

Part II

Qno 6

COP29 is recently ended in Baku. Critically evaluate its failures and its failures and commitments.

(I) Introduction

United Nations Framework Convention on Climate Change (UNFCCC) is perhaps the only international entity with universal acceptance. Its 29th Conference of Parties (COP29) held in Baku, Azerbaijan this year. It was a significant meeting with ^{an} aim to mobilize required climate finance for climate mitigation and adaptation. That is why, COP29 is nicknamed as "Finance COP". However, it ends with a mixture of failures and commitments. Although it results in modest progress towards climate risk management, it fails to deliver the expected and required outcomes. Moreover, it is also clouded with allegations of last-minute manoeuvring. In short, this presents a grim picture of Global North - Global South deepened division.

II Importance of COP29

COP29 was a significant event in order to fight against climate crisis. The previous and ongoing year were the years with lots of climate-related disasters. The year 2023 was the hottest year in the known history. Similarly, year 2024 is expected to break the record of the former. Moreover, global south as well as global north are facing the brunt of climate change equally which is evident from 2024 Floods in Spain. Weather patterns have also changed alarmingly. Moreover, countries are in contentious conflict ^{with each other} on water scarcity and other environmental issue. For instance, conflict on Indus water between India and Pakistan is arising again. In such turbulent situation, there is a growing demand of climate finance to deal with climate aggression. COP29 was considered to be a major breakthrough in this realm as the agenda of the COP was climate finance increment, carbon marketing, and operationalization of loss and damage fund.

III Commitments Done in COP29

The 12-day COP29 discussed the growing demands and urgencies of climate finance to tackle the climate crisis. It highlighted the need of mitigation and adaptation approach to become a winner against climate threat. The COP29 negotiations resulted in the following commitments:

(a) New Climate Finance Deal

COP finalized a new climate finance deal aimed to increase the climate finance from \$100 million to \$300 million by 2035. Although it is triple to the former amount, it is negligible as compared to total amount required as per environmental experts which is \$1.3 trillion. Global South was demanding the later amount, while developed states did not agree to accept the demand.

(b) Operationalization of Loss and Damage Fund (LDF)

Loss and Damage Fund was finalized in the last COP in UAE; however, it was not operational yet.

In this COP, LDF was successfully operationalized. However, only \$629 billion are pledged for the fund which is not enough amount.

(c) Finalization of Framework for Carbon Trading

Carbon trading is considered an important initiative in reducing the carbon emissions which is the main cause of global warming and climate change. By finalizing the framework for carbon trading under Article 6.4 of Paris Agreement has been seen as a major breakthrough.

(d) Voluntary Finances Pledged by Financial Institutions

International financial institutions have pledged voluntary finances for developing nations. For instance Asian Development Bank has pledged \$7.2 billion. Similarly, other institutions such as World Bank, International Monetary Fund, and Association of Banks of Azerbaijan did the same in their own capacities.

IV Failures of COP29

Despite achieving a little progress, COP29 failed to ^{make} fulfill the expected commitments. Moreover, some delegations considered it as an ineffective meeting as they perceive it as non-cooperative. Furthermore, there are some allegations of biasness in favor of developed nations. Following are some failures of COP29.

(a) Absence of Key Leaders

The first and foremost failure of COP29 was its inability to gather the influential key leaders from across the world. American President Joe Biden, Chinese President Xi Jinping, Indian Prime Minister Narendra Modi, and other European leaders were absent. The absence of such key leaders from world giants show ineffectiveness of COP.

(b) Gap between Developed and Developing Countries Deepened

COP as an international arrangement on the most critical issue of the world must narrow the gap between global south

and global north. Unfortunately, COP29 failed to achieve the goal. Instead, gap between developed and developing world has widened. As the developing nations were demanding more climate finance, while developed nations were not agree to accept the demand. They argue that granting finance to developing nations is not an efficient method. Instead, the developing world should utilize their natural resources efficiently.

(c) Insufficient Climate Finance Deal

Climate experts and other environmentalists are not satisfied with the new financial commitment. They argue that approximately \$1.3 trillion are necessary to adapt with climate change. The commitment of \$300 million is paltry deal as compared to weapon expenses of the world which reach \$2.4 trillion per year.

(d) Rising Dissatisfaction Among Member States

Dissatisfaction

Date: _____

about effectiveness of the COP is rising due to various reasons. First of all, it is considered that developed states are not contributing enough for climate mitigation and adaptation. Most of the finance they mobilize comes in the forms of loans and private investment which results in concerns about debt trap for developing nations. Therefore, Pakistani delegation along with others emphasized that finance must be given in the forms of grants and aids. They highlighted that loans and private investments are burdening the developing economies.

Conclusion

COP 29, being the most important meeting this year, attracted the eyes of the all across the world. It was concluded with some significant commitments⁺ clouded by allegations of failure. The next^{COP}, COP 30, is expected to be held in Brazil. The world must utilize the forum to effectively deal with climate crisis.

Qno 5(1) Introduction

After the World War II, global order was shaped by western-led financial institutions. The key player in this game was America, whose currency Dollar dominates the global financial transactions and world economy. Similarly, America has been utilizing another entity Society for Worldwide International Financial Telecommunication (SWIFT) as a tool to maintain its her dominance in the world. However, world order is being reshaped as new powers are emerging on the international stage such as India, Russia, and China. These countries show discontent with the unipolar economic world order controlled by America. Moreover, developing countries are also showing dissent and dissatisfaction with the status quo. BRICS+ is emerging as a powerful and significant international player with a potential of breaking the status quo and developing a more just and multipolar world.

(2) Dollar and SWIFT: American Tools to Exploit Global South

Dollar and SWIFT are taken as the American weapons to exploit the developing nations. This allegation is supported by various arguments. First of all, dollar dominated international economic system is not suitable for developing economies like Pakistan. Any fluctuation in dollar's worth shakes the already fragile developing economies leading them towards economic crisis. For instance, during Trump's presidency, it is expected that dollar will rise due to inflation in USA.

As the dollar rises, the prices of major commodities such as oil, gas, and copper rise initiating a vicious cycle of industrial crisis, trade deficit and economic crisis. Moreover, it also becomes difficult for developing countries to ensure their debt repayments. Similarly, America also uses SWIFT repeatedly to sanction countries like Russia. This situation is alarmingly crucial for developing states.

(3) BRICS+ Having Potential to Counter Western Exploitation

BRICS+ has emerged as an eminent regional and international player in the modern world. It is an organization of Asian and Middle Eastern countries with a potential to counter the western exploitation. BRICS+, initially a grouping of four emerging economies Brazil, India, Russia, and China, has become a voice of global south.

(a) Significance of BRICS+

BRICS+ is a powerful organization and united to represent the Global South. Its members are resource rich countries including oil, gas, uranium, agriculture, and technology. Two of its major members are permanent members of United Nations Security Council. Its members are economically emerging at an exponential rate. Its expansion shows its popularity among global south.

(b) Objectives of BRICS+

BRICS+ is aimed at creating a just, inclusive and multipolar world. By just

it means a world where every state is given due respect and consultation authority without ^{any} discrimination. Inclusivity here means to do progress while keeping all nations together. Resultantly, it would diminish the gap between global north and global south. Lastly, BRICS+ ^{is} mandated to create a multipolar world order. For this, it is countering the hegemony of America, the leader of unipolar world.

(4) Alternatives Provided by BRICS+

In order to counter the ^{western} financial order, BRICS+ has been taking various initiatives including the two major initiatives: New Development Bank (NDB) and Contingent Reserve Arrangement.

(a) New Development Bank: Alternative to World Bank

New Development Bank is an alternative to World Bank. It gives funds for infrastructural development projects.

(b) Contingent Reserve Arrangement (CRA): An Alternative to International Monetary Fund

Contingent Reserve arrangement is an institution made to address the liquidity and short-term payment crises issues.

These institutions are preferable over IMF and World Bank for developing countries because of their just arrangement. Firstly, the voting rights are equal for all states with a principle of one nation, one vote. Moreover, CRA unlike IMF, give loans without conditionality.

(5) Countering Dollars and SWIFT

BRICS+ tends to counter dollars and SWIFT via its provided alternatives. In its recent summit in Kazan, Russia, the issue of exploitation of developing nations by dollars and SWIFT has been highlighted. Russian President Vladimir Putin has emphasized the usage of local currencies for trade instead of doing transaction in dollars. Hence, the main principles of BRICS+ are:

(a) Promoting Trade in Local Currencies

It is one of the major goals of BRICS+ to promote trade among member states in local currencies.

It would ease the trade, remove the uncertainty of dollar price fluctuations, and streamline the process of trading.

(b) De-dollarization

By promoting trade in local currencies, BRICS+ is carrying or materializing the agenda of de-dollarization. As the hegemony of USA is based on the dollar's hegemony, de-dollarization will challenge USA's hegemony and protect the global south from western exploitation.

American President Jimmy Carter's Advisor on National Security in his book "The Grand Chessboard" warned about the potential alliance of Russia, China, and Iran which would be a threat to USA's hegemony. This prediction is seeming true in the form of BRICS+ which is mutual alliance of Russia and China.

Conclusion

In summation, BRICS+ has been countering the US-led western financial institutions such as SWIFT, World Bank, and IMF. Moreover, BRICS+ is determined to promote local currencies' usage in international financial transaction to undermine the exploitive dominance of dollar. Hence, BRICS+ is an effective entity voicing the global South against America.

Qno 3

(i) Introduction

State Owned Enterprises (SOEs) are proved to be white elephants for already crippling economy of Pakistan. Just like big white elephants, ^{these} SOEs, instead of benefiting economy, have become a burden because their maintenance requires a lot of money. This money comes from the national exchequer resulting in budget deficit. In this backdrop, the govt government is considering

the option of privatizing them. Unfortunately, the government has failed to privatize them. The reason behind is their excessively poor situation due to no one in the economic realm is ready to buy such huge entities. Therefore, privatization of SOEs requires some pre-privatization reforms for their beneficial sell out.

(2) State Owned Enterprises: Burden on Economy

In Pakistan, there are almost 200 SOEs which are huge and persistent burden on the budgetary economy of Pakistan. Major among those are Pakistan International Airlines (PIA) and National Highway Authority of Pakistan (NHA). PIA's cumulative deficit of last two decade is Rs. 712 bn. Similarly, NHA was the top on the list of SOEs undergoing deficit in 2023. Its total burden on economy was Rs. 169 bn. in 2022.

(a) Causes Behind SOEs Deficit

There are various reasons behind

this deficit, chief among them are inefficient allocation of resources, ineffective utilization of resources, corruption, lack of transparency and accountability. Due to the give reasons, SOEs failed to benefit the national economy.

(b) Impacts of SOE's Deficit

The poor performance of SOEs drains the national economic resources leaving less budget for provision of basic public services and developmental projects. For instance, the NHAs, this year, pulls out Rs. 154 bn, while the total federal budget of Health and Education was Rs 132 bn. This shows how ^{nation's} ~~our~~ development and program is hindered due to lack of budgetary resources.

(3) Privatization: A Viable Solution

Privatization is a viable solution to get rid of burden on nation's exchequer caused by SOEs. The government has announced that it is going to privatize

those SOEs who are burdening the economy. The list included the PIA also. But the problem is to private wth them while getting maximum benefits. As far as the privatization of PIA is concerned, only one bid was captured who presented only ^{Rs} \$10 bn as a selling price of giant flag carrying airline. This is a paltry amount for such a huge enterprise.

(4) Recommendations to Privatize SOEs Effectively and Efficiently

The aim is not just selling those SOEs for the sake of getting rid of those. Instead, privatization is mandated to benefit the state, and improving their efficiency and productivity by giving them in the ^{hands of} efficient, and productive, and creative buyer. Moreover, sustainable privatization demands accommodating the government employees who would be lost their jobs after privatization. Following are some recommendations to privatize the SOEs.

(a) Pre-Privatization Reforms

The first and foremost measure in this regard is to bring pre-privatization reforms. The reforms must be mandated to bring efficiency and innovation in these enterprises. These could include appointing highly efficient and experts of the respective fields on the top management including Chief Executive officer (CEO). This would bring efficiency and make these SOEs an attractive opportunity for buyers.

(b) Preferring Public-Private Partnerships

The government must prefer public-private partnership for those SOEs which are whose complete privatization is not a viable and efficient option. This would help bring innovation, efficiency, and productivity. Moreover, the state would not wholly wash his hands out of these SOEs.

(c) Accommodating Government Employees who lose Jobs

The state is responsible for providing employment to its citizens. An issue that comes with privatization is the unemployment. Thousands of employees lost their jobs, as the new administration hire fresh employees in order to increase efficiency.

Conclusion

In conclusion, it is mandatory for Pakistan to privatize its inefficient SOEs to get rid of the budget deficit. This can be done by privatizing the losing enterprises. However, privatizing them effectively requires some pre-privatization reforms. Some other measures are also necessary to get benefit from privatization.

Qno 8

(1) Introduction

China-Pakistan Economic Corridor (CPEC) is a flagship program of Belt and Road Initiative (BRI). It is composed of three phases. Phase I has been completed, but Pakistan failed to leverage this opportunity

because of various reasons. The chief among all reason is the security situation in Pakistan and Chinese concerns over it. Moreover, payment to Chinese companies by Pakistani government are delayed which also hinders the project completion.

However, Pakistan can learn from its past experience and can chase the lucrative opportunity of leveraging Phase II of CPEC. Pakistan and China can must focus on speeding up the projects completion by mutually addressing the security threat.

Moreover, Pakistan should streamline the payment process in order to regain the trust of Chinese investors.