

# PART - II

Q NO: 8

SIFC is expecting huge foreign direct investment in Pakistan from the Middle East and China. How do you see the chance of investment in Pakistan:

**SIFC as a chance of FDI in Pakistan:**

**Introduction:**

Special Investment Facilitation Council (SIFC), a one-window platform that was established by government of Pakistan in June 2023 to encourage FDI. The SIFC is led by high-powered committee that includes both government and armed forces. However, SIFC is therefore considered as a catalyst for the economic progress of Pakistan by augmenting foreign direct investment. It is therefore built a great chance because of involvement and integration of different countries in various capacities of Nation's economic

Sectors. Hence SIFC aims to attract around \$100 billion within three years by prioritizing sectors such as defense production, agriculture mines and minerals, energy, and IT. By seeing these factors, it would be seen as a greater chance of investment but there are also some imbalances among civilian and military authority.

## Historical context of Foreign Direct Investment in Pakistan:

As FDI is a significant long-term commitment required for the boosting of economy, so along with other factors FDI is very important to maintain the foreign exchange. However, FDI has always been a challenge for Pakistan since 1990s, as there was only 0.2% of the world total and less than 1% of the Asian sub total each year in the 1990s (FDI in Pakistan, Policy Issues in Pakistan) by Ashfaq H. Khan Yun-Hwan Kim. Moreover, FDI in 2022 was \$1.34Bn by the decline of 37.63% from 2021 (marcotrends.net). As from this data, it

has been clear that Pakistan has facing the great challenges of FDI from 3 decades approximately.

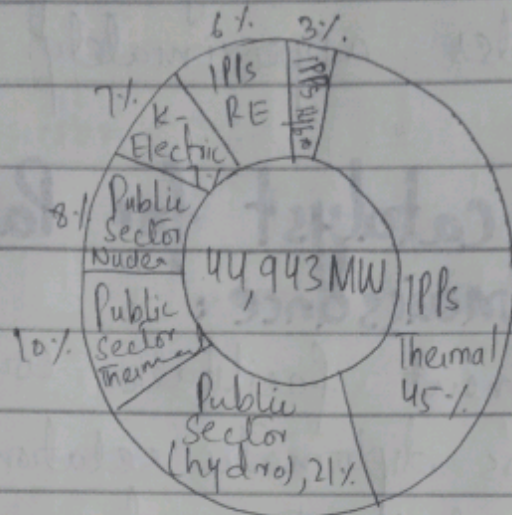
## SIFC as a catalyst for Pakistan's Economic Renaissance:

Special Investment facilitation Council leveraging Pakistan's diplomatic relations to attract international investors and partners. As SIFC can broaden the scope and put a various impacts on multiple economic sectors of Pakistan for its economic transformation. However various contributions and aims of SIFC are as follows:

### 1) Potential and opportunities in Energy Sector by SIFC

As Electricity sector is the economy in Pakistan and plays a key role in channeling the country's progress towards the long-term sustainable development pathway. SIFC provided an integrated Transmission and Distribution System, a mature regulatory framework and well developed power policy framework for

Private sector investments with attractive investment returns on offer.



Source: Sifc.gov.pk

Pakistan presents a viable landscape for fresh investment from private investment in multiple avenues of generation and Transmission assets.

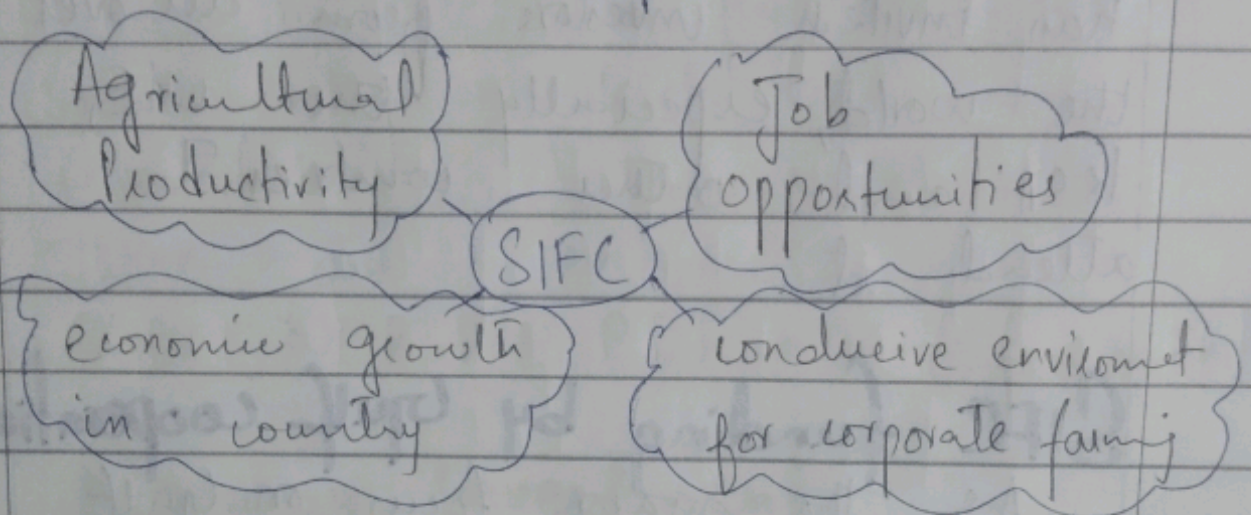
## 2) SIFC initiatives for oil and gas sector investment:

SIFC committee applauds initiatives, plans for oil and gas sector investment. PM. urges relevant institutions and officials to ensure effective implementation of SIFC driven actions. This is a Specified Apex committee

## 3) SIFC on corporate farming

As Agriculture sector is an embodiment of multiple opportunities and socio-economic advancements.

SIFC will play an indispensable role in promoting corporate farming and the advancement of agricultural modernization by establishing large scale agricultural projects.



#### 4) SIFC Unlocking FDI for Technology Sector:

SIFC has been investing a lot of funding in technology sector as it is very pivotal in the economy and exports of Pakistan. The more investment in IT industry through SIFC, the more rapid will be export growth, bridging of trade deficit and strengthening of foreign exchange reserves. That's why SIFC is an instant hit among tech fraternity of Pakistan (Express Tribune, July 17<sup>th</sup>, 2023)

## 6) SIFC initiatives on Minerals:

SIFC is all set to hold a Pakistan Mineral Summit regarding Reko Diq and other mines and minerals projects on Aug 1 and has invited investors from all over the world, especially the UAE, KSA and other countries to attend it.

## SIFC funding by Gulf cooperation

As the major focus on Gulf cooperation with a finalization of approximately some Bn projects.

"It is around \$28 Bn projects by Gulf cooperation and of among \$10 Bn refineries"

Sifc.gov.pk

For corporate farming it is around 10,000 Acres in Cholistan and expanded to 85,000 Acres

Sifc.gov.pk

# Funds Invested on Different Commodities and Industries.

As there is a complete budget of 100 Trillion rupees strategy which is opted to privatise the small enterprise which has around invested on 2.3 Trillion rupees. Here there are 7 entities in it.

OGDCL, NBP, PPL, PDF etc. (Sifc.gov.pk)

## Norway Investment:

These are the sovereign wealth funds which is biggest by Norway that investment in oil.

## UAE Stake:

Abu Dhabi put a stake of 10-15% in return Pakistan got funds. They invested on multiple industries and commodities.

"It is around \$25 Bn by UAE investment"

Profit.PakistanToday.com

## Current Situation of FDI in Pakistan:

FDI jumped by 35pc because of power sector being a biggest recipient of these inflows.

By State Bank of Pakistan;

July - Dec FY24 → \$640m

Deficit to Surplus

\$4Bn → \$8Bn

Pakistan - Dubai Sign \$3bn deals on railways, economic zones and infrastructure projects.

Source: (SBI)\*

## Conclusion:

In a nutshell, we can say that it would be probable to say that SFC might increase the FDI because of the integration and sustainable policies.



Q NO: 5

## Pak-Afghan relation in the current scenario of Insurgency and Refugee Crisis:

### Introduction:

Pak-Afghan relations began in August 1947 after Pakistan became an sovereign country. Pak-Afghan relations have been described by former Afghan president Hamid Karzai as "Inseparable brother" due to historical, cultural, and religious identities. However, over the past few decades, due to multiple reasons the relations deteriorated to a certain extent. In the current situation, after the fall of Kabul in Aug 2021, again the regime of Taliban came and became problematic for Pakistan as well. As by the jurisdiction of Taliban gave militant groups like TTP and Lashkar-e-Taiba confidence and became insurgent. Therefore, in this way the

relation of Kabul and Islamabad not going so smooth. Additionally, due to societal security, Afghan refugees has to be deported, so it cause an extra factor among both neighbours for escalating conflicts.

## Historical Context:

If we go back to the time when Afghan-Soviet war was happening, it would clearly relate with current deteriorated situation of both the neighbours. As the terrorism and Refugee crisis, both has been started from Afghan jihad 1979. This would consider as a catalyst for the Taliban regime and insurgency in Pakistan. Therefore, by considering the background, it is explicit that the relation between both the countries would not be in a static condition. There would have some factors and elements - that are affecting still.

## Deteriorated Relation among Pakistan and Afghanistan:

As the critical background already showed us that the relations between both countries are not going good. Evenly, due to terrorist attacks assisted by Afghan Taliban made them deteriorated to an extreme end. However, due to such events, Pakistan also decided to deport the Afghan refugees back to their country because of several reasons regarding security, economy, demographic issues etc. This also caused a great resentment among neighbours.

## Terrorist attacks by TTP and ISKP:

The instant rise of terrorist attacks in majorly Balochistan and KP regions ostensibly elucidate the involvement of Afghan Taliban Government. As the TTP and ISKP had already caused multiple casualties in Pakistan before

and now they are again causing attacks on different parts of Pakistan and playing Lureilla warfare. They hide in the Afghanistan region after attacking. This is the clear violation of the sovereignty of Pakistan.

## Attacks by TTP and Iskp.

The TTP has been causing several attacks and have increased by 79pc during the first half of the former year. (PICS)

According to PICSS:

54 people were killed and 200 were injured in the attack, making July 2023 the second most deadly month in Pakistan this year.

## Involvement of Afghan Taliban

IS-k believes that TUIF is the political arm of the Afghan Taliban in Pakistan considering them close allies.

Al Jazeera

The current growing strength of TTP in the last two years is a clear indication of the involvement of Taliban in Pakistan security crisis.

## Refugee Crisis:

Refugee crisis in Pakistan has been started from 1980s after the Afghan jihad.

According to UNHCR;

"There were 3.7 million Afghan refugees in Pakistan till Oct 2023"

So in October, the current caretaker PM by the formulation of COAs made policy to deport Afghan refugees. In this way, the societal security threats are need to encounter and also to limit the demographic changes.

## Resentment for Afghanistan after Refugee deportation:

As the bulge of Afghans has been deported to Afghanistan causes a great sentiment of resentment

among public. As it would be difficult for them to tackle the coming population. However, the situation in Afghanistan is already not so friendly for public due to political turmoil and economic crisis.

## Future Strategies to make the Pak-Afghan Taliban better:

### Negotiations:

Through proper negotiation, it would be feasible for both countries to counter the conflicts by setting the policies acceptable for both countries. This may cause win-win situation for both countries.

### To not assist the militant groups:

It would be preferable for Kabul to not abet TTP and ISKP and if they found them there.

They need to extradite those militants. In this way, the cross-border security will be maintained.

## **Economic trade Augmentation:**

Afghanistan and Pakistan need to augment their trade. Through this, both the countries will get benefited and resentment also decrease. The border (Durand line) should be used for trade purpose not for terrorism and smuggling.

## **Conclusion:**

As by considering all the arguments it is clear that there are multiple reasons who deteriorated the relation among Pak-Afghanistan. However, to counter this, there are certain strategies which are needed to be implemented for peace and harmony.

Q<sub>2</sub> no : 6

## Concept Elucidation on COP-27 to the practical materialization of COP-28

### Introduction:

Conference of parties -27 climate summit in Sharm el-Sheikh, Egypt concluded with a historic breakthrough to help vulnerable countries to deal with losses and damages.

However, in this summit, proper Fund established to aid countries and also on the program on adaptation.

Moreover, the COP-28 was the 28<sup>th</sup> session of conference of parties held in Dubai which conduct GST (a mid-term review of program)

In this COP, several initiatives and partnerships to enhance climate action and cooperation as global cooling pledge, The Net Zero cities Alliance and the climate finance accelerator.



# "Losses and Damages" discussion and effectiveness on COP-27

International cooperation on climate change still can yield dividends, as the agreement on loss and damage finance demonstrates. The 2023 is an opportunity for that essential cooperative action to go much further.

## 1) Fund established to Aid Countries:

The Fund was established to Aid Vulnerable Twenty countries (V20) and G7 launched Global shield against climate risk.

"The grants given were about (\$179 million)"

## 2) Climate finance Reforms

The broader public financial system was reformed including banks etc. These reforms would pledge countries to negotiate on important agenda items.

### 3) Debate on Accelerating the Energy Transition:

The transition away from fossil fuels became an unexpectedly hot topic during COP 27. This would be needed to control the further damage and change to Green Energy.

### 4) Stocktake shifts from technical to political:

This is to be done in order to focus on how countries and non-state actors can address current gaps in climate action.

### 5) Important new African initiative launched:

ACWA and its supporting coalition were launched at COP-27. This happened to enable African countries to directly access technical and funding support to implement innovative solutions.

## 6) Carbon Market Rules:

Most rules regarding carbon were finalized and was meant to iron out operational details.

UN Secretary General's high level Expert Group on Net-Zero Emissions Report.

"High quality carbon credits should only count toward curbing emissions beyond a corporation's own value chain"

## Practical Materialization of COP-28

COP-28 on climate change from Nov 28 to Dec 13 2023.

It saw the launch of several initiatives and partnerships to enhance climate action and cooperation, such as the Global Cooling Pledge, the Net Zero cities Alliance and the climate finance Accelerator.

## Main Agenda to limit global temperature to 1.5 degrees.

The main agenda in COP-28 to limit the temperature of globe to  $1.5^{\circ}\text{C}$ . This would be done by countries contribution for revised and more ambitious Nationally determined contribution due by 2025 accelerate the green transition that is already trapping and control the emission of burning fossil fuels.

## Benefits for Pakistan Through COP-28:

COP-28 was an opportunity for Pakistan to showcase its climate leadership and achievements as well as to seek more support and collaboration from international community.

### 1) Benefit to Pakistan by visit of Dr Sultan Al Jaber

During the visit, the two countries signed an MOU to collaborate on

: non-renewable energy projects in Pakistan. Pakistan also received support from UAE and other countries initiative on nature-based solution such as Billion Tree Tsunami and the clean and green movement Pakistan.

## 2) Operationalization of Loss and Damage Fund.

By launching various initiatives and partnerships to accelerate climate action. So Pakistan continue to play an active role in UNFCCC process and achieving its climate goals and enhancing its resilience.

## 3) Nationally Determined Contribution:

Former PM announced NDC to reduce its greenhouse gases emission by 40% on 2023 conditional on international assistance.

## Analysis of COP-27 and COP-28:

COP-27 and COP-28 both would have been a great opportunity for vulnerable countries who are greatly affected because of climate crisis. These both conferences and its progress would be important if implemented as per consideration.

## Conclusion:

The COP-27 and COP-28 both show resilience towards vulnerable countries. Pakistan would get benefited if had proper implementation of the policy adopted in COP-28 and by the support of international community.

Q. no: 2

## Iran and Pakistan tensions and impact on Their relations:

### Introduction:

Iran and Pakistan are two neighbour countries who share the Gold-Smith border of approximately 960km. The Iran - Pakistan relations has been very moderate since the inception of Pakistan. However, the current attack on Balochistan by Iran government created a great tension between both the countries. As in this attack two minors lost their lives and in response Pakistan retaliated with missiles. These attempts caused the escalation in the tension of Iran and Pakistan. As Pakistan is also struggling with regional instability, so another hot border is making trouble for Pakistan.

## Reasons behind escalation of tensions between Pakistan and Iran:

The only and the very main reason behind escalation is the militant group Jaish-Al-Adal which causes several casualties in both the countries: Pakistan and Iran.

According to Iran foreign minister, they did just to encounter that specific militant group.

## To contain militancy (Jaish-Al-Adal):

The Insurgency and Security crisis made the tensions between two countries. As these crisis put the militant groups on their edge so the main reason is terrorist attacks by which the escalation of tensions occurring between both the countries.



## Beneficiaries:

The main beneficiaries are Pakistan's neighbours.

## Hegimon India:

As India is always acting as a hegimon in South Asia. Therefore, the tensions are always been going on. However, the relations with India and Pakistan are not so good since the time of inception so it would be beneficial for India, if we were in conflictual relation with any of our neighbour.

## USA as a beneficiary:

As USA and Iran have not been in good relation with each other, so any rival of Iran would ultimately be a friend of USA and the influence of USA increases in Persian gulf.