PAKISTAN SET TO RAISE INTEREST RATES IN OFF-CYCLE REVIEW, SAY INVESTORS

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KARACHI, Pakistan, Feb 23 (Reuters) - Pakistan's central bank is set to raise interest rates as early as this week in an off-cycle review, investors said, as the South Asian nation faces pressure to mend its finances while seeking a $1 billion loan from the International Monetary Fund.

Market participants in a recent treasury bill auction are expecting at least a 200 basis point increase in the central bank's policy rate, which stands at 17%. The expected increase is based on rates the Pakistan government set in the auction to raise domestic debt.

The government raised 258 billion rupees ($991.54 million) in the auction on Wednesday. The cut-off rates for the three-month, six-month, and 12-month tenors jumped 195 bps, 206 bps, and 184 bps higher than the previous auction. The cash-strapped country is undertaking key measures to secure the IMF funding, including raising taxes, removing blanket subsidies, and artificial curbs on the exchange rate. While the government expects a deal with IMF soon, media reports say that the agency expects the policy rate to be increased. "We support the use of monetary policy to rein in inflation, anchor inflation expectations, and support the exchange rate," said Esther Perez Ruiz, the IMF's resident representative in Pakistan, in an email. "As such, monetary policy has an important role to play in taming inflation and preserving the purchasing power of Pakistanis, first and foremost the poor and most vulnerable."

The next meeting of the central bank's monetary policy committee is scheduled for March 16. Off-cycle rate reviews are not uncommon in Pakistan, though. Adnan Sheikh, assistant vice president of research at Pak Kuwait Investment Company, said a rate hike is imminent, and it could be as soon as Friday. "The next policy meeting is too far. Given the circumstances, it's already being priced in," Sheikh said.

The State Bank of Pakistan (SBP) did not immediately respond to requests for comment. "No MPC meeting has been held yet after the last meeting last month," SBP chief spokesperson Abid Qamar was quoted as saying by local business newspaper Business Recorder on Thursday. "The next MPC meeting so far scheduled is on March 16."

The IMF has given a target to at least keep rates higher than core inflation," said Fahad Rauf, head of research at Ismail Iqbal Securities. "Pakistan has two core inflation readings i.e., Urban (15.4% for Jan-23) and Rural (19.4%) and no national core number is released. If the SBP tries to bring rates above rural core inflation, it requires a rate hike of 200-300 bps." Mohammad Ayub Khuhro, who manages a local fund, said recent government finance data suggest that it was running low on cash balances held with the central bank. "This is why the government went ahead with picking up their desired targets despite a signaling effect it would send to the markets," Khuhro said. "The government has effectively bypassed the central bank in order to fulfill IMF conditions by accepting a higher cut off," he added.

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200BPS RATE HIKE LIKELY IN SURPRISE SBP MOVE

KARACHI: An interest rate hike of around 200 basis points by the State Bank of Pakistan (SBP) is highly likely, financial market experts say, after the recent treasury bill auction rates saw a similar increase. While the unexpected rate jump in the government auction to raise domestic debt surprised the trade and industry, the investors in the treasury bills found the situation suitable due to over 27 per cent inflation.

The government raised Rs258 billion against the target of Rs300bn in Wednesday’s auction at the rates of 19.95pc, 19.9pc and 19.79pc for the three-month, six-month, and 12-month tenors. The cut-off rates were 195 bps, 206 bps, and 184 bps higher than the previous auction, respectively.

The government plans to raise Rs1,800bn in the next auction scheduled for March 8 while the maturity amount is Rs1,785bn. The amount raised at these rates would be too costly for the government, which is already facing a liquidity shortage. The costly borrowing will also eat up most of the budget allocations. The SBP's policy rate is 17pc at present, which means the treasury bills rates were almost 300 bps higher.

The next meeting of the SBP's monetary policy committee is scheduled for March 16, though off-cycle rate reviews are not uncommon. "We support the use of monetary policy to rein in inflation, anchor inflation expectations, and support the exchange rate," said Esther Perez Ruiz, the IMF's resident representative in Pakistan, in an email to Reuters. "As such, monetary policy has an important role to play in taming inflation and preserving the purchasing power of Pakistanis, first and foremost the poor and most vulnerable."

A senior banker believed the State Bank would have to increase the interest rate by 200 bps in the coming days even if it considers 12-month average inflation. He said that though there was no movement in the SBP for increasing the interest rate, Friday was open for such a move. Adnan Sheikh, assistant vice president of research at Pak Kuwait Investment Company, also told Reuters that a rate hike is imminent, and it could be as soon as Friday. "The next policy meeting is too far. Given the circumstances, it's already being priced in," he said. The government has announced several austerity measures to cut expenditures to save up to Rs200bn, but still it needs to generate at least Rs500bn. Poor economic growth and a steep fall in imports slashed revenue generation. Researchers and economists said the repayment of costly short-term borrowing would further increase the fiscal deficit, which is unacceptable to the IMF. "We were short of dollars. Now it looks like we are short of rupees, which is another bad sign for the economy," said a senior analyst.

Dawn 24-2-2023

EV BIKES, FANS, LED LIGHTS: CHINESE INVESTORS WAITING FOR POLICIES BEFORE INITIATING PROJECTS: EDB CHIEF

LAHORE: A large number of Chinese investors want to initiate projects in the fields of EV bikes, fans and LED lights and waiting for the policies to be approved. This was informed by the CEO, Engineering Development Board Raza Abbas Shah during a meeting with the LCCI President Kashif Anwar here on Thursday at LCCI. Executive Committee Members were also present in the meeting. "We want the Chambers to send us the budget proposals as soon as possible because sooner the proposals arrive, we will have more time to prepare", said CEO and added that if the dollar goes to a certain level, it will not come down. He said that we can work in other areas also as the government is going to present the LED lights policy by July 01.

Fans policy is tabled and will be approved soon and manufacturing and installation of fans above 80 watts will not be allowed. He said that ongoing situation also presents a huge opportunity for the industry of lighting and fans. He added that to promote EV bikes, we came up with the proposal to subsidise a certain number of EV bikes. We have also issued 23 licenses for EV bikes as this is a new technology. He said that the strategy to subsidise a certain number of bikes in order to bring them on roads. It will also develop related industry like lithium batteries and motor industry. He said that solar policy is now on table and to be approved by 31st March. EV bikes policy being submitted to ECC. He said that we will also share our solar policy draft with LCCI to add their suggestions. He said that a number of Chinese manufacturing companies are waiting for a policy to invest and this policy will made it feasible to bring that industry in Pakistan.

The CEO said that although it is a time of crisis and we are facing energy, foreign exchange reserves depletion, not opening of LCs and container stuck at ports issues but nevertheless, this desperate time also present a lot of opportunities. The CEO EDB said that there is a saying that "never wastes a good crisis" so we have to extract opportunities and should increase our exports. He said that EDB's primary function is to formulate policies for the engineering industry. He said that the foreign reserves restrictions were imposed last year but we managed to get some relief for the new industry like mobiles and others. He said that the current account deficit is always there and we can fill it with increase in Foreign Direct Investment and remittances. He said that there are LCs issues, container stuck at ports issues but we are not able to do much about these at this stage. We can work in other areas like rationalization of tariffs, removal of taxes on raw materials etc. He said that there should be a unified proper strategy for tariffs. We have written to all the chambers to send their proposals as we have initiated the budgetary exercise. The CEO EDB said that we cannot do much on the sales tax and the custom duty as these are now the domain of the Ministry of Commerce. He said that in order to grow the industrial sector, economical raw materials should be provided to the industry and the maximum number of raw materials should be localised because we have raw material issue and we need to fix it with joint efforts as for now the import is necessary for exports and for that we need to correct our tariffs and to sit down together. He said that our target is that the industry should not be coming to the government for licensing and approvals. There should be a mechanism in place where we don't even need a desk. He said that LCCI previously helped us in formulation us in mobile policy and we are hopeful that the LCCI and EDB will sign an MoU to collaborate and jointly do further work.

OUTSOURCING GOVT BORROWING ON THE CARDS

ISLAMABAD: The Finance Ministry is reportedly working on a plan with the SECP to outsource government borrowing aimed at getting money from the public at less rates than banks which are lending public money at exorbitant rates. This was revealed by Secretary Finance at a recent meeting of Public Procurement Regulatory Authority (PPRA) when a proposal of Finance Division regarding exemption from applicability of Rules 12 of Public Procurement Rules, 2004 was discussed.

MD PPRA informed the Board that Finance Division has requested the Authority to allow exemption from applicability of Rule 12 of Public Procurement Rules, 2004 so that Finance Division may be able to have direct credit lines from banks/Financial Institutions to meet financial requirements of the country.

MD PPRA invited Chairman PPRA Board in his capacity as Secretary Finance to further brief the Board Members on the agenda. Secretary Finance apprised that in terms of Article 166 of the Constitution of Pakistan and Rules of Business, 1973, it is authorized to raise domestic debt through domestic government securities/bank loans or any other domestic borrowing instruments, other than those issued by the Central Directorate of National Savings.

The government is experiencing significant issues on its cash balances because of increased deficit financing. The existing procedure depends upon participation of banks to raise domestic borrowings.

However, due to recent changes in market dynamics which include increase in policy rate by the SBP and imposition of ADR (Advances to Deposit Ratio) related tax, banks are reluctant to participate through auctions.

The option of raising debt from the SBP is also restricted owning to recent amendments to SBP Act. This has necessitated exploring diversified funding avenues through direct credit lines both from Islamic & conventional banks or other financial instructions to fulfil governments funding needs. He further apprised members that direct credit lines from financial institutions require government to follow Pubic Procurement Rules, 2004 in order to seek bids from institutions. In the current situation, financing has to be taken on an emergency basis and in this regard normal procurement process cannot be followed.

Moreover, issuing advertisements in the local and international press for raising such financing will result in further deterioration in market perception. Hence, in order to seek such commercial financings from domestic financial institutions, Finance Division requires exemption from applicability of Rule 12 of Public Procurement Rules, 2004.

Secretary Finance highlighted that this is an emergency measure and is not going to be a regular exercise. One of the Board Members inquired whether it is covered under the provision of emergency or otherwise. Secretary Finance explained that emergency in the instant case is not attracted. He further highlighted that Finance Division is facing the problem of timelines with respect to auction of T-Bills as specific time frame is given for the auction of T-Bills.

One of the Board Members highlighted that banking sector disbursed loans to the people over and above average cost of capital. Average cost of capital includes current accounts as well as savings accounts. The people's money deposited is being disbursed by banks to the people on a higher margin interest rate. He proposed a separate system such as a digital application to be developed to outsource this borrowing. In the said application, people may get the message on their apps regarding required borrowing by the government. Eventually, this will enable borrowing by the government at a much lower cost.

Secretary Finance appreciated the idea and stated that the government is already working with the SECP in this regard.

Secretary Finance also explained to the members that cost of DCL is automatically linked to the cost of T-Bills through market dynamics. After detailed discussion, the Board decided to allow exemption under Rule 14 of PPRA Rules 2004 to Finance Division from the applicability of Rule 12 of Public Procurement Rules, 2004 enabling Finance Division to have direct credit lines from banks/financial institutions to meet financial requirements of the country provided that such exemption will remain valid for a period of one year.

R 24-2-2023

AMID ECONOMIC CRISIS, CABINET WRITES RS20 BILLION CHEQUE IN FAVOUR OF BANKS: DIRECT BORROWING FROM COMMERCIAL BANKS WILL RESULT IN ANNUAL INCOME TAX LOSS OF BILLIONS, COMPROMISE TRANSPARENCY

ISLAMABAD: The federal cabinet has allowed the government to directly borrow from commercial banks by withdrawing a public bidding condition, compromising transparency and 16% income tax that banks pay on lending through a competitive bidding process.

Headed by Prime Minister Shehbaz Sharif, the federal cabinet on Wednesday approved a summary for the provision of direct credit lines for the government by exempting it from the Public Procurement Regulatory Authority (PPRA) rules, confirmed government officials on Thursday.

The cabinet exempted the Ministry of Finance “from following PPRA Rules 2004 for seeking bids directly from banks and financial institutions”, said the summary.

The cabinet’s move appears surprising as it on the one hand compromises transparency and on the other results in a loss of Rs20 billion to Rs25 billion in government revenues.

The tax loss of at least Rs20 billion is against the International Monetary Fund’s (IMF) push for taxing the rich. IMF managing director has recently expressed reservations about Pakistan’s economic policies that favour the rich. The cabinet’s decision will result in direct negotiations between the Ministry of Finance and commercial banks, giving discretionary powers to the ministry in such sensitive matters.

It will also result in avoidance of at least Rs20 billion in annual income tax as direct lending will not fall into the category of loans given to the government through treasury papers and investment bonds.

The normal income tax on a bank is 39% but if a bank’s gross advances-to-deposit ratio (ADR) remains up to 40%, the government charges a 55% income tax. For ADR in the range of 40% to 50%, an income tax of 49% is charged.

In the budget, the government had revised upwards those limits by 11% and because of that the Federal Board of Revenue (FBR) had estimated additional income tax collection of Rs25 billion in the current fiscal year.

“Various banks have raised concerns over the challenges being faced by the banking sector while meeting high ADR requirements as well as the difficulties faced by government in refinancing significant auction maturities,” the cabinet was told.

“We will not let compromise transparency despite exemption from PPRA rules,” said Director General of Debt of the Ministry of Finance, Mohsin Chandna.

The Debt Office would seek bids from all AAA-rated commercial banks and the rates offered by them would be endorsed by the central bank, he said. At present, the central bank issues a public auction calendar and holds competitive bidding aimed at getting the lowest price. However, after exemption, this process may not be followed.

The cabinet allowed to “obtain domestic financing through direct credit line from banking and non-banking financial institutions for the financing needs of the government as and when required”, said the decision.

Earlier, the prime minister approved the exemption with the condition that the Ministry of Finance would route its summary through the PPRA under Section 21 of the PPRA Ordinance 2020. Subsequently, the PPRA gave one-year exemption from advertisements, which is mandatory under Rule 12.

The cabinet was informed that the finance ministry was experiencing significant issues with its cash balances because of increased deficit financing. It was apprised that the debt raised from the auction of government securities depends on the participation of banks. “Due to recent changes in market dynamics such as an increase in the policy rate by the SBP as well as ADR-related tax, banks have become reluctant in participating through auctions,” the cabinet was told.

This implies that the government was comfortable with the banks avoiding 16% additional income tax.The Ministry of Finance stated that in the current scenario, financing has to be taken on an emergency basis and it becomes extremely difficult to adhere to the PPRA rules.

The current economic and financial conditions, especially the delay in rollover of foreign loans and the need for obtaining new loans and foreign deposits, require that money has to be accessed on an urgent basis, it added. The ministry told the cabinet that in such conditions, normal procurement process could not be followed.

“Issuing of advertisements in local and international press will result in further deterioration in market perception”, the ministry told the cabinet. However, market forces know the government’s actual economic condition and are not dependent on advertisements to gauge the finance ministry’s coffers, which are empty. The federal government already directly negotiates with foreign commercial banks, which has increased discretion of the Ministry of Finance in deciding interest rates. Pakistan’s debt servicing cost is estimated at Rs5.2 trillion in the current fiscal year, which constitutes 55% of its original budget. The government on Wednesday obtained loans at 19.95%, the highest rate in 26 years.

CABINET APPROVES RS52B FCAs RECOVERY: GOVT SEEKS POLICY GUIDELINES FROM NEPRA TO IMPLEMENT THEM

ISLAMABAD: The government has sought policy guidelines from the power regulator for transferring the burden of a staggering Rs52 billion to the consumers on account of fuel charges adjustments (FCAs) for the months of June and July, 2022.

The National Power Regulatory Authority (Nepra) would calculate this amount under the period of eight months starting from the next month to October 23, 2023 in accordance with the recovery rates mentioned for XWDISCOs and K-Electric.

Moreover, the government also requested Nepra to issue policy guidelines under Section 31 of the Regulation, Generation, Transmission, and Distribution of Electric Power Act 1997 for the recovery of FCAs applicable to the consumers for the months of August and September 2022.

The federal cabinet, through circulation, has already approved the recovery of Rs52 billion on account of the two FCAs.

Nepra had determined FCAs of Rs9.8972 per unit and Rs4.3435 per unit for the months of June and July 2022, respectively.

The amount of FCAs for both the months was supposed to be charged in the billing months of August and September 2022, respectively, for XWDISCOs.

For the consumers of K-Electric, the regulator had determined an increase of Rs9.8972 per unit on account of FCA to be charged in the August 2022 billing cycle.

Similarly, the K-Electric tariff was increased by Rs8.0909 per unit on account of FCA for June 2022 -- that was supposed to be charged in September 2022.

As the July FCA was negative Rs4.1171 per unit, the consumers were supposed to pay only an additional Rs3.9738 per unit instead of Rs8.0909 per unit hike determined by Nepra on account of the June FCA.

The rebasing of uniform tariff determined by Nepra and recommended by it as the "final tariff' for publication in the official gazette was notified by the federal government to not burden the consumers disproportionately in a sequence of Rs3.5 per unit in July 2022 and Rs3.5 per unit in August 2022.

Consumers were hit by Rs9.8972 per unit of the FCA in addition to Rs7 per unit of rebasing simultaneously in the August billing. This is an average increase of Rs16.90 per unit over and above the July rates.

The adjustments in tariff significantly increased the electricity bills for the months of August and September 2022.

Moreover, the extensive floods because of the abnormally heavy monsoon rains also affected consumers across the country.

Under this scenario, Prime Minister Shehbaz Sharif decided to recover the XWDISCOs and K-Electric FCAs applicable to consumers in August and September 2022.

Now, after succumbing to the pressure from the International Monetary Fund (IMF), the government has finally allowed the Power Division to recover the amount of FCAs from the consumers.

Following the cabinet’s approval, the burden of Rs52 billion on account of FCAs would be transferred to the power consumers.

To extend the flood relief to a limited class of domestic consumers, the federal government in giving effect to its economic and social policy objectives, is issuing guidelines to make adjustments on account of the variation of fuel charges in the approved tariff of XWDISCOs and K-Electric to the extent of recovery as follows: Non-ToU (time-of-use) domestic (protected) consumers having 200 units of consumption would only pay Rs3.8972 per unit FCA in the August 2022 billing month. The remaining FCA of Rs6 per unit (from the total of Rs9.8972 per unit) would be recovered subsequently.

Non-ToU domestic (protected) consumers having 300 units of consumption and private agricultural consumers would not pay any FCA in the August 2022 billing month.

A sum of Rs9.8972 per unit FCA would be recovered subsequently.

Non-ToU domestic consumers having consumed 300 units during the month of July 2022 would not pay any FCA in the September 2022 billing month.

An amount of Rs4.343 5 per unit FCA would be recovered subsequently.

Non-ToU domestic consumers of K-Electric having 300 units of consumption during the month of July 2022 would not pay any FCA in the September 2022 billing month.

A total of Rs3.9738 per unit FCA (after passing on the negative FCA of 4.l 171 per unit for the month of July 2022 to consumers having a consumption of 300 units) would be recovered subsequently.

The policy guidelines as approved by the federal government for recovery of FCAs applicable to consumers for the months of August and September 2022, under Section 31 of the Regulation, Generation, Transmission and Distribution of Electric Power Act, 1997, has been conveyed to Nepra for its consideration.

The federal government intended to implement the deferred FCA recovery with effect from March 1, 2023.

It has requested that a hearing opportunity be provided for detailed submissions including a session with the technical professional team of the authority prior to the hearing.

Nepra will conduct a public hearing on March 2, 2023.

TR 24-2-2023

MARCH TO SEPTEMBER 2023: PD PROPOSES LOAD MANAGEMENT PLAN

ISLAMABAD: Power Division is said to have prepared three load shedding scenarios from March 1, 2023 to September 2023, along with fuel requirements and required funding during this period and place the entire scheme at the highest level.

The proposed load management plan is under three scenarios i.e. two hours, three hours and four hours, depending on generation and availability of required funds. Ramazan will also commence in the last week of March.

The load shedding will start at a time when the government will increase electricity tariffs substantially i.e. by Rs 3.39 per unit under the garb of additional surcharge across the board in addition to QTAs and FCAs as per agreement with the IMF and recovery of deferred bills from flood-hit consumers.

There are indications of differences between Islamabad and the IMF on the duration of applicability of additional surcharge on consumers.

Well informed sources told *Business Recorder* that the projected peak demand in March will be 17,602 MW, April 22,183 MW, May, 23, 533 MW, June 26, 610 MW, July, 26,610 MW, August 26,300 MW and September 23,184 MW. However, peak generation (ATC excluding) in March will be 16,562 MW, 20,993 MW, 22,593 MW, 25,593 MW, 24,939 MW, 23,710 MW and 21,935 MW in April, May, June, July, August and September 2023 respectively.

The projected peak shortfall will be 950 MW in March, 1,190 MW April, 940 MW May, 1,441 MW June, 1,422 MW July, 2,590 MW July and 1,249 MW September respectively.

According to sources, Discos unleash load shedding of about 3,000 MW in summer under the garb of Aggregate Technical and Commercial (AT&C) losses. If the quantity of peak shortfall sans ATC is accounted for, total shortfall from March to September would be between 3500 to 7000 MW, which implies that the consumers have to face load shedding of 6-9 hours.

The sources said, total cash cover of Rs 2.280 trillion will be required for two hours' load shedding, Rs 2.183 trillion for three hours and Rs 2.106 trillion for four hours' duration of load shedding. Of this, CPPA-G will arrange Rs 1.945 trillion for one hour, Rs 1.874 trillion for two hours and Rs 1.821 trillion for three hours' load shedding. For two, three and four hours' load management, forex cover of $ 1.280 billion will be required whereas $ 410 million, $ 343 million and $ 299 million will be required for two, three and four hours for import of coal. Cash cover of Rs 175 billion, Rs 164 billion and 142 billion will be required for RFO for load management of two hours, three hours and four hours.

The sources said, Power Division has a subsidy Rs 335 billion for load shedding for one hour, Rs 309 billion for two hours and Rs 285 billion for three hours.

The sources maintained that total derated capacity will be 39,176 MW in March of which 22,525 MW will not be available. Likes, 18,184 MW in April, 16,583 MW May, 14,007 MW June, 14,238 July, 15,238 MW August and 17,279 MW in September respectively.

Total peak operational capacity of 16,652 MW will be available in March, 20,993 MW in April, 22,593 MW May, 25,169 MW June, 24,939 MW July, 23, 710 August and 21,935 MW in September respectively.

EXCESSIVE CURTAILMENTS: WIND POWER PROJECTS ACCUSE NPCC OF DISCRIMINATION

ISLAMABAD: The country's three dozen Wind Power Projects (WPPs) have reportedly accused National Power Control Centre (NPCC) of discriminating against them through excessive curtailments, well-informed sources told *Business Recorder*.

The representatives of WPPs who wrote a letter to Prime Minister Shehbaz Sharif and other authorities were invited by National Electric Power Regulatory Authority (Nepra) on Thursday to voice their viewpoints in the presence of National Power Control Centre (NPCC) and CPPA-G.

According to sources, both sides hurled accusations against each other for the current mess. However, the Regulator pacified both sides and directed NPCC to give dispatch to wind projects as their rate is far cheaper than other sources.

General Manager, NPCC, SajjadAkhtar at a recent meeting of Senate Standing Committee on Power, had commented that one of the reasons for the recent power breakdown was fluctuating supply from wind sources which impacted on the transmission system.

The NPCC further stated that wind power projects are established South whereas maximum demand is in North of the country. During the meeting, NPCC/NTDC officials stated that they have to follow Economic Merit Order (EMO) according which generation from nuclear power plants and Thar coal-fired plants is cheaper than wind plants.

During the meeting, NPCC/NTDC officials stated that they have to follow Economic Merit Order (EMO) according which generation from nuclear power plants and Thar coal-fired plants is cheaper than wind plants. On the other hand, representatives of wind power projects were of the view that if existing investors are not treated fairly, then no other investor will show interest in future.

The CPPA-G officials proposed that Nepra should play to find out an amicable solution. However, Chairman Nepra did not take any responsibility saying that it's the government to take policy decisions.

Chairman Pakistan Wind Energy Association (PakWEA), Rumman A Dar, in his letter to Prime Minister stated that the government's efforts to reduce reliance on imported fuel are being undermined by the refusal of the system operator, ie, NPCC to despatch existing WPPs.

Rather than despatching the WPPs, the NPCC has instead been issuing instructions for the cessation of generation by such WPPs thereby leading to their excessive curtailment which commenced in November 2022 and is continuing to-date.

PakWEA, in its letter, claimed that such instructions also contradict the mandatory purchase principle as incorporated in the Energy Purchase Agreements (EPAs) of the WPPs, as executed by and between the WPPs and the federal government power purchaser i.e. CPPA-G.

The Association further argued that while the EPAs do permit for curtailment where the National Grid is experiencing technical constraints, yet it noted that the current excessive curtailment is not due to any technical fault in the National Grid as evidenced by NPCC's own instructions.

PakWEA has informed the Prime Minister that the ongoing curtailment is in flagrant violation of the contractual terms of wind power plants as well as the GoPs assurance to local and foreign investors, via its 2006 RE Policy, that renewable energy plants would be treated as must-run generation plants. "As a result of this systemic, excessive curtailment, PakWEA fears that the ongoing curtailment will result in the WPPs being unable to sufficiently invoice the power purchaser such that they can cover debt payments to their lenders. As such, there is a real threat that WPPs' projects shall be deemed financially unviable by their lenders and that such lenders shall take action pursuant to the remedies provided under their financing agreements," said the Association.

The majority of affected WPPs have been funded by foreign lenders and the inability of the WPPs to meet their debt obligations may be construed by the lenders as an "event of default" under the agreements.

The following 36 WPPs have been curtailed: (i) Master Wind Energy Limited;(ii) Master Green Energy Limited;(iii) Yunus Energy Limited ;(iv) ACT Wind (Private) Limited;(v) ACT 2 DIN Wind (Private) Limited;(vi) Lucky Renewables (Private) Limited;(vii) Sapphire Wind Power Company Limited; (viii) Tricon Boston Consulting Corporation (Private) Limited A; (ix) Tricon Boston Consulting Corporation (Private) Limited-B; (x) Tricon Boston Consulting Corporation (Private) Limited–C; (xi) UEP Wind Power (Private) Limited; (xii) Liberty Wind Power 1 Limited; (xiii) Liberty Wind Power 2 Limited; (xiv) HydrochinaDawood Power(Private) Limited); (xv) Foundation Wind Energy 1 Limited; (xvi) Foundation Wind Energy 2 (Private) Limited;(xvii) Gul Ahmad Wind Power Limited; (xix) Jhimpir Power (Private) Limited; (xx) Artistic Energy (Private) Limited; (xxi) Artistic Wind Power (Private) Limited; (xxii) TenagaGenerasi Limited; (xxiii) Gul Ahmed Electric Limited; (xxiv) Metro Wind Power Limited; (xxv) Indus Wind Energy Limited; (xxvi) Lakeside Energy (Private) Limited; (xxvii) FFC Energy Limited; (xxviii) Three Gorges First Wind Farm (Private) Limited; (xxix) Three Gorges Second Wind Farm (Private) Limited; (xxx) Three Gorges Third Wind Farm (Private) Limited; (xxxi) Sachal Energy Development (Private) Limited; (xxxii) Metro Power Company Limited; (xxxiii) Zorlu Energy Pakistan Limited; (xxxiv) Zephyr Power (Private) Limited; (xxxv) Din Energy Limited and (xxxvi) NASDA Green Energy (Private) Limited).

R 24-2-2023

SC SEEKS CLARITY IN NAB LAW: CJP ASKS WHERE DID MONEY RECOVERED BY ANTI-GRAFT BUSTER GO

ISLAMABAD: The Supreme Court on Thursday said that neither the National Accountability Bureau (NAB) had clarified in the new law where the cases which had been returned by accountability courts would go nor was any institution established for the purpose, while hearing a case pertaining to amendments in the National Accountability Ordinance (NAO).
A three-member bench led by Chief Justice of Pakistan Umar Ata Bandial (CJP) heard a petition filed by PTI Chairman Imran Khan against the amendments introduced by the incumbent government.

Last year in July, the federal cabinet had approved changes in the accountability laws, barring the NAB from investigating corruption cases involving less than Rs500 million and defined the limit of a suspicious financial transaction. It also bound the bureau to share the grounds of arrest at the time of arrest and empowered it to discharge or acquit the accused at any stage.
Giving his arguments, federal government counsel Makhdoom Ali Khan said that NAB had not submitted a comprehensive report in the court regarding cases which had been returned by the accountability courts. He said, in one report, the anti-graft buster was stating to have send back 221 references while in the other 364, adding that there was a difference of 143 cases in both the reports. Khan requested the top court to seek a record from NAB of references which had been returned by the accountability courts. He said the accountability watchdog should tell how many political personalities were among the 41 people who had been acquitted after amendments in the NAO.
The CJP remarked that the NAB did not even know whether 200 references had been returned or 364, adding that the national graft buster would not be aware of the total amount pertaining to these cases. "You, yourself have been saying that NAB was used for vengeful purposes in the past. The NAB chairman resigned from his post. He was a police officer of an excellent reputation," he remarked.
While quoting the example of a person who was incarcerated despite returning the money, the top judge said it seemed everyone had benefitted from the NAB law.
He further said neither the NAB had clarified in the new law where the cases which had been returned by the accountability courts would go nor was any institution set up for the purpose.
Even no one has been made custodian of the references which have been returned, the CJP remarked.
Fortunately, we have the digital record of it (returned references), he added.
The top judge inquired where the money that NAB recovered went.
The government's counsel replied that the Public Accounts Committee had been asking the same question time and again. He further said that no one had been acquitted under NAB Act 2022 till now.
Later, the SC adjourned the hearing of the case for two weeks.

TR 24-2-2023

FIA ARRESTS OMC FOUNDER IN RS54BN SCAM

KARACHI: The Federal Investigation Agency (FIA) on Sunday arrested Mumtaz Hasan, founder of the Hascol Petroleum Limited (HPL), in a Rs54 billion scam.

Director of the agency's Sindh Zone Amir Farooqi said a total of 30 suspects — including present and former top officials of the National Bank of Pakistan (NBP), HPL and other organisations — had been booked in the case and that efforts were under way to arrest the remaining suspects.

The FIA Sindh's chief described the scam as the "country's biggest financial fraud" that was committed by the HPC in connivance with the NBP's top management and those of other commercial banks, who would be investigated separately. "During the period (from) 2015 to 2020 in the shape of bank loans, funded and non-funded financial facilities were granted to the HPL by the NBP in violation of prudent banking laws, practices, which amount to criminal breach of trust causing wrongful loss to the NBP/national exchequer and wrongful gain to HPL," said documents seen by *Dawn*. Mr Farooqi said the total amount of default stood at Rs54bn, of which Rs18bn pertained to the NBP alone.

Sharing details of the FIA inquiry, he said Hascol's credit line was increased by NBP presidents and credit group officials from Rs2bn to Rs18bn against 'weak securities'.

The NBP's credit heads, namely Reema Athar and Irtiza Kazmi, were the 'key players' in the episode. Ms Athar was a director at the Clover Pvt Ltd, a company owned by Saleem Butt, a co-accused, and also served as a director on the board of the Fossils Energy, a subsidiary of Saleem Butt's company.

The NBP opened fake letters of credit (LCs) to the tune of Rs95bn for Hascol in favour of Byco petroleum. The official said Byco's part (now named Cnergyico) will be investigated as a separate criminal inquiry. "No fuel was underlying for this quantum of LC and these were opened only to increase the liquidity in Hascol," said the FIA director.

Apart from the NBP, several other banks opened non-product LCs to the tune of Rs54bn for Hascol. "Hascol and another company Vitol (exclusive supplier of POL products to HPL) through over-invoicing transferred $42 million illegally outside Pakistan," said Mr Farooqi. He alleged that "Hascol siphoned off funds through fake contractors to the tune of Rs117 million".

In addition to possible money laundering, the FIA is also looking into possibility of tax evasion by Hascol of up to Rs5bn.

According to the FIA documents, HPL was incorporated by Mumtaz Hasan as a private limited company in 2001 for procurement, storage and marketing of local/imported petroleum products, chemicals and LPG. It was converted into a public utilised company in 2007 and listed on the Pakistan Stock Exchange in 2014.

The HPL's first significant borrowing started with Summit Bank in 2009, but the NBP entered the scene in 2014 when it gave Rs2bn to it "in response to HPL's request addressed to accused Ms Reema Athar who had moved from Pak-Iran Investment Company (PIIC) to the NBP as its SVP (senior vice president)".

Dawn 24-2-2023

PINK RESIDENCY REFERENCE: AC TO ANNOUNCE RESERVED VERDICT ON MARCH 8

ISLAMABAD: The Accountability Court on Thursday fixed March 8 for the announcement of its reserved judgment on the petitions of the accused of Pink Residency reference in which they challenged the territorial jurisdiction of the court, in view of the amendments made by the coalition government to the NAB law.

Accountability Court-II judge Nasir Javed Rana, while hearing the case, observed that the court will announce its judgment on the applications filed by accused of Pink Residency case regarding the illegal regularisation of land against Omni Group's Abdul Ghani Majid and others in which they challenged the jurisdiction of the NAB court under the National Accountability (Amendment) Act, 2022, on March 8.

The NAB had filed a Pink Residency case against Omni Group's Abdul Ghani Majid and 16 others. The reference pertains to a project, "Pink Residency" in Karachi's Gulistan-e-Jauhar area. The accused had been allegedly involved in the illegal regularisation of two plots in Gulistan-e-Jauhar. One of the plots measured 23 acres of land, while the other was seven acres.

The anti-graft body has alleged that financial transactions related to the illegally-regularised plots were conducted through fake bank accounts.

The NAB estimates that the illegal land regularisation and consequent sale caused a loss of Rs4 billion to the national exchequer.

ACTION SOUGHT AGAINST ACCUSED IN BROADSHEET LLC CASE

ISLAMABAD: A parliamentary panel, on Thursday, termed the payment record of $1.5 million (Rs234m) to fake British-based asset recovery firm Broadsheet LLC, "a joke with the nation" and asked Chief of Army Staff (COAS), Secretary Defence and FIA, NAB to put the accused on the ECL and issue red warrant to absconders.

The PAC chairman shared a comprehensive report pertaining to the audit para regarding Broadsheet LLC which was also referred to the FIA for further investigation. The federal government on May 19, 2021, mandated the FIA separately to probe Broadsheet and other related matters. No amount has been recovered and no arrests made in the case so far.

One-man inquiry commission (former justice Azmat Saeed Sheikh) has identified that an amount of $2.2 million was paid to the International Asset Recovery (IAR) and $1.5 million was paid to Broadsheet LLC in 2008. The NAB had entered into an agreement with these two international firms in 2000 to trace, locate, and recover illegal assets stashed abroad of registered targets. The ARA's was made with Broadsheet LCC (Isle of Man) but the claim of $1.5 million was paid to Broadsheet LCC (Gibraltar) and Broadsheet LCC (Colorado). The matter is also under proceedings with the PAC against the NAB for an expenditure of $3.7 million without any results to two foreign firms.

Six number of the nominated alleged persons are Ahmar Bilal Soofi, former legal consultant NAB, Naveed Ahsan, former chairman NAB, Madina M Khan, director Overseas Wing, Tariq Fawad Malik, representative Broadsheet LLC in Pakistan, Abdul Basit, former Deputy High Commissioner, and Hassan Saqib Sheikh, former desk officer (Overseas Wing) NAB HQs.

Acting Chairman NAB Zahir Shah disclosed that the payment to fake companies was transferred in two installments. One was paid through the banking channel and no record was available for the payment of the second installment of $0.7 million.

Director FIA disclosed that the agreement was drafted and signed without filling the important fill-in-blanks. He further said that the UK court went against Pakistan and awarded $28 million to ARA which went against the payment to fake companies.

After NAB terminated the contract in 2003, Broadsheet LLC and another company involved as a third party filed for damages in a United Kingdom court.

It claimed that Pakistan owed them money according to the terms agreed upon since the government was taking action to confiscate some of the assets they had identified, including the Avenfield property owned by the family of former prime minister Nawaz Sharif.

The companies' claims against Pakistan were held valid by an arbitration court in 2016 and later by a United Kingdom high court that gave an award of over $28 million against Pakistan.

TALIBAN DEMAND US RETURN $3.5BN IN AFGHAN ASSETS AFTER COURT RULING

KABUL: Taliban authorities called on Washington Wednesday to return $3.5 billion belonging to Afghanistan's central bank after a New York federal judge ruled the families of victims in the 9/11 attacks cannot seize the funds.

The United States took control of the assets soon after the Taliban stormed back to power in Afghanistan in 2021, with President Joe Biden saying the money could be made available to the families of 9/11 victims.

A group of families — who years earlier sued the Taliban for their losses and won — has since moved to seize the funds to pay off the judgment debt.

But Judge George Daniels of the Southern District of New York said Tuesday the federal courts lack the jurisdiction to seize the funds from Afghanistan's central bank.

"The Judgment Creditors are entitled to collect on their default judgments and be made whole for the worst terrorist attack in our nation's history, but they cannot do so with the funds of the central bank of Afghanistan," Daniels explained in a 30-page opinion.

"The Taliban — not the former Islamic Republic of Afghanistan or the Afghan people — must pay for the Taliban's liability in the 9/11 attacks."

Daniels also said he was "constitutionally restrained" from awarding the assets to the families because it would effectively mean recognizing the Taliban as the legitimate government of Afghanistan.

No nation has recognized the Taliban government so far — including the United States.

"The fundamental conclusion... is that neither the Taliban nor the Judgment Creditors are entitled to raid the coffers of the state of Afghanistan to pay the Taliban's debts."

Daniels' ruling, which aligns with a recommendation by another judge last year, deals a blow to the families of the victims of 9/11, as well as insurance companies that made payments because of the attacks.

A lawyer for the families said they would appeal the ruling.

"This decision deprives over 10,000 members of the 9/11 community of their right to collect compensation from the Taliban, a terrorist group which was found liable for the 9/11 attacks on America," Lee Wolosky said in a statement to AFP.

'No excuse'

The Taliban authorities welcomed the court ruling.

"These assets belong to Afghanistan. There should be no excuse to freeze or to not return them to the people of Afghanistan," Bilal Karimi, deputy government spokesman, told AFP.

"They must be returned without any terms and conditions."

More than 2,900 people died when four hijacked planes crashed into the World Trade Center in New York, the Pentagon in Washington, DC, and a field in Pennsylvania on September 11, 2001.

The attack was carried out by jihadist group Al-Qaeda, whose leader, Osama bin Laden, had found refuge in Afghanistan under the first Taliban government, which had ruled the country since 1996.

Then-president George W Bush authorized the invasion of Afghanistan in response, swiftly toppling the Taliban — but they launched an insurgency that led to years of war between the US-backed government in Kabul supported by international forces, and the Taliban. With the withdrawal of US-led forces in August 2021, the Taliban retook power and reimposed their fundamental version of Islamic law.

The country was almost entirely dependent on foreign aid and has seen its economy teeter on the brink of collapse since Washington froze $7 billion in Afghan assets. It now faces one of the world's worst humanitarian crises, international aid agencies say, with its 38 million population hungry and three million children at risk of malnutrition.

Biden revealed a plan in February 2022 to split the cash, with half directed as aid to Afghanistan and half going to families of victims of the 9/11 attacks.

But it remains unclear what will happen to the latter $3.5 billion set aside for the families if appeals fail.—AFP

R 24-2-2023