

**MINUTES OF THE 22<sup>ND</sup> MEETING OF THE IMPLEMENTATION COMMITTEE**  
**FOR REORGANIZING THE FEDERAL GOVERNMENT**  
**HELD ON 30-01-2020**

The 22<sup>nd</sup> meeting of the Implementation Committee was held on 30-01-2020 at 02:00 p.m. in Institutional Reforms Cell (IRC), the P.M. Office. It was chaired by Dr. Ishrat Husain, Advisor to the Prime Minister on Institutional Reforms and Austerity. The list of the participants is at **Annex-I**. The agenda of the meeting was as under: -

- I. Update by the Privatization Division on the status of the privatization candidates / transfer to Sarmaya-e-Pakistan as per Annex-2 of the Task Force Report(**Annex-II**).
- II. Views and comments by Water Division on privatization / transfer of KotAddu Power Company (KAPCO) to Sarmaya-e-Pakistan as per Annex-2 of the Task Force Report.
- III. Views and comments by Petroleum Division on privatization candidates / transfer to Sarmaya-e-Pakistan for the following two departments as per Annex-2 of the Task Force Report.
  - Lakhra Coal Development Company Ltd., Karachi
  - Government Holdings (Pvt.) Limited (GHL)
- IV. Views by the Economic Affairs Division on the proposed status of National Disaster Risk Management Fund (NDRMF) as Autonomous Body as per Annex-8 of the Report.
- V. Views by the Aviation Division on the proposed status of Pakistan International Airlines Corporation Limited as Autonomous Body as per Annex-8 of the Report.
- VI. Constitutional Bodies on behalf of Federal Government Functionaries regards, to the following departments:-
  - ✓ National Assembly
  - ✓ Senate Secretariat
  - ✓ Attorney General
  - ✓ Council of Common Interest
  - ✓ Auditor General of Pakistan
  - ✓ Supreme Court of Pakistan
  - ✓ Federal Shariat Court
  - ✓ Chief Election Commissioner of Pakistan

- ✓ Council of Islamic Ideology
- ✓ Federal Public Service Commission
- ✓ Islamabad High Court

**Agenda item.I Update by the Privatization Division on the status of the privatization candidates / transfer to Sarmaya-e-Pakistan as per Annex-2 of the Task Force Report (Annex-II).**

2. The Chair invited the representative of the Privatization Division to update the Committee on the ongoing status of the privatization with reference to the 43 departments mentioned at Annex-II (reproduced with these minutes as Annex-II) of the Task Force Report on Reorganization of the Federal Government proposed for privatization/transfer to Sarmaya-e-Pakistan. Privatization Division shared that process was underway and 17 out of the 43 entities were on active privatization list. In certain cases, the process was taking longer than expected due to intra and inter-organizational issues and not due to privatization process itself. The Committee recommended that in view of the active privatization list shared by Privatization Division, 43 entities mentioned at Annex-II of the mentioned report may be further bifurcated as under:

Sr.	Category	Sr. No. of the organization as per Annex-II of the Task Force Report on Reorganization of the Federal Government
1.	Entities on Active Privatization List	1, 3, 4, 5, 6, 7, 8, 9, 18, 20, 22, 24, 25, 40, 41, 42, 43
2.	Entities both on Privatization/ Transfer to Sarmaya Pakistan List	2, 10, 11, 12, 13, 14, 15, 16, 17, 19, 21, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39

**Agenda item.II Views and comments by Water Division on privatization / transfer of KotAddu Power Company (KAPCO) to Sarmaya-e-Pakistan as per Annex-2 of the Task Force Report.**

4. The Committee was informed by Member Finance WAPDA that WAPDA was the biggest shareholder in KotAddu Power Power Company (KAPCO) and was receiving dividends against their share. However, the management control of the company was with private sector. The Committee took note of the fact that the plant was quite low on the IPP priority order based on its efficiency and further that its existing profitability was mainly due to the existing structure of their Power Purchase Agreement (PPA). Mr. Nadeem Babar, Advisor to the Prime Minister/member of the Committee shared that as per existing policy, the

Government is not planning to extend any PPA after its lapse. Accordingly, there was virtually no chance that PPA of KAPCO will be extended after its expiry in June 2021.

5. In view of this, the Committee recommended that WAPDA may review the post June 2021 scenario. Since the management control of the company already resides with the private sector, no further efficiency improvement was expected. Moreover, after the lapse of the PPA, the company will be in the open market to compete with other IPPs to sell electricity. There are some hopes that KAPCO may sell electricity during peak season, but in off-peak seasons, the possibility is remote, which is likely to make the company running into deficit. The Committee therefore directed that WAPDA may evaluate the profitability of the plant in post-PPA scenario on long term basis. Planning Wing of the NTDC could be consulted in this regard.

**Agenda item.III Views and comments by Petroleum Division on privatization candidates / transfer to Sarmaya-e-Pakistan for the following two departments as per Annex-2 of the Task Force Report.**

- Lakhra Coal Development Company Ltd., Karachi
- Government Holdings (Pvt.) Limited (GHL)

**6. Lakhra Coal Development Company**

The Committee was apprised that Lakhra Coal Development Co. was jointly owned by Government of Pakistan, Government of Sindh and WAPDA with equity share of 50%, 25% and 25% respectively. After the expiry of their 30-year coal mining lease, Government of Sindh has refused to extend the lease agreement. The Company has entered into litigation against Sindh government for continuation of agreement and the Court decision was expected shortly.

7. The Committee, while reasserting the broader principle that government should not enter into businesses, recommended that decision about Lakhra Coal Development Co. will be taken subsequent to the outcome of the ongoing case.

**8. Government Holdings (Pvt) Ltd.**

The representative of the Division stated that they want to retain it as it has a lot of potential for capital formation and has been earning money for the Government. The Committee agreed that GHPL may be retained in public sector. However, plan should be made for mergers and placements of other entities (PLL, PLTL and ISGSL) under GHPL as subsidiary so as to leverage the tax concessions in efficient manner.

**Agenda item.IV Views by the Economic Affairs Division on the proposed status of National Disaster Risk Management Fund (NDRMF) as Autonomous Body as per Annex-8 of the Report.**

9. The representative of the Climate Change Division stated that the Division has no objection to the proposed reclassification of the Fund as AB. Accordingly, the Committee recommended that the Fund may be categorized as Autonomous Body under Climate Change Division. The existing framework of the organization as Section 42 Company shall remain intact.

**Agenda item V: Views by the Aviation Division on the proposed status of Pakistan International Airlines Corporation Limited as Autonomous Body as per Annex-8 of the Report.**

10. The representative after a clarification that the existing structure of the organization will not be affected by this classification agreed to the proposal.

**Agenda item No.VI: Constitutional Bodies on behalf of Federal Government Functionaries regards, to the following departments: -**

- ✓ National Assembly
- ✓ Senate Secretariat
- ✓ Attorney General
- ✓ Council of Common Interest
- ✓ Auditor General of Pakistan
- ✓ Supreme Court of Pakistan
- ✓ Federal Shariat Court
- ✓ Chief Election Commissioner of Pakistan
- ✓ Council of Islamic Ideology
- ✓ Federal Public Service Commission
- ✓ Islamabad High Court

11. The Committee decided that Secretaries of Establishment, Cabinet, Law and Finance Division will meet and deliberate upon the proposal and will come up with their recommendations in the next meeting

## Decisions:

- i. The committee decided that 43 entities mentioned at Annex-II of the Task Force on Reorganization of the Federal Government may be bifurcated into those on active privatization list and the ones both on privatization/transfer to Sarmaya Pakistan list as detailed at para-2 above.
- ii. The Committee urged that Privatization Division may expeditiously complete the ongoing privatization process per the decisions of CCoP in a transparent manner.
- iii. WAPDA may evaluate the situation about KAPCO profitability in a post-PPA scenario and come up with recommendations about retention or disposal of their investments in KAPCO in the next meeting of the Implementation Committee.
- iv. The Committee recommended that decision about Lakhra Coal Development Co. will be taken subsequent to and contingent upon the outcome of the ongoing case about extension of mining lease agreement.
- v. The Committee agreed that GHPL may be retained in public sector. However, plan should be made for mergers and placements of other entities (PLL, PLTL and ISGSL) under GHPL as subsidiary so as to leverage the tax concessions in efficient manner.
- vi. The Committee recommended that NDRMF may be categorized as Autonomous Body under Climate Change Division.
- vii. The Committee recommended the categorization of Pakistan International Airlines Corporation Limited as Autonomous Body
- viii. The Committee decided that Secretaries of Establishment, Cabinet, Law and Finance Division will meet and deliberate upon the proposal of categorizing certain entities as Constitutional Bodies and will come up with their recommendations in the next meeting

The meeting ended with a vote thanks to and from the Chair.

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**List of participants of the 22<sup>nd</sup> Meeting of Implementation Committee  
held on 30-01-2020**

- i. Dr. Ishrat Husain, Advisor to the PM on Institutional Reforms & Austerity, Islamabad.
- ii. Mr. Nadeem Babar, Advisor to the PM on Petroleum, Islamabad.
- iii. Dr. Ijaz Munir, Secretary, Establishment Division, Islamabad.
- iv. Mr. Rizwan Malik, Secretary, Privatization Division, Islamabad.
- v. Mr. Asif Hyder Shah, Additional Secretary, Cabinet Division, Islamabad.
- vi. Dr. Arshad Mahmood, Additional Finance Secretary (Exp), Finance Division, Islamabad.
- vii. Mr. Naveed Ashar, Member Finance, WAPDA, Islamabad.
- viii. Mr. Muhammad Umer Aziz, Joint Secretary, M/o Law & Justice, Islamabad.
- ix. Mr. M. Iqbal Asif, Joint Secretary, Aviation Division, Islamabad.
- x. Syed Mujtaba Hussain, Joint Secretary, Economic Affairs Division, Islamabad.
- xi. Mr. Sajid Mehmood Qazi, Joint Secretary, Petroleum Division.
- xii. Mr. Qamar Zaman, Joint Secretary, Institutional Reforms Cell (IRC).
- xiii. Ms. Lubna Said Ghias, Deputy Secretary (Coord).
- xiv. The Deputy Secretary, IRC, Prime Minister's Office, Islamabad.

**Annex-2****TABLE-2 - PRIVATIZATION CANDIDATES / TRANSFER TO SARMA-YA-E-PAKISTAN**

<b>Sr. No.</b>	<b>Division</b>	<b>Name of Department</b>
01	Commerce	1. State Life Insurance Corporation of Pakistan, Karachi 2. National Insurance Company Limited (NICL), Karachi 3. Pakistan Reinsurance Company Limited, Karachi
02	Finance	4. First Women Bank Limited (FWBL) 5. SME Bank Ltd.
03	Industries & Production	6. Sindh Engineering Limited (SEL) 7. Republic Motors Private Limited 8. Pakistan Engineering Company Limited (PECO) 9. Heavy Electrical Complex (HEC) 10. National Fertilizer Corporation of Pakistan Private Limited 11. State Engineering Corporation (SEC) 12. Morafco Industries Private Limited 13. Pakistan Automobile Corporation (PACO) 14. Spun Yarn Research and Development Company, Multan 15. Southern Punjab Embroidery Industries, Multan 16. Khadi Crafts Development Company
04	Information Technology & Telecommunication	17. Telephone Industries of Pakistan (TIP)
05	Petroleum	18. Oil & Gas Development Company Ltd., Islamabad 19. Pakistan Mineral Development Corporation (PMDC) 20. Pakistan Petroleum Limited (PPL)
06	Power	21. Power Holding (Private) Limited (PHPL) 22. National Power Parks Management Company (Private) Limited (NPPMCL) 23. Jamshoro Power Generation Company (GENCO-I) 24. Central Power Generation Company (GENCO-II) 25. Northern Power Generation Company (GENCO-III) 26. Lakhra Power Generation Company (GENCO-IV)

		<p>27. Islamabad Electric Supply Company (IESCO)</p> <p>28. Lahore Electric Supply Company (LESCO)</p> <p>29. Gujranwala Electric Power Company (GEPCO)</p> <p>30. Faisalabad Electric Supply Company (FESCO)</p> <p>31. Hyderabad Electric Supply Company (HESCO)</p> <p>32. Multan Electric Power Company (MEPCO)</p> <p>33. Quetta Electric Supply Company (QESCO)</p> <p>34. Peshawar Electric Supply Company (PESCO)</p> <p>35. Sukkur Electric Power Company (SEPCO)</p> <p>36. Tribal Areas Electric Supply Company (TESCO)</p> <p>37. Lakhra Coal Development Company Ltd., Karachi</p> <p>38. Government Holdings (Pvt.) Limited (GHL)</p> <p>39. KotAddu Power Company (KAPCO)</p> <p>40. 1233 MW Balloki Power Plant</p> <p>41. 1230 MW Haveli Bahadur Power Plant</p>
07	Others	<p>42. Jinnah Convention Centre, Islamabad</p> <p>43. Services International Hotel, Lahore</p>