Sustainable Development**

BMECL integrates environmental protection and social responsibility into its exploration agenda by adhering to responsible mining practices and prioritizing community engagement. This focus aligns with global ESG expectations and is increasingly essential for securing a long-term social license to operate. KP-MDMCL should follow suit by embedding sustainability metrics in its performance indicators, ensuring compliance with environmental laws, and establishing transparent dialogue mechanisms with local communities and civil society.

4.4 Capacity Building and Local Empowerment

BMECL has made deliberate efforts to train local human resources and provide employment opportunities in mineral development projects. This not only boosts local economies but also creates a sense of ownership and reduces resistance to mining operations. KP-MDMCL can adopt similar initiatives by developing vocational training programs in mining technology, collaborating with academic institutions, and ensuring that a substantial portion of its workforce is drawn from within the province, especially from mineral-rich districts.

Relevant Links and Sources: Arab News article on Baluchistan 's mineral investment initiative <https://www.arabnews.pk/node/1718921/pakistan>; Dawn News article on Baluchistan Mineral Exploration Company (BMEC) <https://www.dawn.com/news/1564241>; APP – BMEC to unlock mineral potential in Baluchistan <https://www.app.com.pk/national/new-public-sector-company-being-set-up-for-tapping-Baluchistan-minerals>; Zameen News – Centre to fund Baluchistan 's 15% equity in Reko Diq <https://www.zameen.com/news/centre-to-fund-Baluchistan-15-equity-in-reko-diq.html>; Daily Qudrat (English) – CM Baluchistan highlights investment opportunities in mining <https://en.dailyqudrat.pk/chief-minister-of-Baluchistan-highlights-investment-opportunities-in-the-provinces-mining-sector>

5. Baluchistan Mineral Resources Limited (BMRL)

The company is registered with the Securities and Exchange Commission of Pakistan (SECP) and operates under the Companies Act, 2017. It is managed by a Board of Directors, including representatives from Baluchistan's government. BMRL is a public sector company, 100% owned by the Government of Baluchistan through the Mines & Minerals Development Department. It was established in 2009 with the strategic vision of transforming Baluchistan's mineral wealth into sustainable economic growth and also created to explore, develop, and commercialize the mineral resources of Baluchistan. It represents Baluchistan's ownership share in joint ventures like the Reko Diq copper-gold project. BMRL holds a 25% equity stake in the Reko Diq project, which is one of the world's largest undeveloped copper-gold deposits. BMRL's current focus includes supporting the Reko Diq feasibility and development phase (2023–2028), attracting investment in other mining zones (iron, marble, chromite, coal), and ensuring fair revenue and job creation for locals. **BMRL** is a strategic provincial company created to hold and manage Baluchistan's financial stake in major mining projects like Reko Diq. It functions as a contributing joint venture partner, bearing a significant share in financing obligations, and acts as a key participant in the legal, financial, and operational structures of one of Pakistan's largest mineral development ventures. BMRL, being a government-owned entity, is representing the Government of Baluchistan (GoB) in the Reko Diq mining project through a 15% indirect contributing interest, forming part of the province's **25%** total share (the other 10% being a free-carried interest). As a joint venture partner under the Reko Diq Joint Venture Agreement (JVA) signed on December 15, 2022, BMRL collaborates with the Government of Pakistan, Barrick Gold Corporation, various state-owned enterprises (SOEs), and special purpose vehicles to develop the large-scale copper-gold project. BMRL's role includes meeting its proportionate funding obligations initially set at **\$717** million and later revised to **\$1.128 billion** for Phase 1, either through equity or shareholder loans, with financial support from the federal government. BMRL's function is critical in ensuring provincial participation in this strategically significant mining venture, which is projected to generate substantial revenue and enhance investor appeal due to its increased internal rate of return (IRR). The Economic Coordination Committee (ECC) has emphasized reviewing the federal government's funding support for BMRL, given Baluchistan's expected financial gains and its share in the National Finance Commission (NFC) Award.

5.1 Key Lessons for KP-MDMCL

The operational trajectories of Baluchistan Mineral Resources Limited (BMRL) and Punjab Mining Company (PMC) offer critical lessons for KP-MDMCL, particularly in institutional structuring, project-level partnerships, and securing provincial stakes in large-scale resource ventures. BMRL's strategic role in the Reko Diq project demonstrates the importance of early alignment with federal stakeholders, effective financial structuring (e.g., securing federal guarantees or loans), and leveraging joint venture frameworks to preserve provincial interest while attracting foreign investment. PMC's efforts highlight the need for operational transparency, professional management, and regulatory compliance to build credibility with both investors and government bodies. For KP-MDMCL, these experiences underscore the value of forming special purpose vehicles (SPVs), adopting robust corporate governance standards, and actively participating in national-level mineral policy forums. Furthermore, capacity building, stakeholder engagement, and clarity in the delineation of commercial versus regulatory roles are essential for achieving long-term sustainability and maximizing provincial mineral wealth.

5.2 Vision Statement of BMRL

To represent Government of Baluchistan in large/SME scale mineral projects and attract foreign and local investors by developing commercially attractive mineral prospects. Focus on value addition through mineral processing and industrial zones and to engage local communities to create trust between investors and communities. Exploration of existing mines and new mining leases to expand mining capacity. To assimilate state-of-the art technology in exploring, mining and benefaction of ores to achieve competitive advantage and to continue innovation through research and development.

LEGAL AND INSTITUTIONAL CHALLENGES

The formation of the Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL) under the Companies Act, 2017, represents a forward-looking initiative aimed at enhancing the province’s capacity to explore, develop, and market its mineral resources. However, the legal and institutional landscape surrounding KP-MDMCL is fraught with significant challenges, primarily due to legislative gaps and stakeholder resistance, particularly in relation to the proposed KP Mines and Minerals Bill, 2025. Compared to the more inclusive and consultative framework of the KP Mines and Minerals Development Act, 2017 (as amended in 2019), the 2025 Bill has raised serious concerns among key stakeholders—especially private sector actors and local communities—who view the proposed legislation as centralizing and potentially marginalizing their roles. Furthermore, while incorporation under the Companies Act empowers KP-MDMCL to act independently in pursuit of its objectives, the reality remains that as a government-owned and government-monitored entity, it will initially depend on public sector resources and strategic direction, thus necessitating strong legislative underpinning to legitimize its role and operations. Compounding these issues is the existing legal recognition of the Mineral Investment Facilitation Authority (MIFA), whose broad and often overlapping mandate creates functional ambiguities, risking duplication of efforts and institutional inefficiency. Without a harmonized legal framework that clearly defines the respective jurisdictions and mandates of MIFA, the Directorate General Mines & Minerals, and KP-MDMCL, the envisioned transformation of the mineral sector may face systemic delays and implementation hurdles.

1. LEGISLATIVE GAPS – Existing & Proposed Laws

The legislative framework governing mineral development in Khyber Pakhtunkhwa currently suffers from multiple gaps that hinder the effective operationalization of the Khyber Pakhtunkhwa Minerals Development Management Company Limited (KP-MDMCL). While the company has been incorporated under the Companies Act, 2017, allowing for autonomous commercial operations, there is a notable absence of enabling provisions within the KP Mines and Minerals Development Act, 2017 (amended 2019) and the proposed KP Mines and Minerals Bill, 2025 to clearly define the company's statutory mandate, regulatory status, and institutional alignment within the broader mineral governance ecosystem.

1.1 Absence of Legislative Mandate for KP-MDMCL

The existing 2017 Act and even the proposed 2025 Bill do not adequately recognize or define the legal and operational space for a state-owned enterprise like KP-MDMCL. Without a direct legislative mandate, the company’s activities, particularly those involving resource allocation, licensing support, joint ventures, and commercial negotiations, may face legal and procedural challenges. This creates uncertainty for both public and private sector stakeholders, and may result in limited stakeholder cooperation, especially in competitive or politically sensitive areas.

1.2 Stakeholder Concerns and Reduced Acceptability

The proposed KP Mines and Minerals Bill, 2025, has met with stakeholder resistance across the province, primarily due to perceived centralization of powers and dilution of participatory mechanisms present in the 2017 Act (amended 2019). Key actors—including mining leaseholders, private sector investors, and local communities—view the Bill as granting disproportionate control to government entities and reducing transparency and accountability. This perception directly undermines the legitimacy of KP-MDMCL, particularly if the company is perceived as an extension of executive control without adequate checks and balances.

1.3 Functional Overlap with MIFA

The Mineral Investment Facilitation Authority (MIFA), established under the 2017 Act, already holds a wide-ranging mandate for investment facilitation, policy formulation, and strategic oversight. Many of these functions significantly overlap with the intended role of KP-MDMCL, including mineral marketing, investor interfacing, and project development. However, neither the existing laws nor the proposed Bill provide a clear demarcation between the advisory/policy role of MIFA and the commercial/executive role of KP-MDMCL, leading to potential institutional friction and duplication of functions.

1.4 Lack of Framework for Public Sector Dependence

While KP-MDMCL is expected to operate on commercial principles, it will remain reliant on government resources, both financial and administrative, during its formative years. Existing and proposed laws do not provide a mechanism to define or regulate this transitional dependence. The absence of such a framework raises questions about accountability, procurement procedures, oversight, and the delineation of public vs. commercial interest.

1.5 Gaps in Dispute Resolution and Oversight Mechanisms

Neither the 2017 Act nor the 2025 Bill explicitly establishes dispute resolution procedures or third-party oversight for public-private joint ventures involving state-owned entities such as KP-MDMCL. Given the strategic and commercial nature of mineral development, the lack of dedicated legal forums or independent oversight bodies could hinder investor confidence and increase litigation risks.

2. 2025 BILL – IN POSITIVE PERSPECTIVE

The KP Mines and Minerals Bill, 2025, introduces a range of structural, procedural, and regulatory reforms aimed at addressing longstanding shortcomings in the existing legal framework. Notably, Section 5 mandates the creation of a real-time digital Mining Cadaster System to enhance transparency, streamline licensing, reduce administrative discretion, and curb corruption. Section 19 provides for the establishment of two key institutional bodies: the Mineral Investment Facilitation Authority (MIFA), tasked with expediting investment approvals, and the Special Mines Force, responsible for enforcement and monitoring of mining activities, particularly targeting illegal operations. The Bill also strengthens Environmental and Social Governance (ESG) through Section 23, which mandates Environmental Impact Assessments (EIAs), requires community consultations, and promotes development agreements to ensure equitable local benefits. Furthermore, Section 35 introduces a critical enabler for public-private partnerships by allowing state-owned enterprises like KP-MDMCL to enter into joint ventures with private investors, especially for large-scale or capital-intensive projects—an area previously unaddressed by the 2017 Act. However, the creation of MIFA as proposed in Section 19 raises significant concerns regarding institutional overlap and functional duplication. The facilitation and investment promotion role envisioned for MIFA substantially overlaps with the commercial and operational mandate of KP-MDMCL, a government-owned company already structured to undertake strategic mineral development initiatives in the province. Instead of introducing a parallel body, the responsibilities assigned to MIFA should be integrated into the operational framework of KP-MDMCL. This would not only eliminate redundancy and confusion but also ensure a more efficient, streamlined, and accountable governance model. Entrusting KP-MDMCL with facilitation functions would better align institutional roles, prevent turf conflicts, and reinforce the company's strategic position as the central vehicle for mineral sector development in Khyber Pakhtunkhwa.

3. PROPOSED LEGISLATIVE SUPPORT

Irrespective of the fate and future prospects of the KP Mines and Minerals Bill, 2025, a concise draft Amendment Act to the existing KP Mines and Minerals Act, 2017 (Amendment – 2025), has been prepared and is summarized in Annexure-I of this document.

STUDIES ON MINERAL DEVELOPMENT IN KHYBER PAKHTUNKHWA

The process of operationalizing the KP-MDMCL, at the consultants’ end, required a robust foundation of existing knowledge, policy understanding, and historical insight into mineral development in the province. As part of the Desk Review being undertaken for this purpose, significant emphasis has been placed on identifying, examining, and synthesizing available studies and reports that provide valuable input into the evolving landscape of mineral development and governance in KP.

1. Purpose of Desk Review

The overarching aim of this Desk Review is to consolidate insights, identify knowledge gaps, and inform the strategic and operational framework of KP-MDMCL. This includes understanding the historical, legal, economic, and institutional contexts that have shaped mineral exploration, extraction, and management in the province. A key component of this process has involved revisiting legacy documents produced by now-defunct institutions, such as the Mineral Development Wing of the Sarhad Development Authority (SDA), along with a review of other reputable studies commissioned by government bodies, development partners, and sectoral experts.

2. Consultation of Historical Studies

Several legacy reports prepared by the Mineral Development Wing (**MDW**) of the Sarhad Development Authority (**SDA**) were consulted during this review. These documents serve as foundational references and offer a historical account of mineral potential, feasibility studies, and pilot exploration programs undertaken in various districts of KP. While some of these reports may reflect outdated regulatory and technological frameworks, they provide critical baseline data and institutional memory that can guide contemporary planning. The SDA reports explored diverse mineral categories including:

- Construction materials (marble, granite, and dimension stone)
- Metallic minerals (chromite, antimony, copper)
- Industrial minerals (gypsum, barite, phosphate)
- Gemstones (emerald, topaz, tourmaline)

The studies also analyzed logistics, market linkages, geological mapping, and recommendations for public-private partnerships—offering early insights into areas that still hold promise for responsible investment.

3. Outcome of Research Reports

The Desk Review has affirmed that a wealth of foundational research exists on mineral development in Khyber Pakhtunkhwa, ranging from legacy institutional studies to contemporary policy analyses. Leveraging this rich knowledge base is critical for the successful operationalization of KP-MDMCL. By incorporating the lessons learned, data compiled, and gaps identified through these prior works, KP-MDMCL can adopt a more informed, efficient, and sustainable approach towards the development of the province’s mineral potential for the benefit of its people and economy. Some of the reports consulted for an initial desk review are tabulated in the ensuing sheets.

AREA-WISE AND QUANTITY-WISE SCHEDULE

METALLIC AND NON-METALLIC MINERAL RESOURCES

Material	Location/Area	Quantity	Comments/Recommendations
Antimony	Chitral (Krinj, Partsan, Awireth), Swat	32.9–37.6% Sb in Krinj veins; 50,000 tons boulangerite in Shoghor	High potential; hazardous production stopped. Requires modern mining techniques.
Arsenic	Chitral (Lundku, Mirgasht Gol)	Small deposits	Hazardous; production banned.
Chromite	Mohmand (Kot-Pranghar, Bucha), Dargai (Malakand), Besham (Jijal)	Dargai: 0.67mt reserves; Jijal: 0.6mt (Cr ₂ O ₃ 40–50%)	High Cr:Fe ratio; economically viable for refractory use.
Copper	Dir (Bekarari-Rokhan), Drosh (Karakoram Suture), Waziristan (Boya)	Dir: 45mt (0.4–0.6% Cu); Boya: 120mt (0.386% Cu)	Porphyry copper potential in Kohistan magmatic arc.
Fluorite	Chitral (Mirgasht Gol, Yarkhun), Chakdara (Dir)	Not specified	Used as flux in steel; requires exploration for industrial use.
Gold	Chitral (Kaldam Gol, Awireth-Shogor), Dir (Zaluka), Besham (Jijal PGE)	50mt ferruginous carbonates (Au up to 70g/ton)	Associated with Sb, Pb, Zn; placer gold in Indus tributaries.
Graphite	Chitral (Shah Salim, Burzin), Hazara (Sherwan), Khyber Agency	Not specified	Low-grade amorphous graphite; suitable for lubricants and electrodes.
Iron	Chitral (Dammer Nissar), Hazara (Galdanian, Langrial)	Dammer Nissar: 6.5mt (Fe 50–65%); Langrial: 30mt (Fe 30% avg.)	Lateritic and volcanogenic deposits; potential for steel industry.
Lead-Zinc	Lahor-Pazang (Besham), Chitral (Madashil, Awireth)	1.5mt (Pb 3.1–3.4%, Zn 4.2–6.2%)	Feasible for annual mining; PCSIR recommends chemical extraction.
Magnesite	Sherwan (Hazara), Sakhakot (Malakand), Pran Ghar (Mohmand)	Sherwan: 11.2mt (MgO 43.97–44.06%)	Suitable for refractory bricks; high-quality deposits.

Material	Location/Area	Quantity	Comments/Recommendations
Manganese	Hazara (Kakul, Chura Gali), Mohmand (Kassai)	Not specified	Ophiolite-related; potential for ferroalloy production.
Marble	Swat, Mardan, Bajaur, Khyber Agency	4 billion tons nationally (97% in KP)	High wastage (85%) due to primitive mining; PASDEC recommends modern block excavation.
Nepheline Syenite	Swat (Koga), Mardan (Agari, Landi Patao)	6,000 million tons	Suitable for glass, ceramics, and alumina extraction.
Rock Salt	Kohat (Bahadur Khel Salt Formation)	Not specified	Exported to Afghanistan and India.
Tungsten	Oghi (Hazara), Mimiki Gol (Chitral)	Oghi: 3.2% W; Indus River placers: 96 tons detrital	Low-grade; placer deposits in Indus River.

GEMSTONE AND JEWELRY RESOURCES

Material	Location/Area	Quantity	Comments/Recommendations
Aquamarine	Chitral (Lutkho Valley), Dir (Talash), Indus Kohistan	Not specified	High-quality blue varieties; needs polishing facilities for value addition.
Emerald	Swat (Mingora, Gujarkili, Shamoza), Mohmand, Bajaur	Mingora: 78,330 carats (1990–91)	Comparable to Colombian emeralds; expand exploration in 150km northern Indus Suture belt.
Garnet	Swat (Jambil), Malakand (Kot), Bajaur (Targhao)	Tsavorite (green grossularite) and honey-yellow hessonite	Gem-quality almandine and spessartine; underutilized.
Peridot	Kohistan-Kaghan watershed (Sapat mafic-ultramafic complex)	Crystals up to 2kg (Fo ₉₁ composition)	Unique green-yellow hue; linked to post-tectonic Himalayan leucogranites.
Ruby	Timurgara (Dir), Hunza	Caboche-grade violet/indigo sapphires	Lower grade in Dir; Hunza produces rare blood-red rubies.
Topaz	Katlang (Mardan), Chitral (Lutkho Valley)	Pink topaz unique to Katlang	Promote globally as "Ghundao Hill Pink Topaz"; high market potential.
Tourmaline	Garam Chashma (Chitral), Swat	Indicolite (blue) and bicolor/iricolor varieties	Pegmatite-hosted; requires cutting/polishing for jewelry.

ENERGY AND INDUSTRIAL RESOURCES

Material	Location/Area	Quantity	Comments/Recommendations
Coal	Hangu, Cherat, Dara Adamkhel, Shirani (D.I. Khan)	Hangu: 81mt; Shirani: 0.5mt (thin seams)	Subbituminous to lignite; develop thermal power plants to reduce energy crisis.
Gypsum	Kohat (Jatta), D.I. Khan (Shirani), Waziristan	3 billion tons (KP + FATA); 77mt minable in D.I. Khan	High purity (CaO 29–33%); ideal for cement and soil conditioning.
Limestone	D.I. Khan, Kohat, Swat, Hazara	1205 billion tons nationally (Sulaiman Basin)	Primary cement raw material; vast untapped reserves.
Uranium	Swat (Karakar), Mansehra (Ahl), Khyber Agency (Loe Shilman)	Cutoff grade: 0.03% U ₃ O ₈	Small deposits; explore Vihowa Group sandstones for placer uranium.

Research Source: Mineral Resources of Khyber Pakhtunkhwa and FATA, Pakistan – Malkani et. all, 2017

Key Recommendations

- **Value Addition:** Establish gemstone polishing facilities to enhance export value.
- **Modern Mining:** Replace blasting with block excavation for marble/granite to reduce waste (35% to 7%).
- **Environmental Safety:** Ban asbestos/arsenic mining; promote alternatives.
- **Infrastructure:** Develop roads and dams to access remote mineral zones (e.g., Chitral, Kohistan).
- **Research:** Explore rare earth elements (REEs) in Loe-Shilman carbonatite and porphyry copper in Kohistan.

BUSINESS OPPORTUNITIES IN MINERAL SECTOR OF KHYBER PAKHTUNKHWA PAKISTAN

By SDA – AUSTRO MINERALS

SUMMARY TABLE OF MINERAL MATERIALS, LOCATIONS, QUANTITIES, & RECOMMENDATIONS

Material	Area	Resource Estimate	Recommendation/Remarks
Copper- Lead- Zinc	Pakhturi (Block-04), Dommel Nisar, Lutkho, Yarkhun	Dommel Nisar: 4 km x 0.4 km belt; Ashret: Gold up to 80 ppm in volcanic breccia.	Prioritize Dommel Nisar for porphyry copper-gold system exploration. Assess sediment-hosted massive sulphide potential in Pakhturi. Follow-up geochemical and drilling programs recommended.
Gold- Silver	Shoghore, Ashiret, Mastuj (Block-05), Reshun (Block-06)	Shoghore: 20,000–30,000 tonnes with 50 ppm Au and 200 ppm Ag; Ashiret: 0.6–80 ppm Au.	Focus on Reshun Fault Zone (RFZ) for structurally controlled Au-Ag veins. Investigate breccia-hosted gold in Ashiret. Systematic sampling and mapping required to confirm tonnage and grade.
Tungsten Scheelite	Garam Chashma, Arkari, Rich Valley	Stratabound mineralization over several kilometers; patchy but significant in Arkari.	Target stratabound tungsten in calcareous marble. Assess potential for discrete mineable zones. Combine geochemical surveys with remote sensing for better delineation.
Antimony -Lead	Krinj-Kamal Gol (Block-06)	~100,000 tonnes (historical estimate).	Evaluate existing small-scale operations for expansion. Explore fault-related Sb-Pb-Ag mineralization along Reshun Fault. Assess environmental risks of arsenic association.
Iron	Buni Zom, Yarkhun (Block-07)	Small, isolated skarn bodies; difficult accessibility.	Low priority due to logistical challenges. Consider reassessment if infrastructure improves. Focus on Yarkhun Cu-Mo-Fe anomalies for porphyry system linkages.
Molybde num	Moghlang, Yarkhun (Block-01, Block-07)	Sporadic showings in granitoids; Yarkhun anomaly linked to porphyry systems.	Investigate Yarkhun's Cu-Mo-Fe anomaly as part of a porphyry copper system. Conduct geophysical surveys to identify intrusive centers.
Platinum Group Elements	Koghazi (Block-08), Laaspur (Block-09)	Anomalies in Koghazi green schist; Pt associated with pyrite-magnetite.	Explore metabasalt-hosted Pt-Au potential. Conduct detailed petrographic and geochemical studies to confirm mineralization style.
Gemstone	Shah Sadin (Block-11), Garam Chashma (Block-13), Bomboret (Block-15)	Aquamarine, tourmaline, topaz, garnet in pegmatites (e.g., Gobbar, Manurgol).	Prioritize pegmatite belts near Afghanistan border for aquamarine and emerald. Use remote sensing to map pegmatite dykes. Assess Shishi Valley for emerald potential in talc-carbonate rocks.
Arsenic- Fluorite	Tirich Valley (Block-02)	Orpiment, realgar, fluorite lenses; As anomalies.	Investigate As anomalies as gold pathfinders. Assess small-scale mining viability while mitigating arsenic toxicity risks.
Nickel- Zinc	Morich (Block-03), Laaspur (Block-09)	Ni-Zn anomalies in Tirich Mir Suture Zone and Northern Suture Zone.	Explore Ni-Zn potential in meta-sediments and mafic rocks. Conduct soil sampling and ground-truthing for massive sulphide targets.

Source:

[https://kpminerals.gov.pk/uploads/geological_reports/attachment/1655712609_Follow-up%20Exploration%20Targets%20\(Metals%20and%20Gemstones\)%20Chitral.pdf](https://kpminerals.gov.pk/uploads/geological_reports/attachment/1655712609_Follow-up%20Exploration%20Targets%20(Metals%20and%20Gemstones)%20Chitral.pdf)

Key Notes:

- **Infrastructure Challenges:** Many areas (e.g., Buni Zom, Yarkhun) face accessibility issues; prioritize regions near all-weather roads like Arandu or Lowari Tunnel.
- **Exploration Methods:** Recommend integrated approaches (geochemistry, geophysics, remote sensing) for porphyry and metamorphogenic targets.
- **Environmental/Social:** Engage local communities for skilled labor and address environmental concerns (e.g., arsenic in Tirich Valley).
- **Licensing:** Blocks 1–15 are open for competitive bidding; emphasize partnerships with experienced firms for high-risk targets (e.g., Dommel Nisar, Koghazi).

RECOMMENDATIONS

As a result of the desk review on the establishment and operationalization of the Khyber Pakhtunkhwa Minerals Development and Management Company Limited (KP-MDMCL) also referred to as the prospects and roadmap of the Company-the following key recommendations are proposed to reinforce its institutional, strategic, and operational foundations. These recommendations aim to position KP-MDMCL as the principal front-line entity and representative body of the Minerals Development Department, Government of Khyber Pakhtunkhwa, within the province’s mineral sector. It is firmly believed that if these recommendations are implemented in a phased, structured, and deliberate manner, KP-MDMCL can transform into a dynamic, commercially-driven, and professionally managed organization. In doing so, the Company will be well-equipped to unlock the true potential of Khyber Pakhtunkhwa’s vast mineral resources and contribute meaningfully to the province’s sustainable economic development.

1. **Integration of Mineral Sector Projections:**

The Minerals Development Department (MDD) serves as the administrative arm of the Government of Khyber Pakhtunkhwa responsible for overseeing all mines and minerals-development activities across the province. However, it has been observed that the scope, impact, and projected contributions of these activities are not adequately reflected in the annual **White Paper** issued by the Finance Department, Government of Khyber Pakhtunkhwa. It is recommended that MDD, through **KP-MDMCL**, actively engage with the Finance Department to ensure that the mineral sector’s development plans, investment projections, and expected contributions to provincial revenues are systematically incorporated into the White Paper. This will not only enhance visibility and strategic prioritization of the sector but also help attract greater attention from policymakers, investors, and the development partners.

2. **Develop a Centralized Knowledge Repository:**

It is recommended that KP-MDMCL take the lead in developing a centralized and digitized knowledge repository. This integrated repository should consolidate all existing geological studies, exploration reports, maps, feasibility assessments, and other technical documents currently held by various public sector entities. Furthermore, a significant volume of historical data and technical reports was developed under the former **Sarhad Development Authority (SDA)**, which previously managed the Mines and Mineral Development Wing.

Given the passage of time and evolving industry standards, it is advisable to commission comprehensive technical audits or modern reviews of these legacy documents, through outsourced assignments. This will help determine their current relevance, technical accuracy, and economic feasibility in light of new technologies, updated geological insights, and changing market conditions.

3. Capacity Building and Technical Training:

In order to ensure the effective functioning of KP-MDMCL as a competent and forward-looking entity in the mineral sector, it is essential to invest in sustained capacity building and technical training. Both historical assessments and recent studies have highlighted persistent skill gaps across key functional areas critical to mineral development, including geology, legal and regulatory compliance, environmental management, financial modelling, and project evaluation.

4. Minerals Development Fund:

Given the targeted role to the newly formed company, and the province’s growing focus on structured mineral development and exports, it is imperative to empower KP-MDMCL with financial autonomy, enabling it to undertake critical functions beyond exploration, including mineral-research, commercialization, strategic-marketing and digital-transformation. As outlined already, an option to consider diversion of royalty-savings towards a dedicated Minerals Development Fund (MDF) with key justifications therefor, is reiterated as follows:

a. Reinvestment principle

A major portion of royalty-savings should be earmarked to establish a Mineral Development Fund, instead of being absorbed into the general treasury in line with the provincial practice like KP Hydel Development Fund, where extractive revenues are reinvested for sectoral development.

b. Financial Autonomy for KP-MDMCL

KP-MDMCL should be granted operational financial autonomy within the framework of the Fund in particular, to enable timely decision-making and agile project execution. Periodic audits and performance scorecards of the fund in particular, can ensure transparency and accountability.

c. Governance & Deployment

The MDF should be utilized under specific guidelines approved by the Board of Directors of KP-MDMCL as the implementing agency under the overall monitoring of MDD, GoKP. Funds should be operated under a performance-based disbursement model for (a) Mineral research and geo-data (b) Digital royalty and production monitoring (c) Mining cluster and industrial zone development (d) Machinery leasing, mobile labs, and field operations (e) International marketing and participation in global expos; and (f) Talent acquisition and HR development for the company.

5. Legislative Support for KP-MDMCL

It is proposed that few moderate amendments be introduced in the Khyber Pakhtunkhwa Mines and Minerals Act, 2017 (*the 'Act-2017'*) or through the forthcoming Bill-2025 (*the 'Bill-2025'*), as suggested through a duly drafted amendment Act provided on pages 75-77 of this document. The aforesaid changes, if considered and got through, would formally recognize KP-MDMCL as the principal commercial and investment facilitation arm of the Mines and Minerals Department, Government of Khyber Pakhtunkhwa, while clearly distinguishing its mandate from the policy and regulatory roles of the Directorate of Mines and Minerals. The revised legal framework would enable KP-MDMCL to operate with full financial and administrative autonomy under the Companies Act, 2017, and take over the functions previously handled by the Mineral Investment Facilitation Authority (MIFA), wherever relevant. Additionally, the company would be empowered to support the Directorate and other relevant authorities in matters such as royalty collection, profit and loss sharing in joint ventures, and excise duty collection, serving as a bridge between regulatory-oversight and commercial execution, against the management fee consideration. These modest but essential adjustments are aimed at creating institutional clarity, improving coordination, and enhancing governance for sustainable mineral sector development in the province.

6. KP-MDMCL An Empowered vehicle to unlock KP’s mineral potentials

It is worth reiterating that the Government of Khyber Pakhtunkhwa (GoKP) should formally bring closure to the Mineral Investment Facilitation Authority (MIFA), as its limited operational progress has made it largely obsolete. In its stead, KP-MDMCL should be fully empowered as the province’s principal minerals development agency, tasked with overseeing operational execution, project facilitation, and sectoral coordination. To ensure KP-MDMCL achieves tangible outcomes, it must be supported with technocratic leadership, financial and operational independence, and a continuous actionable mandate, as already outlined in its Memorandum of Association. However, if it is deemed necessary to retain MIFA in a limited capacity, confined solely to policy formulation and strategic advisory functions, it is proposed that it be renamed the “Mineral Development Council (MDC).” This new title would better reflect its non-executive, consultative nature and align with international governance practices, where policy and execution are institutionally separated. With such a framework in place, KP-MDMCL can effectively serve as the province’s primary implementation body, unlocking mineral sector potential and supporting sustained economic growth.

CONCLUSION

This Desk Review Report (DRR) presents a comprehensive study and review of the existing organizational and governance structure, along with an in-depth examination of the legal and institutional frameworks under which the entity has been operating since the inception of Pakistan to date. The objective of this review was to understand the historical and current governance landscape, institutional mandates, and operational mechanisms that inform the functioning of the organization. It is important to note that this DRR forms an integral part of the Inception Report of the Assignment and specifically addresses only those areas identified for desk-based analysis. The Inception Report covers additional dimensions of the assignment that extend beyond the scope of this Desk Review. The following key thematic areas were excluded from the scope of the desk review and will be addressed through other methodologies during the course of the assignment:

- Human Resource Management (HRM)
- Legal & Regulatory Framework (detailed application and implementation aspects)
- Sustainability and Environmental Considerations
- Business Plan Development and related strategic planning

These excluded components are critical for the devising and development of the Roadmap for Operationalization, and will be addressed separately through field engagements, stakeholder consultations, and analytical assessments during the subsequent phases of the assignment.

REVISED DRAFT AMENDMENT TO THE KP MINES AND MINERALS ACT, 2017

(Proposed for inclusion in Bill-2025)

1. Short, Title and Commencement

This Act may be called the *Khyber Pakhtunkhwa Mines and Minerals (Amendment) Act, 2025*, and shall come into force at once.

2. Amendment in Section 2 of the Act, 2017 (Definitions)

In the *Khyber Pakhtunkhwa Mines and Minerals Act, 2017*, hereinafter referred to as "the principal Act", in Section 2:

- (a) After clause (xxviii), the following new clause shall be inserted:(xxviii-a): "*KP-MDMCL*" means the *Khyber Pakhtunkhwa Minerals Development and Management Company Limited, a public limited company incorporated under the Companies Act, 2017, with the mandate to act as the principal front-line commercial entity of the Mines and Minerals Department, Government of Khyber Pakhtunkhwa, for undertaking mineral exploration, development, commercial operations, mineral-based joint ventures, and facilitation of public-private partnerships in the province.*
- (b) In clause (xxiv), the expression "MIFA" shall stand omitted, and where applicable, replaced with "KP-MDMCL" in the operative provisions of the Act.

3. Insertion of New Section 3A – Establishment and Functions of KP-MDMCL

After Section 3, the following new section shall be inserted:

3A. KP-MDMCL and Its Functions

- (1) The Government shall recognize KP-MDMCL as the principal commercial and investment facilitation arm of the Mines and Minerals Department, Khyber Pakhtunkhwa.
- (2) KP-MDMCL shall, in line with its Articles and Memorandum of Association and applicable provisions of the Companies Act, 2017, perform and facilitate the following functions:
 - a) Undertake mineral resource exploration, development, mining operations, and value addition;
 - b) Initiate, manage, and participate in joint ventures with national and international investors for mineral development

- c) Facilitate investments, public-private partnerships, and financing arrangements for mining projects;
 - d) Assist and support the Directorate of Mines and Minerals, the Chief Inspectorate of Mines & Minerals, and the Chief Commissionerate of Mines and Minerals in:
 - i. Royalty collection and management;
 - ii. Profit or loss sharing in joint ventures;
 - iii. Excise duty collection and reconciliation;
 - iv. Ensuring compliance and transparency in commercial arrangements and JV operations;
 - e) Develop mineral trading platforms and export facilitation mechanisms;
 - f) Establish mineral processing facilities, industrial parks, and downstream industries; and
 - g) Perform any other commercial or facilitative functions as assigned or delegated by the Government.
- (3) KP-MDMCL shall enjoy full administrative and financial autonomy and shall operate under a professional governance and accountability framework governed by the Companies Act, 2017.
- (4) The Government may, by notification, transfer such functions, projects, agreements, records, or personnel from MIFA or other allied bodies to KP-MDMCL, as deemed necessary for the effective discharge of its mandate.

4. **Omission or Substitution of References to MIFA**

Wherever the term "Mineral Investment Facilitation Authority" or "MIFA" occurs in the principal Act, the same shall be **substituted with "KP-MDMCL"**, to the extent applicable to commercial, investment, or facilitative functions.

5. Transitional Provisions

Notwithstanding anything contained in the principal Act or any other law for the time being in force:

- (a) All ongoing matters, contracts, and joint venture agreements handled or facilitated by MIFA shall stand transferred to KP-MDMCL.
- (b) KP-MDMCL shall coordinate closely with the Directorate of Mines and Minerals and other government institutions to ensure policy-regulatory and commercial-functional separation. Any dispute or question arising from such transition shall be resolved by the Government, whose decision shall be final and binding.

ANNEXURE-II

DIRECTORATE OF MINES & MINERALS, GoKP

DETAILS OF ONGOING ADP-SCHEMESRs in Million

S.No	ADP	Scheme Name	Cost	Exp/ Allocation	Status
1	1124	140791 – Assessment Study & Establishment of Mines Monitoring and Surveillance Units in Miners Bearing Areas of Khyber Pakhtunkhwa	561.736	68/48	The Project staff have not received salary since February, 2024 till date and revision of PC-I is also pending
2	1125	170143- Geological Mapping of Khyber Pakhtunkhwa	397.231	7/22	<ul style="list-style-type: none"> GSP completed 46 TOPO Sheets and handed over to the Deptt. Reserve estimation of Placer Gold blocks on the river Indus has also been included in the scope of the project. Rs. 28.98 million has been released to GSP up to June 30, 2022& 0.399 till date . Chitral 5120 sq Swat 1280sq Buner, Orakzai,Khyber (640sq each) and under process in N & S Waziristan District.
3	879	190279 – Strengthening of Minerals Development Department	31.224	23.903/ 0.001	The project was earlier reflected as close on reduced cost (CRS) by the P&D Department during rationalization exercise last year. It has now been frozen and no further expenditure will be made in this project.
4	880	210229- Fencing of Fizzagat emerald mines swat	50.000	21.100/ 28.90	Project has not been completed due to local disputes. Once these issues are resolved, the remaining funds will be released, allowing for the completion of the project.
5	881	210230-Capacity Building of Mineral Testing Laboratory (DGMM)	93.602	60.665/ 2.941	The supplier is demanding Rs. 21.00 million to release the equipment imported from the USA, currently held at Lahore International Airport due to customs duty issues. A request for the release of Rs. 21.00 million has already been submitted to the Planning & Development Department (P&DD) for processing before the 31st of October 2024, as the agreement with the supplier has been renewed until this date.
6	882	210780-Establishment of Mining Cadastral System Phase-II	83.995	42.230/3.000	The project in in process as per planned and there is no issue at the moment.
7	885	Installation Of Cameras On The Check Posts At 41 Potential Sites In Khyber Pakhtunkhwa To Control Under-production	100.00	0/10	The PC-I for the project was submitted to the P&DD on 16th September 2024, with a total cost of Rs. 31.470 million. A Pre-PDWP meeting was held on 23rd September 2024, during which it was decided that two IT experts from the P&DD's Resource Centre would visit the 16 designated sites to recommend the appropriate specifications for the cameras and other related installation

S.No	ADP	Scheme Name	Cost	Exp/ Allocation	Status
					requirements. After these recommendations, the revised PC-I will be submitted for approval by the PDWP. Field visit is planned for three days starting from Monday 28.10.2024. And hopefully revised PC-I will be submitted during 1 st week of November 2024. Initially, cameras will be installed at 16 joint check posts in collaboration with the Forest Department, as listed in the next slide. The remaining sites will be prioritized by a committee chaired by the DG M&M, as proposed in the original PC-I
Total			1,317.79		

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