STOP FUNDING LOSS-MAKING SOEs: WB

ISLAMABAD: Reducing losses and improving the financial viability of State-owned Enterprises (SoEs), a new World Bank report has suggested to the government to reduce or eliminate the longstanding practice of covering SoEs operating losses with transfers from the budget. With the government's direct financial support to the 14 largest loss-making SOEs at 0.8 per cent and support to all SoEs reaching 1.4pc of GDP in the fiscal year 2021, the government should subject all SoEs financing requests to a more stringent review process, including submission of independently audited financial statements and credible business plan to reduce losses.

Suggesting actions in the Public Expenditure Review 2023 focusing on 'Reducing the Fiscal Impact of State-owned Enterprises', the World Bank says tariff differential subsidy (TDS), that is, the difference between the tariffs that consumers face and the cost recovery tariff, should be revisited. The TDS is not an efficient instrument for reducing poverty as it is poorly targeted with most of the benefits accruing to the richer households. The government should instead consider alternative means of supporting the poor, such as disbursements through the Benazir Income Support Programme (BISP), which is much better targeted. Other non-electricity subsidies to SoEs for ensuring food security and subsidising essential food items during Ramazan should be proportionate to the unit costs of providing the subsidised goods or services, with legally enforceable quantitative and qualitative indicators in SoEs' performance contracts. The conditions for the provision of such subsidies should be defined in the subsidiary legislation under the SoE Law.

The enforcement of SoE loan agreements should be strengthened. Outstanding government domestic loans to SoEs stood at 3.5pc of GDP in FY21, of which nearly a third was overdue. Loss-making SoEs may lack the means and intention to repay government loans because there are no available funding streams or no direct consequences for not doing so.

Loan repayment should be added as a key performance indicator for the board of directors. This will achieve the dual objectives of encouraging internal financial discipline and limiting requests for new loans, the report suggests.

Dawn 16-4-2023

AIIB EXTENDS SUPPORT FOR UPLIFT PROJECTS

ISLAMABAD: Asian Infrastructure and Investment Bank (AIIB) President Jin Liqun has extended the bank's complete support and cooperation to Pakistan for development projects and investment.

The development came during a virtual meeting between Finance Minister Ishaq Dar and the AIIB president as part of the International Monetary Fund (IMF), the World Bank Spring meetings 2023.

Minister of State for Finance and Revenue Aisha Ghaus Pasha, Special Assistant to Prime Minister (SAPM) on Finance Tariq Bajwa, SAPM on Revenue Tariq Mehmood Pasha and special secretary finance attended the meeting virtually from Islamabad.

Ambassador of Pakistan to the US Masood Ahmad Khan, State Bank of Pakistan Governor Jamil Ahmad, the finance secretary and Economic Affairs Division secretary attended the meeting in person in Washington.

According to a statement issued by the finance ministry on Saturday, Dar shared the current economic outlook of the country and apprised Liqun of the economic policies and reforms of the government for sustainable economic development.

The finance minister thanked the AIIB president for his continuous support to Pakistan for the sustainable economic development of the country.

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CHARITIES' PLAN TO HELP RAISE $2BN FROM OVERSEAS PAKISTANIS PUT IN 'COLD STORAGE' BY MINISTRY

In February, Finance Minister Ishaq Dar publicly gave his green signal to a reported plan by charitable organisations to help raise about $2 billion from overseas Pakistanis.

The proposed fund-raising was planned to be "interest-free" for a five-year period, and announced at the National Islamic Economic Forum's (NIEF) 'Defining a roadmap for Islamization of Pakistan's economy' event in Karachi. More than two months later, there is little to no progress on the endeavour even as Islamabad scrambles to arrange financing support to meet a key condition of the International Monetary Fund (IMF) that would revive its stalled bailout programme. "We (welfare organisations) have requested overseas Pakistanis to sacrifice for the country, and save dollars with the State Bank for five years. We are hopeful that an inflow of $2 billion can come this way," Bashir Farooqi, chairman of the Saylani Welfare International Trust, told *Business Recorder* during an interview last week. He said the group of charities offered the proposal to the government, and held meetings, but progress has remained elusive. "We have met Finance Minister Ishaq Dar twice, once through a video meet and once in person at the Prime Minister House. We also met the State Bank Governor twice. Chairman Akhuwat Foundation Amjad Saqib even met the prime minister.

"However, so far, no one from the government has stepped forward to support this initiative, which will help the country come out of this Letter of Credit (LC) crisis the industry is facing."

Pakistan, the fifth most populous country in the world, is currently battling one of its worst economic crisis amid record-breaking inflation and precariously low foreign exchange reserves.

Islamabad is engaged in talks with the IMF to unlock a $1.1 billion tranche that would alleviate some short-term woes, but progress has been stalled over a condition of external financing support that has only trickled Pakistan's way. Meanwhile, the currency has depreciated to historic levels before minor gains last week. With reserves at less than one month of import cover, the central bank moved to impose restrictions in its bid to control the current account deficit.

"Everyone would agree that Pakistan has never faced such problems before," said Farooqi. "This historic peril has come because industries have been disallowed to even import raw material. There was a time when the extravagance was so high that people used to import flowers worth Rs2 million for just a two-hour wedding event.

"Now the situation is such that even financially-sound companies are shutting down operations. One can only assume how people who have lost jobs would be running their domestic affairs." When asked why the government was showing reluctance in the proposal, Farooqi said fear could be at play. "I think the government is afraid that if we alleviate the country's problems, then people will lose interest in voting for them."

The finance ministry did not immediately respond to a request for comment. Pakistan's woes in its balance of payments' position are just the tip of the iceberg. Years of under-investment in human capital and public infrastructure have pushed away foreign investors to better alternatives, while domestic political turmoil has also scared away any new inflow. Pakistan's economic growth, which has been projected to grow only at 0.5% this fiscal year, will result in massive unemployment. "Today, a majority of Pakistanis are looking for help from others. They cannot meet their expenses on their own. Millions of people have withdrawn their children from schools because they can't pay school fees." However, 'donor fatigue' has also started to kick in inside the country. "For instance last year, a person sponsored 15,000 meals in Ramadan. However, the same person sponsored only 2,000 this year – less than a quarter.

"The government, politicians, bureaucrats etc think only of themselves but not the country. And because of this, the nation of 230 million is struggling," he said.

G7 PLEDGES TO QUIT FOSSIL FUELS FASTER, BUT NO NEW DEADLINE

SAPPORO, (Japan): The G7 pledged on Sunday to quit fossil fuels faster and urged other countries to follow suit, but failed to agree to any new deadlines on ending polluting power sources like coal. The language reflects the depth of disagreements among the allies on the balance between climate action and energy security, with host Japan leading a pushback against the most ambitious proposals discussed. After two days of talks in the northern city of Sapporo, the bloc's climate and environment ministers vowed to "accelerate the phase-out of unabated fossil fuels so as to achieve net zero in energy systems by 2050 at the latest... and call on others to join us in taking the same action". But they offered no new timelines beyond last year's G7 pledge to largely end fossil fuel use in their electricity sectors by 2035.

France's energy transition minister Agnes Pannier-Runacher said the "phase-out" wording was nonetheless a "strong step forward" ahead of the G20 and COP28 summits. Britain and France had suggested a new goal of ending "unabated" coal power — which does not take steps to offset emissions — in G7 power grids this decade. But with global energy supplies still squeezed by the war in Ukraine, the target faced opposition from other members, including Japan and the United States. "I would obviously have liked to have been able to make a commitment to phase out coal by 2030," Pannier-Runacher told AFP. But "it is one issue on which we can still make progress in forthcoming discussions, particularly at COP28", the UN climate conference in Dubai set for November.

The Group of Seven industrialised nations, which also includes Germany, Italy, Canada and the EU, pledged to end new plastic pollution by 2040. Britain, Canada and the EU already belong to an international coalition with the same goal, but this is the first time Japan and the United States have made the 2040 commitment. Plastic waste has doubled globally in two decades and only nine percent is successfully recycled, the OECD says.

The G7 ministers also urged a peak in global greenhouse emissions by 2025 at the latest — language that experts say is aimed at the world's largest carbon emitter, China, which is targeting its own 2030 peak. Other topics proved more divisive. The ministers had been under pressure to announce bold steps after a major UN climate report warned last month that global warming of 1.5 degrees Celsius would be seen in about a decade without "rapid and far-reaching" action.

LoIs: AEDB GIVES EXTENSION TO TWO WIND POWER IPPs

ISLAMABAD: The Board of Alternative Energy Development Board (AEDB) has decided/ approved six months extension in the validity of the Letter of Intents (LoIs) issued to Western Energy Pvt. Ltd. and Burj Wind Energy Pvt. Ltd. from the date of submission of extended bank guarantees.

The Board was apprised in its previous meeting that three wind power IPPs, listed under Category-II and Category-III of the CCoE decisions have requested for extension in validity of their LoIs. The issues of the three wind power projects along with justification for extension in their LoIs are follows:

Western Energy (Private) Limited - The Board was informed that Western Energy (Private) Limited (WEPL) is developing a 50MW wind project in Jhimpir, district Thatta, Sindh and is placed under Category-II of the CCoE decision. AEDB Board in its 57th Board meeting had allowed an extension of six months in the validity period of the Letter of Intent (LoI) issued to WEPL that lapsed on January 27, 2023. WEPL, in letter of January 26, 2023, requested AEDB for grant of further extension in the LoI validity period. The Board was apprised that pursuant to the decision of the CCoE, WEPL had filed a tariff petition and Licence Proposed Modification (LPM) of the generation licence before NEPRA on May 12, 2020, and December 09, 2020, respectively. However, NEPRA, on March 11, 2022, returned the tariff petition filed by WEPL. NEPRA also returned the LPM filed by WEPL. It was further apprised that PAF/ AHQ has provided its clearance for the twenty WTG locations of the project; however, the signing of the MoU between WEPL and AHQ is still awaited by the company.

WEPL filed LPM of the generation licence and afresh tariff petition to NEPRA on January 12, 2023, and January 20, 2023, respectively. Further, WEPL also submitted the revised feasibility study which was approved by AEDB on March 01, 2023. The decision of the Authority on the LPM and Tariff petition filed by WEPL is awaited.

Trans Atlantic Energy (Private) Limited - Trans Atlantic Energy (Private) Limited (TAEPL) is developing a 50MW wind project in Jhimpir, district Thatta, Sindh and is placed under Category- II of the CCoE decision. AEDB Board in its 57th Board meeting allowed an extension of six months in the validity period of the LoI issued to TAEPL that lapsed on January 17, 2023. Accordingly, TAEPL, in its letter of January 13, 2029, requested AEDB for grant of further six months extension in the LoI validity period.

The Board was apprised that pursuant to the CCoE decisions, TAEPL had filed afresh tariff petition and licence proposed modification (LPM) of the generation licence before NEPRA on February 19, 2021. However; NEPRA, on March 11, 2022, returned the tariff petition filed by TAEPL with the directions to file afresh tariff petition, after issuance of decision on the LPM which was issued by NEPRA on August 16, 2022.

TAEPL, based on the WTG of GoldWind (GW155-4.5), filed modification application of the generation licence (LPM) before NEPRA and submitted the revised feasibility study to AEDB for approval through letters October 12, 2022, and November 02, 2022, respectively. Later on, TAEPL on January 11, 2023, also filed a fresh tariff petition to NEPRA, decision on which is pending. The revised feasibility study submitted by TAEPL has not been processed by AEDB due to pendency of the decision on its application dated September 16, 2022, for change of shareholding.

Burg Wind Energy (Private) Limited - BWEPL acquired Letter of Intent (LoI)) from AEDB for the development of 14MW wind power project and is placed under Category-lII. AEDB Board in its 57th meeting allowed an extension of six months in the validity period of the LoI that lapsed on February 03, 2023. Accordingly, BWEPL, in its letter of February 01, 2023, requested AEDB for grant of further extension in the LoI validity period.

It was apprised that pursuant to the decisions of the CCoE, the RFP documents have already been prepared by AEDB. However, the competitive bidding of Category-III wind projects is pending due to non-receipt of the consent from the provincial energy departments on the quantum proposed by AEDB in its letters dated January 16, 2023 and January 20, 2023.

As per the terms and conditions of the LoI, if the award of tariff is delayed beyond the initial validity period of the LoI, the sponsor shall extend the bank guarantee for further period of six months and the expiry date shall be extended ipso facto for a further period of six months. Further, the LoI also allows for a day-for-day basis extension owing to delays on the part of public sector entities.

After detailed discussion, the Board approved six months extension in the validity of the LoIs issued to Western Energy Pvt. Ltd. and Burj Wind Energy Pvt. Ltd. from the date of submission of extended bank guarantees.

The Board also decided that the extension in validity of LoI of Trans Atlantic Energy Pvt. Ltd. will be decided on the recommendation of the committee and subsequent decision of the Board with regards to approval on change of shareholding of Trans Atlantic Energy Pvt. Ltd.

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AFTER PETROL, LPG PRICEALSO GOES UP

LAHORE: Taking advantage of the rise in the prices of petrol and kerosene, the gas mafia has also increased the price of the Liquefied Petroleum Gas (LPG) by Rs10. The LPG's official price is Rs229 per kg. However, it is sold in all the major cities of the country at Rs310 per kg.

A day earlier, the federal government had increased the price of petrol by Rs10 and the price of kerosene oil by Rs5.78. After this increase, the prices of petrol and kerosene oil respectively rose to Rs282 per litre and Rs186.07 per litre. These fuels were earlier available at Rs272 and Rs180.29 per litre.

The kerosene oil is usually used in stoves in remote areas of the country like the northern area where LPG is not available.

According to a brief notification issued by the Finance Division in the wee hours of Sunday, the new prices will be effective from April 16 [today]. "[The prices were increased] in the wake of increase in petroleum prices in the international market and exchange rate variations," it said.

The Finance Minister Ishaq Dar announced a hike in the petrol and kerosene oil prices in a press conference. Dar said the fuel prices have been increased for 15 days after which they will once again be revised in accordance with the international prices.

The prices of High Speed Diesel (HSD) and the Light Diesel Oil (LDO) will, however, remain unchanged.

The HSD and the LDO are respectively available at Rs293 and Rs174.68 per litre.

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ENVIRONMENT TRIBUNAL ALLOWS MALIR EXPRESSWAY'S CONSTRUCTION TO CONTINUE

The Sindh Environmental Protection Tribunal on Saturday disposed of an appeal challenging the Environmental Impact Assessment (EIA) approval accorded to the Malir Expressway project by the Sindh Environmental Protection Agency (Sepa). The tribunal headed by Justice (retd) Nisar Ahmed Shaikh allowed M/s Malir Expressway Private Limited to continue construction work on the project. It ordered formation of a committee to oversee the project and ensure no environmental damage was caused by it.

The Malir Expressway, as per its EIA report, is a 30-kilometre-long corridor connecting Defence Housing Authority (DHA) with the Karachi-Hyderabad Motorway. The project starts right from the Jam Sadiq Bridge on Korangi Road and runs along the right bank of the Malir River, ending near DHA City outside Karachi.

The tribunal had reserved its verdict after hearing lengthy arguments on the issuance of the EIA for the project. Advocate Zubair Abro contended that the EIA approval for the project was granted by a deputy director of Sepa without lawful authority and mandate, adding that the approval was granted without consultation with an advisory committee constituted under the section 5(6) of the Sindh Environmental Protection Act, 2014, which could serve as a ground for setting aside an EIA approval in the light of a Supreme Court judgment. He said Sepa Director General Naeem Mughal issued a "fresh" EIA report of the project after the plea was filed. Moreover, he claimed the construction work on the Malir Expressway had started prior to obtaining Sepa's approval. The tribunal was requested to set aside the EIA approval for the project.

On the other hand, Ravi Pinjani, the counsel for the private firm formed by the Sindh government to undertake the project, argued that the EIA approval was granted in accordance with the relevant laws, questioning the appellants' locus standi to challenge the approval. He said the appellants didn't point out what environmental damage the project would cause as their objections were mainly of procedural nature. He was of the view that the corridor would help reduce the vehicles' travel time by at least an hour, meaning low fuel consumption and reduced smoke emissions.

The appellants stated that Sepa granted the EIA approval to the Malir Expressway in violation of the Sindh Environmental Protection Act, 2014 and Sepa (Environmental Review of IEE and EIA) Regulations, 2014. The proponent firm of the project had filed an EIA report with Sepa for its review and decision in October, 2021, after which a public hearing was held on March 9, 2022, they added. They stated that they attended the EIA hearing and raised objections to the EIA report but Sepa paid no heed to them.

TN 16-4-2023

SHC PUTS SINDH FOOD AUTHORITY DG ON NOTICE OVER CONTEMPT PLEA

The Sindh High Court (SHC) has recently issued notices to the Sindh Food Authority (SFA) director general and SFA South deputy director on a contempt-of-court application filed against them by private restaurants owners. The restaurants owners had submitted in the application that the SHC had on July 19, 2022 restrained the food authority from taking any coercive action against them in pursuant of the Section 17(1)(C) of the Sindh Food Authority Act 2016 that authorised food safety officers for raiding a workplace and sealing its premises. They submitted that the Supreme Court had already nullified the powers of the food authority officers for sealing and raiding the premises of restaurants in Punjab and following such principle laid down by the apex court, the Section 17(1)(C) of the SFA law could be also declared unlawful.

A counsel for the plaintiffs submitted that SFA officials in order to bypass the restraining order of the court had resorted to other illegal tactics to take coercive action against them. He submitted that some SFA officers were conducting raids on the plaintiffs' restaurants and business premises without any notices and harassing the owners and operators of the restaurants forcing them to pay money for no reason. The counsel maintained that in case of non-payment, the officers had been imposing heavy fines on the plaintiffs or creating hurdles for their businesses. He submitted that such illegal actions had started in the last holy month of Ramazan and food authority officials were issuing challans to the plaintiffs without justifying the reasons.

The counsel submitted that the plaintiffs had challenged the vires of the Sindh Food Authority Act 2016 with regard to powers of food safety officers for conducting raids at the restaurants and sealing the premises and failure of the government from framing rules and regulations under the law. He submitted that the SFA and its officers had been violating the court order and issuing unwarranted challans against the plaintiffs and there was no standard against which the imposition of penalty could be determined. He submitted that the action of food authority officers for issuance of unwarranted challans to restaurants owners was amount to defiance of the the court order that restricted them from taking any coercive action against the plaintiffs' restaurants.

The SHC was requested to restrain the alleged contemnors from violating the court orders and take action in accordance with the law for defiance of the court orders. The high court after hearing the arguments of the counsel issued notices to the SFA DG and SFA South deputy director, and called their comments on the next hearing. The SHC also issued notices to the Sindh advocate general and other respondents to file their comments in the case.

TN 17-4-2023