



**Meeting of the PAC  
Briefing/ Presentation on  
Privatisation Commission**

**Ministry of Finance, Revenue, Economic  
Affairs, Statistics, & Privatisation  
Privatisation Division  
(Privatisation Commission)**

**4<sup>th</sup> February, 2014**

# Organizational Framework

- ❖ Promulgation of Privatisation Commission Ordinance 2000
- ❖ Privatisation Commission, [a Body Corporate](#), managed & administered by an [Independent Board](#)
- ❖ Chairman, as head of the Commission, leads the affairs of the Commission
- ❖ Open & Transparent [Privatisation Process](#)

# Functions & Powers

Section 5 of the Ordinance entrust following key Functions and Powers to the Commission:–

- ❖ Formulating Privatisation Policy & Programme
- ❖ Planning, managing, implementing the approved Privatisation Programme
- ❖ Facilitating or initiating legislation in connection with the Privatisation Programme
- ❖ Managing Pre-Privatisation, Restructuring, Deregulation matters besides approval of licensing and tariff rules

# Functions & Powers (2)

- ❖ Advising pre-privatisation measures for improvement of SOEs besides supervising their major administrative, financial and policy matters
- ❖ Proposing regulatory framework for independent and fair regulation of specified sectors; Establishment and strengthening of regulatory authorities; and appointment of the head and member of regulatory authority

# Objectives

- ❖ Privatisation in an open, fair and transparent manner, for the benefit of the people of Pakistan, in the right way, to the right people, at the right price.
- ❖ Developing regulatory regimes to protect the genuine interests of the investors, consumers, tax payers and the Government.
- ❖ Act as a catalyst factor in attracting investments and liberating the Govt from micro-management of SoEs
- ❖ Gradual phasing out subsidies and financial assistance to loss making SoEs; restructuring such SoEs to make them attractive for prospective investors
- ❖ Attracting FDI for fiscal support and to stimulate private sector activities

# Accomplishments

- ❖ Gross Sale proceeds of **Rs 476 Billion** raised, including approx. USD 6 Billion in Foreign Direct Investment (FDI).
- ❖ Conducted [167 Transactions](#) in sectors i.e. Banking Finance, Telecom, Industries, Tourism, Oil & Gas and Power
- ❖ **68 State Owned Enterprises** yet to be privatized

# Issues / Problems ...

- ❖ Outstanding receivable of approx. USD 800 Mln on account of [\(PTCL\)](#)
- ❖ Trust Investment Bank Limited [\(TIBL\)](#)
- ❖ [154 Pending Litigation Cases](#) including suits for recovery regarding outstanding receivables of approx. Rs.1.5 billion, arbitration option may be actively pursued.

# List of 31 PSEs

CCoP on 03-10-2013 approved a list of 31 PSEs of the total portfolio of 68 PSEs, approved by CCI, for privatisation/ divestment in the first phase:-

Oil & Gas (upstream and mid-stream)			
Sr. No	Entities	GOP Share	Divestment Strategy
1.	Oil and Gas Development Co. Ltd (OGDCL)	~ 85%	Capital Market (preferably International)
2.	Pakistan Petroleum Ltd (PPL)	~ 78%	Capital Market (International & Domestic)
3.	Mari Petroleum Ltd.	~ 20%	Capital Market (SPO) or Block Sale to JV partner
4.	Government Holding Private Ltd (GHPL)	~ 100%	Capital Market (IPO) or Divestment of Working Interest of specific Block
5.	Pak Arab Refinery Ltd (PARCO)	~ 60%	Capital Market (IPO) subject to consent of JV partner



# List of 31 PSEs (2)

Oil & Gas (downstream)			
Sr. No	Entities	GOP Share	Divestment Strategy
6	Pakistan State Oil Co Ltd (PSO)	~ 25%	Segregation of business segments followed by divesting the suitable business segment
7	Sui Southern Gas Co Ltd (SSGC)	~ 60%	Segregation of various operations followed by privatisation, where possible
8	Sui Northern Gas Pipelines Ltd (SNGPL)	~ 36%	Segregation of various operations followed by privatisation, where possible
Banking & Finance			
9.	Habib Bank Limited (HBL)	~ 42%	Capital Market (Secondary Public Offering –SPO)
10.	United Bank Limited(UBL)	~ 20%	Capital Market (Secondary Public Offering –SPO)
11.	Allied Bank Limited (ABL)	~ 10%	Capital Market (Secondary Public Offering –SPO)

# List of 31 PSEs (3)

Banking & Finance			
Sr. No	Entities	GOP Share	Divestment Strategy
12.	National Bank Limited (NBP)	~ 76%	Divestment with Management Control (preferably) or Block Sale to qualified investors
13.	State Life Insurance Corp. (SLIC)	~ 100%	Capital Market (Initial Public Offering - IPO)
14.	National Insurance Co. Ltd. (NICL)	~ 100%	Divestment with Management Control followed by Initial Public Offering (IPO)
15.	National Investment Trust Ltd. (NITL)	~ 100% MR	Divestment of Management rights of individual fund(s)
16.	Small & Medium Enterprise (SME) Bank	~ 94%	Divestment with Management Control or Merger with Tier II / III Bank
17.	Pakistan Reinsurance Co Ltd. (PRCL)	~ 51%	Divestment with Management Control

# List of 31 PSEs (4)

Power			
Sr. No	Entities	GOP Share	Divestment Strategy
18.	Islamabad Electric Supply Co. Ltd (IESCO)	~ 100%	Divestment with Management Control
19.	Faisalabad Electric Supply Co. Ltd (FESCO)	~ 100%	Divestment with Management Control
20.	Hyderabad Electric Supply Co. Ltd (HESCO)	~ 100%	Divestment with Management Control
21.	Jamshoro Power Generation Co. Ltd (JPCL)	~ 100%	Divestment with Management Control
22.	Northern Power Generation Co. Ltd – Thermal Power Station – Muzaffargarh	~ 100%	Divestment with Management Control
23.	National Power Construction Co. (NPCC)	~ 100%	Divestment with Management Control
24.	Kot Addu Power Company Ltd. (KAPCO)	~ 46%	Capital Markets (International & Domestic)

# List of 31 PSEs (5)

Industries, Transport & Real Estate			
Sr. No	Entities	GOP Share	Divestment Strategy
25.	Heavy Electrical Complex (HEC)	~ 100%	Divestment with Management Control
26.	Pakistan Steel Mills Corp (PSMC)	~ 100%	Divestment with Management Control
27.	Pakistan Engineering Co Ltd (PECO)	~ 25%	Retirement of GOP liabilities initially followed by transfer of Management to private partners
28.	Pakistan International Airlines Corp (PIAC)	~ 100%	Restructuring followed by divestment of 26% GoP equity stakes to strategic partner with Management control
29.	Pakistan National Shipping Corp (PNSC)	~ 90%	Divestment with Management Control
30.	Convention Centre, Islamabad. *	~ 100%	Sale of Asset
31.	PIA Investment Ltd - Roosevelt Hotel NY & Scribe Hotel - Paris *	~ 100%	Sale of Asset

# Current Activities

- ▶ The Board of the Commission on 8<sup>th</sup> – 9<sup>th</sup> January, 2014 approved to initiate the privatisation process of the following PSEs:–
  - **Pakistan International Airlines (PIA)** – *Appointment of Financial Advisor for divestment of min 26% shares.*
  - **Heavy Electrical Complex (HEC)** – *min 96% shares*
  - **National Power Construction Corp. (NPCC)** – *min 88% shares*
  - **Divestment of GoP Shareholding in HBL, UBL & ABL**
  - **Divestment of GoP Shareholding in PPL** – *up to 5%*
  - **Divestment of GoP Shareholding in OGDCL** – *up to 10%*

**Thanks**