

Issue Paper

CREATION OF THE SPECIAL INVESTMENT FACILITATION COUNCIL (SIFC)

January 2024

PILDAT

Contents

Abbreviations and Acronyms

Preface

Constitutional Domain of Governance?

Creation of the Special Investment Facilitation Council

National Development Council

Future of Democratic Governance

Preface

Since 2002, Pakistan has celebrated democratic transfer of power from one government to the other despite the flaws in election and the influence of military in decision making and governance.

However, even at the time of elected democratic governments in place in the centre and provinces, the role and ascendancy of the military in governance domain has not only been present, successive elected governments have taken a constitutional steps to further entrench the role of military in key areas of policy and governance. While political parties campaign for public votes and approval, their track-record shows they have surrendered key areas of governance to the military leading to a complete reconstruction of exercise of political and economic power.

Within this background, the PILDAT Issue Paper examines the creation of the Special Investment Facilitation Council (SIFC) and how it has institutionalised the role of military in the economic domain.

January 2024

Constitutional Domain of Governance?

There has been overwhelming evidence proving that the public promise made by the outgoing Army Chief, General (now retired) Qamar Javed Bajwa remains unfulfilled over a year after his exit.

On November 23, 2022, the outgoing Chief of Army Staff had said that owing to the public criticism of the Pakistan Army's unconstitutional interference in Pakistan's politics for past 70 years, the Pakistan Army, in February 2021 *“after great deliberation, decided that it would never interfere in any political matter.”* He also added that *“I assure you we are strictly adamant on this and will remain so.”*¹

Maybe the outgoing COAS had lost the right, like his predecessors before him, for speaking on behalf of the Pakistan Army. The mantle now rested firmly with the incoming Chief of the Army Staff who was appointed to the post on November 29, 2022.

After facilitating in power a populist leader and party in office through a managed general election in 2018, enjoying the 'same page' mantra while providing support to the government in office through a hybrid system and forcing abrupt exit of the same elected government Gen. (Retd.) Bajwa, however, was candid at least about one thing after his 6-year in office through a 3-year term extension: enlargement of the role of the Pakistan Army in the constitutional domain of governance of elected political governments.

In the same address, he chose to highlight that the Pakistan Army has been in service of Pakistan beyond its mandate. He listed the following as some examples: *“Be it the issue of Reko Diq or the Karkey penalty, damages of FATF or to bring back the country on FATF white list, fencing the border or provision of cheap gas from Qatar, or facilitation of loans from friendly countries, managing COVID or elimination of locust or flood relief operation, Pakistan Army has served the country beyond its mandate and will continue to do so, InshaAllah.”*²

This issue paper examines how the incoming federal government led by Prime Minister Mr. Muhammad Shehbaz Sharif further entrenched the hybrid system ushered in by his predecessor Mr. Imran Khan. Of special significance, and one that continues to be the leading forum after the departure of Mr. Sharif's government, is the creation of the Special Investment Facilitation Council (SIFC) which has institutionalised the role of the Pakistan Army in Pakistan's economic domain.

Creation of the Special Investment Facilitation Council

In a major decision less than two months before relinquishing his post as Prime Minister, Mr. Muhammad Shehbaz Sharif created a supra-constitutional body called the Special Investment Facilitation Council (SIFC).

The SIFC was announced in a bid to unveil the Government of Pakistan's “elaborated Economic Revival Plan in the wake of economic hardships being confronted by the country.”³

What was unusual about the SIFC was its announced membership which included the Chief of the Army Staff (COAS) alongside PM's Cabinet colleagues as well as Chief Ministers.

Its first meeting, according to the Prime Minister's Office (PMO), was held on June 20, 2023. The 'Economic Revival Plan' shared during the meeting included envisaging on 'capitalizing Pakistan's untapped potential in key sectors of Defence Production, Agricultural / Livestock, Minerals / Mining, IT and Energy, through indigenous development as well as investments from friendly countries.'

In order to 'fast-track' development of projects, the SIFC was created as a “Single Window interface for the potential investors as well as to adopt a unified approach.” The SIFC, announced the PMO, “will shorten hithertofore cumbersome and lengthy business processes through a cooperative and collaborative 'whole of the government approach' with representation of all stakeholders.”

The SIFC would, it was envisaged, create “horizontal-vertical synergy between federation and provinces; facilitating timely decision making; avoiding duplication of effort; and ensuring swift project implementation.”

The high-ranking participation from Federal and Provincial Governments, clearly manifests the national resolve to turn around the economy despite all odds, stated the PMO presser.

The PMO presser also quoted Gen. Syed Asim Munir, Chief of the Army Staff, who “assured Pakistan Army's all out support to complement Government's efforts for Economic Revival Plan, considered fundamental to socio-economic prosperity of

1. “In his last public address, COAS Bajwa slams anti-army narrative, asks political stakeholders to move forward,” *Dawn* online, November 24, 2022, accessed November 24, 2022. <https://www.dawn.com/news/1722654/in-his-last-public-address-coas-bajwa-slams-anti-army-narrative-asks-political-stakeholders-to-move-forward>.

2. “General Qamar Javed Bajwa Last Speech as COAS | Defence and Martyrs Day Ceremony | 92NewsHD,” *YouTube*, November 23, 2022, accessed November 24, 2022. https://www.youtube.com/watch?v=eN3u_3kLRC.

3. “Eco Revival Plan – SIFC Meeting,” *PMO* online, June 20, 2023, accessed June 30, 2023. https://pmo.gov.pk/news_details.php?news_id=1254.

Creation of the Special Investment Facilitation Council (SIFC)

January 2024

Pakistanis and reclaiming Pakistan's rightful stature among the comity of nations.”

Prime Minister, in his comments, reiterated that a “holistic / whole-of-government approach” was adopted to “foster partnerships within the federal and provincial governments for effective implementation and execution and that investors would be given primacy and fast track approvals through a well-coordinated approach.”

The SIFC was created apparently to ensure continuity of economic policies across elected governments as potential investors would not want abrupt change in policies which impact the feasibility of their projects. Since the elected government was to complete its term in August 2023 after which a Caretaker Government was to take over for about 3 months and another elected government would hold reins for next five years after that, there were reportedly apprehensions among potential investors about possible change in economic policies across three governments.

No matter how absurd and embarrassing it seem, the presence of the Chief of Army Staff as a member of a committee which has the authority over economic policies and decision making was considered an assurance of continuity of policies at least till the time the current COAS is in his position which currently would run upto November 2025 with the possibility of an extension of further three years. This is, however, one view.

Another view is that the inclusion of the COAS in the Council and giving a role to the military personnel in the management of the council is a bid to institutionalise the role of the Pakistan Army in country's business and economic affairs. It was announced that an army official will act as the director general of the SIFC executive committee as well as its national coordinator while the SIFC's implementation committee will also be headed by an army officer.⁴

The SIFC set its task of attracting investment from friendly countries with the immediate goal to increase foreign direct investment to US \$ 5 billion⁵ and to US \$ 100 billion in three years, as well as achieve nominal GDP of US \$ 1 trillion by 2035.

Another “Hybrid” Reality

A day after the dissolution of the 15th National Assembly, Prime Minister Mr. Muhammad Shehbaz Sharif casually

suggested that hybrid model of governance was an acceptable reality for Pakistan, as he said, while referring to the inclusion of COAS in the SIFC, that his government was similar to previous hybrid models of governments in Pakistan.⁶

In response to the role of Chief of the Army Staff, General Syed Asim Munir in the SIFC, Prime Minister Mr. Muhammad Shehbaz Sharif defended it by saying that there were earlier similar hybrid models in Pakistan adding that Mr. Imran Khan's government was a hybrid model too. “*Mein samajhta hoon ke maazi mein bhi iss tarah ke hybrid model banay hain; kya Imran Khan ka model hybrid nahi tha?*”⁷

[I believe that we have had similar hybrid models [of governance] in the past; wasn't Imran Khan's government a hybrid model too?].

It must be noted that one of his first order of business after being sworn in as PM was to officially task the Inter-Services Intelligence (ISI) with the screening of civil servants before their induction, appointments and postings, as well as promotions. Mr. Muhammad Shehbaz Sharif thus became the first Prime Minister who provided formal legal cover to a practice that had already been in place but had not been formalised as part of the protocol.⁸

External Influence?

Was the SIFC created to institutionalise the role of the Pakistan Army in our hybrid model of governance or was it created in response to external influence where countries such as Saudi Arabia, Qatar and the UAE asked for guarantees for the continuation of policies from the military to ensure that their future investments would not face these issues?

Media has often referred to Pakistan facing pressures from regional friends that have preferred dealing with a centralised entity, not just in terms of business and investments, than with the volatility associated with the lives and times of elected political governments especially when the authority is devolved to four provincial governments in addition to the federal government.

But a larger and more potent question is whether our continued hybrid system and ascendancy of the military has conveyed to the world the primacy of one institution and benefits of dealing with it. In either case, the argument may have been used to gain more control and as another weakness by civilian elected governments to cede and surrender constitutional domain of governance.

4. Nasir Jamal, “Institutionalising army's role in business,” Dawn online, August 07, 2023, accessed January 14, 2024. <https://www.dawn.com/news/1768861>.

5. “Pipe Dreams,” Dawn online, June 22, 2023, accessed January 14, 2024. <https://www.dawn.com/news/1761061>.

6. “Update on The Performance of Democratic Institutions | August 2023,” PILDAT online, September 10, 2023, accessed January 14, 2024. <https://pildat.org/inter-institutional-relations/update-on-the-performance-of-democratic-institutions-august-2023>.

7. “Who will be Caretaker PM? - Exclusive Interview with Shehbaz Sharif - Hamid Mir - Capital Talk,” YouTube, August 10, 2023, accessed September 10, 2023. <https://www.youtube.com/watch?v=4uB7OSex18s>.

8. Malik Asad, “ISI given legal cover to screen government officials,” Dawn online, June 4, 2022, accessed January 14, 2024. <https://www.dawn.com/news/1693049>.

Creation of the Special Investment Facilitation Council (SIFC)

January 2024

Legal Cover to the SIFC

As part of its hurried legislative agenda before the conclusion of the term of the 15th National Assembly, the federal government rushed the passage of amendment to the [Board of Investment \(Amendment\) Act, 2023 \(Act No. XLI of 2023\)](#).

A new chapter, 11A, titled Special Investment Facilitation Council (SIFC) was inserted in the Board of Investment (BoI) law regarding establishment of the SIFC, its scope, functions, formation of its committees including the executive and implementation committees, the SIFC's power to issue directions, its power to relax or exempt from regulatory compliance and its immunity from prosecution or any legal action, etc.

Creation of the SIFC was termed by the political and military leadership as a 'bigger' economic project than the China Pakistan Economic Corridor (CPEC).⁹

SIFC a “Ray of Hope”

In his maiden briefing on working of key Federal Ministries, Caretaker Prime Minister Mr. Anwaar-ul-Haq Kakar on August 15 emphasised that enhancement of foreign investment under the Special Investment Facilitation Council (SIFC) was among the top priorities of the Federal Caretaker government. He termed the SIFC as a 'ray of hope' for Pakistan.¹⁰

In November, Caretaker PM claimed that the SIFC would bring US \$ 60 billion in investments in the next 5-years. “It is indeed. It could probably be more than that,” said Mr. Kakar in response to whether the claims were realistic.¹¹

The government also planned to establish a sovereign wealth fund of US \$ 8 billion for privatising state-owned entities to provide equity to the SIFC-approved projects for both joint ventures with foreign investors and single ownership schemes.

However, economists have begun to express that after selling the promise of the SIFC to bring to the country nearly US \$ 25 billion in investments, the caretaker government has begun to “stealthily trying to walk some of those expectations back.”¹²

A new website of the [Special Investment Facilitation Council](#)

(SIFC) carries 'Messages from Leadership' starting with a message from Caretaker Prime Minister Mr. Anwaar-ul-Haq Kakar followed by 'Message From Chief of the Army Staff General Syed Asim Munir, HI(M) on its home page. Its Leadership Page also lists Caretaker PM and COAS followed by listing under the title of 'Our Team' including Provincial Leadership, Federal Cabinet and Provincial Cabinet Members.

The website lists Oman Development Authority, Abu Dhabi Investment Authority, Public Investment Fund KSA, Qatar Investment Authority, Acwa Power, Manara Minerals, Saudi Aramco, Barrick, Maaden, G42 and Kuwait Investment Authority as valued partners of the SIFC.¹³

Meetings of the SIFC are held regularly with COAS in attendance alongside the caretaker PM. The role and potential of the SIFC is regularly cited by the COAS in national and global forums alike.

The SIFC has also invited business community across Pakistan to “exploit huge investment potential in agriculture, livestock, information technology, mining and energy sectors.”¹⁴

In the latest and 8th meeting of its Apex Committee held on January 3, 2024 which was chaired by PM, the committee congratulated itself on “overall progress achieved in the key sectors under SIFC.” It specifically “appreciated the enhancing level of economic engagements with friendly countries including finalization of Bilateral Investment Treaty with Kingdom of Saudi Arabia and Qatar as well as signing of MoUs and Framework Agreements with United Arab Emirates and State of Kuwait respectively. The PMO presser stated that the SIFC Apex Committee “gave directions to convert these sovereign commitments into economic reality at fast pace.”¹⁵

Corporate Agricultural Land Transfer to the Army

The Punjab caretaker government leased 45,267 acres of land to the Pakistan Army for corporate farming for 20 years (with the possibility of a 10-year extension) in three districts: Bhakkar, Khushab, and Sahiwal.¹⁶

The lease was challenged in the Lahore High Court which initially stayed the decision. Later, however a LHC division bench comprising Justice Ali Baqar Najafi and Justice Alia Neelum suspended the earlier decision in response to intra-court appeals filed by the Federal and Provincial governments.¹⁷

9. Nasir Jamal, “Institutionalising army's role in business,” Dawn online, August 07, 2023, accessed January 14, 2024. <https://www.dawn.com/news/1768861>.
10. “Update on The Performance of Democratic Institutions | August 2023, PILDAT online, September 10, 2023, accessed December 24, 2023. <https://pildat.org/inter-institutional-relations/update-on-the-performance-of-democratic-institutions-august-2023>
11. Nasir Jamal, “Potential and perils of SIFC,” Dawn online, November 13, 2023, accessed January 14, 2024. <https://www.dawn.com/news/1788653>.
12. Khurram Husain, “Assurances and realities,” Dawn online, November 16, 2023 accessed December 24, 2023. <https://www.dawn.com/news/1789770/assurances-and-realities>.
13. “Our Partners,” Rising Pakistan, SIFC: Special Investment Facilitation Council, accessed January 14, 2024. <https://www.sifc.gov.pk/our-partners>.
14. Amir Shafaat Khan, “SIFC focuses on 5 sectors for investment,” Dawn online, September 06, 2023, accessed January 14, 2024. <https://www.dawn.com/news/1774316>.
15. “8th Meeting of Apex Committee of Special Investment Facilitation Council,” PMO online, January 3, 2024, accessed January 14, 2024. https://www.pmo.gov.pk/press_release_details.php?pr_id=5005.
16. “President's nod needed for army's land accord,” Dawn online, May 31, 2023, accessed June 02, 2023. <https://www.dawn.com/news/1756999>.
17. Benazir Shah @Benazir_Shah Twitter, July 17, 2023, 12: 22 pm, accessed August 04, 2023. https://twitter.com/benazir_shah/status/1680840335210029062?s=48&t=iofsidaBWdk0Z0xM69MWRg.

Details about the lease were only revealed as the caretaker government presented documents relating to the lease in the LHC in May 2023. The LHC was informed that a ministerial committee convened in 2022 to modify the terms and conditions for corporate farming under the China-Pakistan Economic Corridor (CPEC) was set up but did not formally record its minutes. When the LHC asked about the names of the Provincial Ministers who attended the October 14, 2022 meeting, the court was informed that while Mr. Mohsin Leghari and Raja Basharat were in attendance, the latter did not sign the attendance sheet. A summary prepared by the member (colonies) of the Board of Revenue (BoR) in February 2023 mentioned that the ministerial committee discussed the matter during its October 2022 meeting and directed relevant officials to review the amended statement of conditions and present it before the Provincial Cabinet. However, no formal minutes were recorded for that meeting. The court was further informed that on June 25, 2021, the BoR submitted a summary to the then Chief Minister Mr. Usman Buzdar regarding the promotion of corporate agriculture farming. The summary proposed the placement of the statement of conditions before the standing committee of the cabinet on legislative business, and the proposal was approved by the Chief Minister at the time. The decision of transfer of lease was later taken by the caretaker government.¹⁸

National Development Council

Prime Minister Mr. Muhammad Shehbaz Sharif was not the only Prime Minister in the previous 5-years that created a supra-constitutional body by inducting the military into economic affairs solely in the domain of elected governments.

Exactly 10 months after taking oath as PM, Mr. Imran Khan had formed a National Development Council (NDC) which included then Chief of the Army Staff as a member. Much like the SIFC created later to induct the new COAS, the NDC was created at the time by the PTI government to “to formulate development and economy-oriented policies of the country.”¹⁹

Apart from COAS at the time, other members of the NDC included key Federal Ministers, Chief Ministers and relevant secretaries. The NDC met infrequently but since it had no obligation to report to the Parliament, it is difficult to surmise what it may have claimed to achieve.

The formation of the NDC was termed antithetical to the constitution at that time and in effect over-riding of the constitutional forum of the NEC.

Highlighting these concerns at the time, Senator Raza Rabbani during a discussion on the budget in the Senate said that “*You cannot override Article 156 of the Constitution through a notification.*”²⁰

Article 156 of the Constitution establishes a National Economic Council (NEC) with the authority to “*review the overall economic condition of the country,*” “*advise the Federal Government and the Provincial Governments,*” “*formulate plans in respect of financial, commercial, social and economic policies,*” and in formulating such plans, “*ensure balanced development and regional equity.*”

The NEC, determines the Constitution, “shall also be guided by the Principles of Policy set-out in Chapter 2 of Part II that sets out Principles of Policy and responsibilities of each organ and authority of the State.

The NEC consists of Prime Minister as Chair and 4 nominees, Chief Ministers and one nominee each. The NEC must meet “at least twice in a year” and is “responsible to the Parliament” in submitting its Annual Reports. Constitution of the NEC is mandatory alongside the other critical constitutional entity of the Council of Common Interests (CCI).

Observers also opposed the idea of the inclusion of the Chief of Army Staff to the council, which would make the Pakistan Army an official part of the government's economic policy planning and therefore exposing the institution of military to be politically partisan and open to criticism.¹¹

In its editorial on June 30, Dawn also wrote that “*the PTI, by including the army chief in a top economic consultative body — the first time this has happened in a civilian government — will be much to blame if there are negative repercussions for the military's public standing, and Gen Bajwa's legacy.*”²²

That the Chief of the Army Staff was included in a government committee, the first of its kind by a democratic government at the time, meant that the institution was made an official part of an elected political government's economic policy planning with concerns that it may expose it to political partisanship.

Time has sadly proved that those concerns were not without logical basis as the individualised relationship between the former PM and COAS imploded bringing with it unnecessary and unpleasant repercussions for the institution.²³

18. “President's nod needed for army's land accord,” *Dawn* online, May 31, 2023, accessed June 02, 2023. <https://www.dawn.com/news/1756999>.

19. Syed Irfan Raza, “High-powered body to draw up economic plan,” *Dawn* online, June 19, 2019, accessed January 14, 2024. <https://www.dawn.com/news/1489071>.

20. Iftikhar A. Khan, “Rabbani questions rationale behind National Development Council's formation,” *Dawn* online, June 21, 2019, accessed June 30, 2019. <https://www.dawn.com/news/1489439>.

21. “PILDAT Monitor on Civil-Military Relations in Pakistan | June 2019,” *PILDAT* online, July 08, 2019, accessed January 24, 2024. <https://pildat.org/inter-institutional-relations/pildat-monitor-on-civil-military-relations-in-pakistan-june-2019>.

22. “Army chiefs remarks,” *Dawn* online, June 30, 2019, accessed January 14, 2024. <https://www.dawn.com/news/1491183/army-chiefs-remarks>.

23. Aasiya Riaz, “Another Council,” *The News International*, June 25, 2023, accessed December 24, 2023. <https://www.thenews.com.pk/print/1084319-another-council>.

Future of Democratic Governance

Our constitutional scheme defines well that it is the job of civil and military bureaucracy to make available to the disposal of elected governments their knowledge and expertise for making and implementing required policies. For civil servants, the field could be as vast as economics, law, administration, or process knowledge and skills. For military, this would essentially be skills and expertise in security and defence.

Given the de-facto enlarged role of the military in nearly every domain of governance now, this may also include bilateral and international relationship management. But to make its expertise available and for elected governments to avail it, newer, supra-constitutional and supra-legal entities are not needed.

Contrary to the objective to “fast track” such forums and bodies add unnecessary and cumbersome layers of bureaucratic procedures, undermine existing constitutional and legal forums that have a well-established system of parliamentary oversight, and diminish and take-away institutional capacity from its original focus.

What, therefore, is to be the future of our democratic governance if enhanced hybrid model, and not the constitution, is our guiding principle?

As an independent institution led by Pakistani citizens, PILDAT has continued to point out that following the constitutional scheme of governance where each institution of the State works within their own domain, is the only way for fixing the governance rot.

Just as challenges have visibly and clearly mounted, solutions, no matter how hard, are also available if there is firm resolve.

As Pakistan prepares for yet another General Election scheduled to be held on February 08, 2024, there are no signs that leading political parties are any more prepared than before to tackle these challenges.

With less than 4 weeks before the Election, no political party had unveiled a manifestoes that presented their solutions to the compounding governance challenges. How the parties plan to introduce required structural reforms to turnaround the economy, rebuild society and ensure a universal application of rule of law? There is no focus on these fundamental questions, let alone fixing the hybrid system back according to the constitutional domain.

Abbreviations and Acronyms

BOI	Board of Investment
CCI	Council of Common Interests
COAS	Chief of Army Staff
CPEC	China Pakistan Economic Corridor
FATF	Financial Action Task Force
GHQ	General Headquarters of the Pakistan Army
ISI	Inter-Services Intelligence
ISPR	Inter-Services Public Relations
KSA	Kingdom of Saudi Arabia
MoUs	Memorandums of Understanding
NDC	National Development Council
NEC	National Economic Council
PM	Prime Minister
PML-N	Pakistan Muslim League-Nawaz
PMO	Prime Minister's Office
PTI	Pakistan Tehreek-e-Insaf
SIFC	Special Investment Facilitation Council
UAE	United Arab Emirates



ISBN: 978-969-558-814-7

Islamabad Office: P. O. Box 278, F-8, Postal Code: 44220, Islamabad, Pakistan

Lahore Office: 92-CCA, DHA, Phase 8 (Ex-Park View), Lahore, Pakistan

E-mail: info@pildat.org | Website: www.pildat.org