



Government Policy Scorecard: 10th Tracking Report

PML-N Economic Performance: Light at the End of the Tunnel

Policy Research Institute of Market Economy (PRIME)

PRIME is an economic policy think tank working for an open, free and prosperous Pakistan by creating and expanding a constituency for protective function of the state and freedom of the market.

This report is the result of a project, “Government Policy Scorecard (GPS)” which aims at initiating and informing policy dialogue and public debate on the implementation of the economic agenda of the federal government that is run by PML-N since 2013.

Published by: Policy Research Institute of Market Economy (PRIME)

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Recommended Citation: PRIME Institute (2018), PML-N Economic Performance: Light at the End of the Tunnel. *Government Policy Scorecard: 10th Tracking Report (July-December 2017)*, Islamabad.

Published in: January 2018

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Government Policy Scorecard
10th Tracking Report: July-December 2017

PML-N Economic Performance:
Light at the End of the Tunnel

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Introduction

PML-N Economic Performance: Light at the End of the Tunnel is the 10th and final federal tracking report under the Government Policy Scorecard project which reviews Pakistan's economic performance by tracking the progress made on the implementation of the economic manifesto announced by the party in power in Islamabad, Pakistan Muslim League-Nawaz (PML-N). The purpose is to initiate and inform policy dialogue and public debate on the progress made on the economic agenda of PML-N. This tracking directly serves the basic principle of a functioning democracy: accountability. Current report covers progress made during July-December 2017.

Structure

The report picks two distinct sections of the PML-N manifesto: Economic Revival and Energy Security, which it terms as "Economic Agenda". These two "Areas" are then divided into "Components" and "Sub-components". In most cases, these are based on a simple reproduction of text of the manifesto, and in some cases, some editing has been carried out for clarification and structure, but without altering the meaning of the authors of the manifesto. Under the area of Economic Revival, 10 components and 57 sub-components (or targets) have been identified. Energy Security includes 15 components (out of which 10 are targets) and 22 sub-components, making a total of 32 targets. In sum, the report tracks 89 targets. In its 10th and final instalment, the report assigns scores on 84 targets, subject to information availability, based on the progress recorded. On 5 targets, no score is awarded.

Scoring

The scorecard quantifies the status of implementation on announced goals in the PML-N economic agenda. For each of the target area, the score is assigned from 0 to 10 with 10 being the highest. In previous reports, the score was sub-divided in three categories namely Legislative and Policy Developments (2.5), Institutional Development and Reforms (2.5), and Implementation (5). However, for the final report, this classification has been dropped. Instead, a simple scoring has been followed, where a maximum score of 10 is directly assigned, if the target is achieved or implemented. A score of zero is assigned if the target was not achieved at all. And finally, a score between 1 to 9 is assigned on partial achievement based on the evidence available. A partial score is essentially based on the 9th report, and is adjusted for an improvement or deterioration in the performance.

Averages are computed on non-weighted basis. All "Areas" i.e. "Economic Revival" and "Energy Security" and their constituting components and sub-components carry same weight towards the overall score.

Negative scoring is not carried out as it has a disproportionate impact on the overall score of each category in computation of averages.

Previous score is maintained, if positive policy direction has been announced in the last report though no further progress is made. Statistically, it neutralizes the cumulative score.

Unlike all previous reports, the category of “As yet no development” has been dropped as it is assumed “as yet” will not change drastically in the run up to the general elections.

If a goal is achieved, then in the previous reports, it was mentioned as “Target Stands Achieved” and it was not counted towards taking averages more than once. All such targets have been assigned the maximum of 10 marks for the final report.

Previous report is used as benchmark time. Subject to information availability, the data included in the report pertains to the time for which the scorecard is being published.

The structure and methodology of the report has been shared with a select group from the business community, politicians and economists for feedback and has undergone several revisions.

As this is the 10th report, it should be mentioned that it marks the end of the scorecard rating process. Previously, our reports gave a snapshot view on the performance of the government in an area over the time-period. However, the 10th report is different being the final hence the scores assigned in the 10th report are based on the conclusive assessment of performance.

Interpretation of Scoring

For interpretation of score, following guidelines have been developed.

Zero: Target not achieved at all or direction was reversed.

1 to 4: Targets saw progress

5: Target partially achieved

6 to 9: Target on track

10: Target achieved

By “Target Achieved”, one should not necessarily interpret it as having achieved the ultimate goals of the policy, e.g. welfare or industrial productivity, which does not lend to easy assessment.

Data Sources

To develop a comprehensive scorecard, the team collects the data from publicly available documents and secondary data sources including Quarterly Reports of the State Bank of Pakistan, Economic Survey, Federal Budget, Pakistan Bureau of Statistics, Trade Policy, Proceedings of Parliament and newspapers. The team tracks five newspapers on daily basis and develops portfolio of news based on classification system of the scorecard. These newspapers’ reports become the basis of an interim assessment of the “current status”, which is then verified, endorsed or rectified in the light of secondary data available.

The Team

This report and scorecard has been compiled by a team comprising policy experts and economists. The tool development was primarily undertaken by Mr. Ali Salman and the narrative report for the 10th report is also prepared by Ali Salman. From PRIME research team, Mr. Shehryar Aziz contributed in compiling this report, sourcing and verification of

data as well as review of computed scores. We are grateful to Mr. Sohaib Jamali for reviewing an early draft of the report and providing very useful comments and data sources.

Mr. Ali Salman: Ali is the Founder of Policy Research Institute of Market Economy (PRIME) and has worked as a consultant economist for major international development organizations, public sector organizations and non-profits in Pakistan and other countries. He has authored several studies and monographs and regularly writes for Express Tribune. Ali is a visiting fellow at the Institute of Economic Affairs, London; an alumnus of International Academy of Leadership, Germany and Atlas Leadership Academy, USA. He holds master degrees in Economics, Public Policy and Business Administration.

PML-N Economic Performance: Light at the End of the Tunnel

PML-N assumed power in 2013 largely with two promises: overcome the menace of extremism and terrorism and revive economic growth by building a new energy infrastructure. Almost five years down the line, we can confidently say that, by and large, these promises have been met. The 10th and final federal tracking report for our project “Government Policy Scorecard” provides some insights about the economic dimension of this achievement. The phrase “Light at the End of the Tunnel” is a deliberate choice: it signals that the journey has been quite uncertain, however, thanks to largely a resurgence in energy sector performance, there is hope at the end. This hope, as accentuated by a close to 6% growth rate, is of job creation, economic development and prosperity. Incidentally, it was at the final scorecard, when the government crossed the symbolic 50% score in Economic Revival, which has previously remained under 50%. This is the story of an economic revival fueled by ensuring energy security.

Our scorecard has assigned a passing 5.78 out of 10 in Economic Revival and a respectable 6.73 out of 10 in Energy Security, leading to an overall average of 6.30. Out of 89 targets which are tracked, we can distribute the scores awarded in five bands for 84 targets scored.

Table 1: Overview of Scorecard

Band	Interpretation	Economic Revival	Energy Security
Zero (0)	Target not achieved	14	6
1-4	Target saw progress	9	2
5	Target partially achieved	13	8
6-9	Target on track	12	8
10	Target achieved	7	8
	Total	54	30

One conclusion from this table is that the incumbent government has been able to record at least some progress in 64 out of 84 scored targets. Out of 64 targets, 15 are the targets achieved, 20 targets are on track and 21 targets were partially achieved. There are 20 targets on which no progress was observed.

Economic Revival

Achievements:

In **Economic Revival**, there are 18 targets on which substantial progress has been achieved, counting those targets which have a minimum of 6 score. We report 15 of these targets, which have significant implications for overall economic development.

- 1: GDP growth rate doubled from 3% to 6%
- 2: Investment in energy increased substantially.
- 3: Investment to GDP ratio increased, but still short of the target 20%.
- 4: Energy shortage was overcome, and cost of electricity has begun to decline.
- 5: Budget deficit reduced to around 5%.
- 6: Inflation was curtailed and kept under 5%.
- 7: Government borrowing was restrained, in terms of debt servicing.
- 8: Certain tax rates were reduced.
- 9: Interest rates were reduced and kept low.
- 10: Some progress observed in opening markets through FTAs.
- 11: Reforms in the financial and capital markets were undertaken through SECP.
- 12: Commercial credit for the private sector is now increasingly available.
- 13: Industrial growth rate, at 9%, is the highest in several years.
- 14: Export-Import bank has been established.
- 15: Tax to GDP ratio has improved from 9% to 12.5%.

Challenges

In **Economic Revival**, relatively poor performance was shown in five targets, shown by a score of 4 or less than four, including zero.

- 1: Reduction in current expenditures as promised could not be achieved.
- 2: Regulatory environment was deteriorated with regulating agencies being placed under the ministries.
- 3: No tariff reforms were undertaken and the anti-export bias remains.
- 4: No serious efforts were carried to bring the informal sector into the tax net.
- 5: Tax base could not be expanded, which continues to threaten narrow resource base and burden existing tax payers.

Energy Security

Achievements

In **Energy Security**, there are 10 targets on which substantial progress has been achieved, counting those targets which have a minimum of 6 score.

The most important achievement already noted in the section under the Economic Revival, as per PML-N economic agenda, is the elimination of industrial and commercial load-shedding completely and near complete elimination of household load-shedding.

1: Creation of a single ministry of energy has allowed the possibility of better economic governance in the most important challenge in economic growth Pakistan faces today.

2: Net metering, by which household customers can sell back surplus electricity to the distribution companies, is now in place in different cities, such as Lahore, Islamabad and Karachi.

3: Collection of electricity bills has been substantially improved as it stood at 94% in last reported period.

4: Targeted subsidy for life-line consumers using up to 100 units of electricity a month has been continued.

5: Government has introduced competitive bidding instead of guaranteeing upfront tariff. It should be mentioned that the PML-N economic agenda promised upfront tariffs, but government has changed its strategy which bodes well for energy market in the long haul.

6: Tariffs announced reflect, by and large, the cost of electricity produced.

7: Certain reforms in Oil & Gas sector were introduced such as a blanket ban was imposed on new CNG stations.

8: High priority was given to set up LNG terminals, which has helped in offsetting shortage of natural gas, as the country has two LNG terminals.

9: Adequate attention has been paid to Thar coalfields and new coal fired power plants have been set up or initiated.

10: Several projects based on the renewable energy sources have been launched.

Challenges

In the Energy Security, there are 4 targets, on which relatively poor performance was observed, shown by a score of 4 or less.

- 1: No distribution company was privatized despite achieving significant progress in the privatization process for some profitable companies.
- 2: The agenda promised to end cross-subsidy in the distribution companies, but it was not carried out.
- 3: Circular debt could not be curtailed posing serious challenges to energy governance.
- 4: Tariff rationalization in the gas sector was not done.

Concluding Remarks

It is evident that for economic revival, the PML-N government relied on a strategy of fresh investment, supported by lower commodity prices, and balance of payment support, rather than confronting any major structural challenges such as tax rationalization and regulatory reforms. However, doubling of economic growth rate, which is almost touching 6%, is an impressive feat. Ultimately it is the growth rate, and albeit its composition, that matters in the long run - but only in the long run.

In the energy sector, the government paid adequate attention to both the hardware and software. Now Pakistan can boast energy surplus, which is a complete transformation from significant energy shortages five years ago. This was helped by both new plants, as well as moving towards a better fuel mix. On the software side, reforms in selected areas were undertaken, such as improved collection, competitive bidding and creation of a single energy ministry thus paving the way for improved economic governance in the future. However, major challenges in the energy governance such as circular debt and privatization of distribution companies were not addressed.

In our earlier reports, we have highlighted the lack of reforms as a persistent shortcoming in the government economic performance. In our final report, we note that almost all challenges identified in Economic Revival and Energy Security are attributed to the same, thus confirming our earlier diagnosis. This does not mean to suggest that there were no reforms at all as shown by selected reforms in the energy sector. However, sans wide-ranging reforms, we cannot unlock the potential that Pakistan's vibrant economy holds within.

Re-entry of Pakistan in the emerging markets of the world is an important indicator of increasing confidence of the world in us. But obviously, the most important factor that has helped the country is China-Pakistan Economic Corridor, which is built on external investment and borrowings. Nevertheless, economic growth has been revived and energy security has been obtained. Pakistan is poised to a take-off, but it has reached this stage many a times before, and only long term political stability and serious reforms can ensure that the flight is not aborted again!

10th January 2018
Ali Salman

Policy Research Institute of Market Economy (PRIME)

PML-N Economic Agenda: 10th Tracking Report

Overall Score: 6.3 out of 10

Economic Revival: 5.78

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score
1.1	Double the GDP growth rate from 3% to over 6%	-	-	7.16
1.1.1	Double the GDP Growth rate	5.28% GDP growth rate against the targeted 5.7% in 2016-2017. ¹	According to latest forecast, GDP growth has now reached 5.8%, almost achieving the target. Other forecasts suggest GDP to remain above 6% in 2018.	10

¹Dawn, May 18, 2017, Growth rate hits nine-year high of 5.2pc, <https://www.dawn.com/news/1333807>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.1.2	Higher investment in the energy sector	The net FDI in the power sector was noted at \$142.5 million during the first five months of the current fiscal year as compared \$394.4 million for the same period of last fiscal year. ²	FDI in the power sector recorded at \$538.9 million during July-November. ³	10
1.1.3	Converting at least 50% of the remittances by Overseas Pakistanis into investments	As yet no development.	SBP has launched the product. ⁴	5
1.1.4	Infrastructure projects (motorways, dams, housing projects, new urban centers and cities)	As per the proposed budget, the government will be spending Rs. 30 billion for Multan-Sukkur section of Lahore to Karachi Motorway whereas Rs. 38 billion has been set aside for HaklaYark -Dera Ismail Khan Motorway. ⁵	CPEC infrastructure dominates the development landscape. Havelian-Abbottabad-Mansehra motorway scheduled to be completed by May 2018. 4 out of 7 sections (Multan-Sukkur section) to be completed by April 2018. ⁶	9.0

²<http://www.sbp.org.pk/ecodata/index2.asp>

³<http://www.sbp.org.pk/ecodata/Netinflow.pdf>

⁴<http://savings.gov.pk/overseas-pakistanis/>

⁵Samaa, 26th May, 2017, <https://www.samaa.tv/pakistan/2017/05/here-is-what-you-need-to-know-about-budget-2017-18/>

⁶<http://cpec.gov.pk/progress-update>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.1.5	Foreign investment in oil, gas and other minerals	Oil & Gas sector received Investment of \$117mn in July-April. ⁷	Oil & Gas exploration sector received FDI of \$73.9 million during July-November. ⁸	2.0
1.1.6	Investment to GDP ratio will rise to 20%	Investment to GDP ratio has reached 15.78pc in FY2017. ⁹	Previous status maintained.	7
1.2	Budget deficit will be brought down to 4%	-		5.4
1.2.1	Bring down budget deficit to 4%	Target stands achieved. During first nine months of current fiscal year, the fiscal deficit stood at 3.9 percent of GDP against 3.5 percent of GDP recorded in the same period of FY2016. ¹⁰ Target for budget deficit in FY2017-2018 as revealed in budget speech, has been set at 4.1% of GDP.	Budget deficit, as announced in federal budget speech, stood at 4.2% of GDP. ¹¹	8

⁷Dawn, 16th May, 2017, <https://www.dawn.com/news/1333429>

⁸<http://www.sbp.org.pk/ecodata/Netinflow.pdf>

⁹Dawn, 26th May, <https://www.dawn.com/news/1335344/govt-announces-528pc-gdp-growth-dar-optimistic-despite-missed-target>

¹⁰ Economic Survey of Pakistan 2016-2017, http://www.finance.gov.pk/survey/chapters_17/overview_2016-17.pdf

¹¹http://www.finance.gov.pk/budget/budget_speech_english_2017_18.pdf

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.2.2	Increase tax to GDP ratio from 9% to 15%	Target set for FY 2017- 2018 has been set at 13.7%. ¹² For current year it is likely to increase to 13.2% as per budget speech 2017-2018.	Tax to GDP ratio estimated to be 12% for FY17. ¹³	6
1.2.3	One-third reduction in current expenditures other than salaries, allowances and pensions	Current expenditures grew by 5.8 percent to Rs 3,605.1 billion during July-March, FY2017 against Rs 3,407.0 billion during the same period of FY2016. ¹⁴	Previous status maintained.	3
1.2.4	Eliminate VIP Culture by reducing expenses on Presidency and Prime Minister Office.	The federal government has proposed Rs916 million for the Prime Minister Office in the federal budget 2017-18, which is 4 % higher when compared outgoing fiscal year. The budget for Presidency saw an increase of 11 per cent to Rs959 million. ¹⁵	On inflation adjusted basis, there is a decrease in the budget for the PM Secretariat and new PM has shown various symbols of simplicity.	5

¹² Federal Budget speech 2017-2018, http://www.finance.gov.pk/budget/budget_speech_english_2017_18.pdf

¹³<http://www.sbp.org.pk/reports/annual/arFY17/Chapter-04.pdf>

¹⁴Economic Survey of Pakistan 2016-2017, http://www.finance.gov.pk/survey/chapters_17/overview_2016-17.pdf

¹⁵The Express Tribune, 27th May, 2017, <https://tribune.com.pk/story/1420293/4-pm-office-11-presidency/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.2.5	Reduction in losses on PSEs	Previous score to be maintained.	There are mixed signs. Some PSEs such as Pakistan Railways show improvements whereas overall outstanding PSEs outstanding domestic debt and liabilities have grown by 32%, currently at the level of Rs. 1,052 billion or 3.3% of GDP. ^{16,17}	5
1.3	Inflation will be brought down to single digit in the range of 7%-8%	-		9.5
1.3.1	Bring down inflation	Target stands achieved. General category CPI in April 2017 stood at 4.8% on YoY basis. ¹⁸	General CPI Inflation for October 2017 (YoY) stood at 3.8%. ¹⁹	10

¹⁶<http://www.sbp.org.pk/ecodata/PSEs.pdf>

¹⁷<https://www.brecorder.com/2017/10/11/374274/pakistan-railways-revenue-to-increases-from-rs18bn-to-40bn-by-june-2017/>

¹⁸Pakistan Bureau of Statistics, Monthly Review on Price Indices, April 2017,
http://www.pbs.gov.pk/sites/default/files/price_statistics/monthly_price_indices/2017/Monthly%20Review%20Apr%2C%202017_0.pdf

¹⁹http://www.sbp.org.pk/publications/Inflation_Monitor/2017/Oct/IM_Oct_2017.pdf

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.3.2	Limiting government borrowing	Total government domestic debt in March 2017 stood at Rs. 15,045.7 billion as against Rs. 13,655 in March 2016. Total external debt in March 2017 stood at \$75,747 million as against \$74,103 million in March 2016. ²⁰	Over 2013-17, the debt to GDP ratio has changed from 64.8% to 67.2 ²¹ % and debt servicing as % of GDP has changed from 4.1% to 3.8%, and debt servicing as percentage of total federal budget has been brought down from more than 40% to less than 30%. ²²	8
1.3.3	Decreasing tax rates	Budgetary proposals call for corporate tax rate to be reduced to 30% from the previous 31%. WHT on motor vehicle registration reduced for filers, reduction in sales tax on local supply of hybrid electric vehicles, reduction in sales tax on poultry machinery, reduction in sales tax on multimedia projectors, tax relief equal to 5% of school fee for individuals having taxable income up to Rs.1.5mn per annum. ²³	Overall tax rates have gone down.	10

²⁰State Bank of Pakistan, <http://www.sbp.org.pk/ecodata/index2.asp>

²¹<http://www.sbp.org.pk/reports/annual/arFY17/Chapter-05.pdf>

²²http://www.sbp.org.pk/m_policy/2017/MPS-Nov-2017-Compendium.pdf

²³Federal Budget Speech 2017-2018, http://www.finance.gov.pk/budget/budget_speech_english_2017_18.pdf

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.3.4	Lower interest rates through effective monetary policy	SBP policy rate kept unchanged at 5.75%. ²⁴	Interest rates have been kept unchanged and low at 5.75%.	10
1.4	Other Initiatives for Economic Revival	-		6.4
1.4.1	Reducing energy shortage and cost of producing energy	Due to soaring temperatures, electricity demand reached close to 19,000MW on April 17 th , while overall power supply was around 13,500MW, leaving a 5,500 MW gap. ²⁵	Electricity surplus attained on 24 th of November. ²⁶ PM Abbasi announces end to electricity load shedding a week ahead of the schedule. Cost of electricity generation in November stood at Rs. 3.52/unit. ²⁷	10
1.4.2	Opening up markets to encourage regional trade	FTA with Thailand was expected to be signed in May 2017. 2017 saw frequent closure of border crossing points with Afghanistan, which had its impact on Pak-Afghan trade.	Many initiatives such as TAPI, CASA undertaken as well as new FTAs with several countries in progress. CPEC is also poised to play a positive role in regional trade.	6.0

²⁴The News, 21st May, 2017, SBP keeps policy rate unchanged at 5.75 percent, <https://www.thenews.com.pk/print/205624-SBP-keeps-policy-rate-unchanged-at-575-percent>

²⁵Dawn, 18th April 2017, <https://www.dawn.com/news/1327624>

²⁶<https://www.thenews.com.pk/print/248261-no-power-loadshedding-from-today-claims-pm>

²⁷<https://www.thenews.com.pk/print/261693-nepra-reduces-power-tariff-for-nov-by-rs3-11-unit>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.4.3	Reforms in financial sector and capital markets	<p>Companies Bill 2017 passed in NA. It aims to replace the Companies Ordinance 1984.²⁸</p> <p>SECP has notified a comprehensive regulatory framework for IPO which includes introduction of E-IPO for investors, and reduction in number of regulations from 7 to 2 for companies undertaking an IPO.²⁹</p>	SECP has undertaken wide ranging reforms in financial sector and capital markets.	8

²⁸Business Recorder, 26th May, 2017, NA passes 'The Companies Bill 2017', <http://epaper.brecorder.com/2017/05/26/1-page/877403-news.html>

²⁹Business Recorder, 4th May, 2017, SECP notifies comprehensive regulatory framework for IPO, <http://fp.brecorder.com/2017/05/20170504175675/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.4.4	Improved regulatory environment on national level	<p>Five regulatory bodies have again been placed under ministries' control despite verdicts from three High Courts (Islamabad, Lahore and Peshawar), against the earlier such move.³⁰</p> <p>CCI approved major changes to amend the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 — commonly known as the NEPRA Act.</p> <p>The changes bind NEPRA, the main power-sector regulator, to follow government directives in determining tariffs. Moreover, an "independent panel" would be formed which could challenge NEPRA's decisions.³¹</p>	Centre got a decision in its favour from the Islamabad High Court; regulators to remain under ministries' control. ³²	Zero
1.5	Industry and Trade	-		4.7

³⁰The News, 9th June, 2017, <https://www.thenews.com.pk/print/209577-Five-regulators-placed-under-ministries-despite-court-verdict>

³¹Dawn, 3rd May, 2017, NEPRA stripped of its autonomy, <https://www.dawn.com/news/1330628>

³²<https://tribune.com.pk/story/1461047/centre-wins-case-5-regulators-placed-ministries-control/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.5.1	Making ample credit available to the private sector	Advances to private sector posted a 54% increase in 10 months of FY2016-2017. The central bank's statistics showed that lending to businesses and households increased to Rs457.4 billion between July 1, 2016 and April 21, 2017 from Rs296.8 billion during the corresponding period of the last fiscal year. ³³	Scheduled banks' advances to the private sector (business) were Rs. 39,914.4 billion, outstanding in October 2017. 20.2% increase over Oct 2016. There are signs of ending of the crowding out. ³⁴	8
1.5.2	Industrial Manufacturing growth will be taken to 7% to 8%	Overall Large-Scale Manufacturing Sector has shown growth of 5.06% during July-March 2016-17 when compared with the same period of last year. ³⁵	LSM growth stood at a whopping 8.7 percent in October year-on-year. ³⁶	10
1.5.3	Reforming tariffs to eliminate anti-export bias	As yet no development.	Scope of regulatory duties expanded to include 136 new items. ³⁷	Zero

³³The News, 6th May, 2017, Private sector credit rises 54 percent to Rs457 billion, <https://www.thenews.com.pk/print/202662-Private-sector-credit-rises-54-percent-to-Rs457-billion>

³⁴http://www.sbp.org.pk/ecodata/advances_securities.pdf

³⁵Pakistan bureau of Statistics, March 2017, http://www.pbs.gov.pk/sites/default/files//industry_mining_and_energy/qim/2017/qim_webnote_march17.pdf

³⁶BR Research Newsletter, Wednesday, December 27, 2017

³⁷<https://tribune.com.pk/story/1534099/regulatory-duties-356-items-enhanced/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.5.4	Establishing an Equity Fund consisting of private and public sectors	As yet no development.	Not implemented.	Zero
1.5.5	Creating Industrial Parks for large and small industries especially in the under-developed areas	Around 10 Special Economic Zones to be set up in CPEC. ³⁸	Land acquisition/allocation is complete for 5 of the 7 priority SEZs under CPEC which caters to under-developed areas in KPK and Balochistan.	5.0
1.5.6	Developing Clusters for industries (Gems, Jewellery, Fans, Halal Meat, Sports Goods, Furniture, Crockery, Utensils)	Previous score maintained.	No development in establishing clusters for the specific industries mentioned.	Zero
1.5.7	Necessary incentives for MNCs already operating in Pakistan	Corporate tax rates reduced from 31 to 30% for tax year 2018.	Corporate taxes have been brought down, but the Super tax was imposed (4% on income of banking companies, 3% for others). Evidence of other incentives outside CPEC not available.	3

³⁸The Express Tribune, 11th May, 2017, <https://tribune.com.pk/story/1406619/around-10-special-economic-zones-set-cpec/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.5.8	Incentives for MNCs expected to invest in Pakistan in export oriented manufacturing	A parliamentary panel has agreed to introduce sweeping changes in the controversial Companies Bill including withdrawing the requirement for foreign companies to disclose their beneficial ownership in Pakistan and abroad. ³⁹	Pakistan will bear 50% of the mark-up cost of loans that investors will take for investment in CPEC SEZs. This support will be provided by the provinces where the SEZs are located and is a matter of big concern for Sindh. Further, 50% of the freight subsidy on inland transportation of plant and machinery for installation and development in the priority SEZs, will be borne by the federal government. The respective provincial governments will provide plots by taking half of the payment in advance and the remaining will be paid in four bi-annual instalments.	5.0

³⁹The Express Tribune, 25th January, 2017, <https://tribune.com.pk/story/1305866/companies-bill-2016-parliamentary-panel-agrees-major-concessions/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.5.9	Intensifying participation in regional cooperation forums like SAARC and ECO, including FTAs and PTAs	<p>Pakistan and the six-nation Gulf Cooperation Council (GCC) will finalise a free trade agreement (FTA) soon.</p> <p>A draft of the initial FTA framework has been prepared.⁴⁰ The next round of talks scheduled to be held in Bangkok from May 17-19 would be a conclusive for signing the FTA with Thailand.⁴¹</p>	<p>Pakistan is vying to host the 19th SAARC Summit in Islamabad. Last year the summit had to be cancelled after India backed out over a diplomatic row.⁴²</p>	5.0
1.5.10	All exports will be sales tax free	Five sectors benefit from zero-rating facility. Sectors include textiles, leather, surgical goods, sports goods and carpets.	Previous status maintained.	5.0
1.5.11	Export-Import Bank will be set up	Target stands achieved.		10
1.5.12	Technology Up-gradation Fund will be set up	Previous score to be maintained.	Ministry of Textile Industry has notified Technology Upgradation Fund Order, 2016. ⁴³	5.0

⁴⁰The Express Tribune, 31stMarch, 2017, 'FTA between Pakistan, GCC on the cards', <https://tribune.com.pk/story/1370128/fta-pakistan-gcc-cards/>

⁴¹The Nation, 26thApril, 2017, FTA with Thailand likely to be signed in May '17: Dagha, <http://nation.com.pk/business/26-Apr-2017/fta-with-thailand-likely-to-be-signed-in-may-17-dagha>

⁴²<https://www.dawn.com/news/1364642>

⁴³<http://textile.gov.pk/frmDetails.aspx?id=13&opt=publicnotices>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.6	Infrastructure	-		8
1.6.1	Bureau of Infrastructure Development will be established for private sector participation	As yet no development.	No initiated.	Not scored.
1.6.2	Construction of National Trade Corridors	The federal government approved three new road infrastructure projects of the China-Pakistan Economic Corridor (CPEC), which will be built at a cost of \$1 billion, with the aim of completing the missing links to connect the Gwadar port with Kashgar. ⁴⁴	ADB approved an \$800 million investment plan that seeks to enhance regional trade and connectivity in the Central Asia Regional Economic Cooperation (CAREC) corridors of Pakistan. Scores of other projects have been completed or initiated. ⁴⁵	8

⁴⁴The Express Tribune, 13th April, 2017, Govt approves \$1 billion road projects under CPEC, <https://tribune.com.pk/story/1382029/govt-approves-1-billion-road-projects-cpec/>

⁴⁵<https://www.dawn.com/news/1360174>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.6.3	At least 1000 clusters of 500 houses each for lower income families will be developed	A cabinet sub-committee has been formed to work out a detailed plan to start the project. For the new fiscal year 2017-18, the government has not announced a single penny for the scheme in development budget. The PM, during the last two years, has struck down requests for financial support for the initiation of the project. The project is yet to get a permanent secretariat including its chief executive and related staff. ⁴⁶	Previous status maintained	Not scored.
1.7	Creating Job Opportunities	-		7.5
1.7.1	Create incentive programmes for the private sector to create employment	Previous score maintained.	As a matter of policy, no such programme exists at the national level, but selective incentives have been provided e.g. grant of Tax Exemption under Gwadar Port Concession Agreement, ⁵⁶ 40-year tax exemption from sales tax and federal excise duty for Gwadar Port Authority and its operating companies, contractors and subcontractors. ⁵⁷ Other incentives include tax credits under various schemes, reduction in customs duty on import of machinery etc. ⁵⁸	5.0

⁴⁶The Express Tribune, 8th June, 2017, <https://tribune.com.pk/story/1430112/promised-500000-units-low-cost-govt-housing-scheme-shelved/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.7.2	Starting an especially designed employment programme for youth	Prime Minister's Youth Loan Programme, chairperson Leila Khan said that the government has disbursed Rs17.6 billion in 17,547 loan cases so far. The recovery rate is 90% with 10% non-performing loan (NPL) ratio. ⁴⁷ 75% of PM Youth Loans have gone to Punjab. ⁴⁸	The government is announcing 15000 more internships for the newly graduated Pakistani youth under the Prime Minister's National Internship Programme (NIP), which will be expanded in the future. ⁴⁹	10
1.8	Tax Reforms			2.93
1.8.1	Bringing informal economy into tax net	Previous score to be maintained.	Filers to get lower rate of 0.4% WHT on banking transactions till January 2018, as compared to 0.6% for non-filers ⁵⁰ But no overall institutional reforms were undertaken to achieve this target and even the lower WHT has an insignificant effect.	2.0

⁴⁷The Express Tribune, 7th January 2017, Government disburses Rs. 17.6b as part of youth loan scheme, <https://tribune.com.pk/story/1286869/government-disburses-rs17-6b-part-youth-loan-scheme/>

⁴⁸Dawn, 13th May, 2017, 75pc PM youth loans go to Punjab, <https://www.dawn.com/news/1332763>

⁴⁹<http://nation.com.pk/07-Oct-2017/govt-to-announce-15000-more-internships>

⁵⁰<https://tribune.com.pk/story/1518857/non-filers-set-enjoy-lower-withholding-tax-rate-another-3-months/>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.8.2	Broadening tax base	According to FBR website, latest number of Active Tax Payer is 1,173,783, an increase of 8.3%.	Number of filers has declined to 1.07 million from the previous 1.2 million. ⁵¹	2.5
1.8.3	Tax all income	As yet no development.	Agricultural Income is still exempt from federal taxes (provincial taxes apply). Apart from that, nearly all sources of income are taxed except for a few number of exemptions e.g. exemption to UN officials, officials of foreign governments etc.	Zero
1.8.4	No increase in the tax rates	The rate of minimum tax on turnover is proposed to be increased from 1% to 1.25%. Enhancing the Rate of WHT on Sale of Electronic Goods to Retailers from 0.5% to 1%. Enhancement of Tax Rate on Dividend-Flat rate of 12.5% is proposed to be enhanced to 15% flat rate. Withdrawal of Tax Credit (3% of tax liability) on Sales Made to Sales Tax Registered Persons. 10% tax on amount in excess of paid-up capital of companies. Increase in FED on cigarettes. ⁵²	No further increase in tax rated post-budget FY2018.	8.0

⁵¹<https://www.thenews.com.pk/print/257778-number-of-companies-associations-filing-tax-returns-declines>

⁵²Federal Budget Speech 2017-2018, http://www.finance.gov.pk/budget/budget_speech_english_2017_18.pdf

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.8.5	Reduce Tax evasion	Previous score is maintained.	Some modest progress seen in selective sectors such as tobacco. Illicit underground tobacco industry cost the exchequer Rs.50 billion in taxes. ⁵³	2.0
1.8.6	Rationalizing tax rates	Issue of taxes on real estate transaction is still to be resolved. Ad hoc measures are being taken.	No rationalization of taxes has been done and they have become more distortive.	Zero
1.8.7	Reform of tax administration both at the federal and provincial levels	The TRC recommended simplification of tax laws as a short-term measure and may be a fresh tax code as mid-term / long-term measure. ⁵⁴	No reforms in tax policy and administration have been undertaken.	Zero
1.8.8	Ensuring tax compliance by small businesses	Traders availing Volunteer Tax Compliance Scheme were subjected to lower rate on banking transactions.	Some incentives like Volunteer Tax Compliance Scheme were introduced but compliance has not been ensured.	3.0

⁵³<https://tribune.com.pk/story/1473503/fbr-delays-electronic-monitoring-tobacco-products/>

⁵⁴The News, May 13, 2017, TRC proposes new codes for simplification of tax laws, <https://www.thenews.com.pk/print/204062-TRC-proposes-new-codes-for-simplification-of-tax-laws>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.8.9	Publish an Annual Tax Directory indicating the taxes paid and assessed in the last 3 years	Directory not published	Directory updated till 10 August 2017. Published online. ⁵⁵	10
1.8.10	Reduce the number of federal and provincial taxes	Not scored	No reduction in the number of federal (and provincial) taxes was cited.	Zero
1.8.11	Rationalizing sales tax by ensuring standard rate for all items	Previous score to be maintained.	GST rate is not applicable on all items. Separate rates are notified from time to time for gas and petroleum products. GST rates are also different for goods and services (GST on services being a provincial subject).	Zero
1.8.12	Broadening the scope of sales tax	Proposed levy of 10% sales tax on commercial import of fabrics. ⁵⁶	Sales tax imposed on import of raw materials and inputs to be consumed in factories/industrial units located in the Federally Administered Tribal Areas (FATA) and Provincially Administered Tribal Areas (PATA). ⁵⁷	2.50

⁵⁵<http://download1.fbr.gov.pk/Docs/201781188488931ALL-Taxpayer-Directory2016.pdf>

⁵⁶Federal Budget Speech 2017-2018, http://www.finance.gov.pk/budget/budget_speech_english_2017_18.pdf

⁵⁷[https://www.pwc.com.pk/en/tax-memorandum/Memorandum%20on%20Finance%20Bill%20-%202017%20\(FINAL\).pdf](https://www.pwc.com.pk/en/tax-memorandum/Memorandum%20on%20Finance%20Bill%20-%202017%20(FINAL).pdf)

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.8.13	Ensuring elimination of money laundering and whitening of black money	SECP has established an Anti-Money Laundering (AML) Cell. ⁵⁸ Financial Monitoring Unit (FMU) to disseminate financial intelligence to designated Law Enforcement Agencies (LEAs) and Financial Sector Regulators. ⁵⁹	National Assembly has passed 'The Public Interest Disclosure Bill, 2017'. Also, Benami law was passed and Anti-Money laundering regulations were rolled out in 2015. ⁶⁰ Several cases of prosecution also available. ⁶¹	7.0
1.8.14	Improving self-assessment and audit compliance	FBR taken initiatives for: establishment and maintenance of a central databank, simplification of tax procedures, increased reliance on direct taxes, minimum tax exemptions and withholding tax, robust audit and greater transparency, to promote a culture of tax compliance. ⁶²	Previous status maintained.	2.0

⁵⁸Business Recorder, 31st May, 2017, SECP sets up anti-money laundering cell, <http://fp.brecorder.com/2017/03/20170331160700/>

⁵⁹ The Express Tribune, 7th January 2017, Money-laundering, Government sets up Financial Monitoring Unit, <https://tribune.com.pk/story/1286830/money-laundering-government-sets-financial-monitoring-unit/>

⁶⁰<https://tribune.com.pk/story/1484370/whistle-blower-protection-bill-sails-na/>

⁶¹<https://www.dawn.com/news/1359553>

⁶²<http://www.dawn.com/news/1288242>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.8.15	Regulatory duty will be levied on non-essential imports	Regulatory duty levied/increased on 565 non-essential items by various rates ranging from 5 percent to 15 percent, in federal budget 2017-2018. ⁶³	Regulatory duty imposed on import of 36 new products. Rates on 240 items hiked in a fresh move to curtail rising trade deficit of the country. ⁶⁴	5.0
1.9	State-owned enterprises	-		1.25
1.9.1	Appointing independent and professional boards	As per rules and procedures, majority shareholders have the right to appoint members of the board of directors of the PSEs; however, for the nomination of the CEO, three names are proposed to the government and one of them is chosen for the appointment of the CEO for a period of three years. Government being the majority shareholder can remove the CEO but it is subject to judicial review. ⁶⁵	No examples of appointment of independent and professional boards in SOEs are available.	Zero

⁶³Customs Today, 27th May, 2017, <http://www.customstoday.com.pk/5-15-regulatory-duty-imposed-on-565-imported-items/>

⁶⁴<https://www.dawn.com/news/1364509>

⁶⁵Business Recorder, 19th January 2017, Govt powers to remove CEOs of PSEs explained, <http://epaper.brecorder.com/2017/01/19/22-page/840710-news.html>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.9.2	Identification and ensuring the completion of privatisation process within the assigned timeframe	There is no Chairman of the Privatization Commission (PC), the position fell vacant on 29 January when Mohammad Zubair was made Governor Sindh and there is no Secretary PC since 24 March. This indicates that privatization is now on the back burner till elections next year. ⁶⁶ On January 18 th , then Chairman PC had said that the government will complete transactions of three major public-sector entities by June this year. ⁶⁷	No privatisation carried out during July-December 2017 or during the tenure of PML-N.	Zero

⁶⁶Business Recorder, 8th April 2017, Sell off business relegated to back burner, <http://epaper.brecorder.com/2017/04/08/1-page/865455-news.html>

⁶⁷Dawn, 19th January, 2017, Pakistan Steel, PIA, OGDCL, to be privatized by June, <https://www.dawn.com/news/1309310>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.9.3	PIA will be transformed into a profitable and reputed airline of the region	PIA's debt has increased from Rs162 billion in 2012 to Rs185 billion in November 2016. Senate Standing Committee in the Cabinet Secretariat briefed. ⁶⁸ PIA has accumulated liabilities of over Rs300 billion and an additional loss of over Rs5.6bn is being added to this amount every month. ⁶⁹	Provisional figures for June 17, available with the SBP show debt of PIA at Rs. 122.4 billion; YoY increase of 22.65%. ⁷⁰	Zero
1.9.4	Improving the operations of Pakistan Railways, such as by setting of autonomous Board	No such autonomous board set up, yet an EOI was floated seeking laying of new track and upgradation of existing track on BOT basis.	Some improvement in operations of Pakistan Railways is witnessed but giving autonomy is not on the radar.	5.0
1.10	Building the confidence of private sector	-		5

⁶⁸Business Recorder, 10th January 2017, PIA debt soars to Rs.185bn from Rs.162bn in four years, <http://epaper.brecorder.com/2017/01/10/5-page/838385-news.html>

⁶⁹Dawn, 5th January 2017, PIA's financial woes shock Senate panel, <https://www.dawn.com/news/1306430>

⁷⁰<http://www.sbp.org.pk/ecodata/PSEs.pdf>

Economic Revival: 5.78		Implementation Status		
1	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
1.10.1	Encourage participation of private sector in planning	National Assembly passed 'The Public Private Partnership Authority Bill, 2017' to promote domestic and foreign private investment in infrastructure as well as private sector participation in economic development. ⁷¹	Previous status maintained.	5.0
1.10.2	Establishment of Pakistan Business and Economic Council, chaired by the Prime Minister with equal membership of public private sector, meeting every quarter	Previous score is maintained.	Pakistan Economic Advisory Council was set up which met regularly under the Finance Minister Ishaq Dar.	5.0

⁷¹Business Recorder, 23rd March 2017, 'NA passes Public-Private Partnership Authority Bill 2017', <http://fp.brecorder.com/2017/03/20170323157192/>

Overall Score: 6.30

Energy Security: 6.73

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score
2.1	Creation of a Ministry of Energy and Natural Resources through the merger of Ministries of Water and Power and Petroleum and Natural Resources.	As yet no development.	The Ministry of Energy formed with power and petroleum as its two constituent divisions. ⁷²	10
2.2	Reforms of National Electric Power Regulatory Authority (NEPRA) by	-		6.17

⁷²<https://www.dawn.com/news/1349841>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.2.1	Upfront/Feed-in-tariff for wind, solar, small hydel, and biomass projects	<p>NEPRA has put an end to upfront tariff regime, while tariff to the new solar PV power projects in the country would be awarded through competitive bidding.⁷³</p> <p>In another major departure, NEPRA announced that the power purchaser (respective government agencies) will no more take the wind risk and the relevant power generation company will be required to account for this risk in its bid price.⁷⁴</p>	<p>Upfront tariff for small hydel projects extended till May 2018⁷⁵. New upfront tariff announced for bagasse based new co-generational plants. Validity is for 30 years from COD.⁷⁶ Upfront tariff for renewable energy has been scrapped.⁷⁷ National Electric Power Regulatory Authority (NEPRA) has approved tariff of Rs5.9084 per unit for combined cycle 1263MW RLNG-fired power plant for 30 years, to be established in Jhang by the Punjab government.⁷⁸</p>	5
2.2.2	Mandatory wheeling of electricity by DISCOs and the NTDC	Wheeling of electricity permissible but not yet mandatory.	Previous status maintained.	5.0

⁷³The News, 17th March 2017, NEPRA ends upfront tariff regime for solar generation, <https://www.thenews.com.pk/print/190551-Neptra-ends-upfront-tariff-regime-for-solar-generation>

⁷⁴Dawn, 28th January 2017, NEPRA does away with upfront tariffs for new wind projects, <https://www.dawn.com/news/1311132>

⁷⁵<http://www.nepra.org.pk/Tariff/Upfront/2017/UTH-01%20UPTO%2025%20MW%2010-04-2017%204943-4945.PDF>

⁷⁶<http://www.nepra.org.pk/Tariff/Upfront/Bagasse/TRF-UTB%2018490-92%2010-11-2017.PDF>

⁷⁷<https://tribune.com.pk/story/1583513/2-govt-scraps-upfront-tariffs-renewable-energy/>

⁷⁸<https://epaper.brecorder.com/2017/12/27/5-page/690142-news.html>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.2.3	Net metering (sale guarantee) for small producers/consumers	The National Electricity Power Regulatory Authority has issued 15 net metering licences to Lahore Electric Supply Company (LESCO) consumers-cum-solar energy system owners as the project formally started in the provincial metropolis. ⁷⁹	As of August 2017, a total of 147 solar installations with a cumulative capacity of around 4100 kW(including the 1000 kW solar system at Parliament House) have been approved by NEPRA for net-metering. These installations are located in IESCO, LESCO, MEPCO and FESCO. ⁸⁰ KESC to also start net-metering.	8.5
2.2.4	NEPRA determined tariffs to be notified tariffs	Previous score is maintained. The Council of Common Interests (CCI) has approved drastic changes to NEPRA Act to clip powers of NEPRA to independently determine electricity tariff. The changes bind NEPRA, to follow government directives in determining tariffs. ⁸¹	NEPRA maintains that government must notify NEPRA proposed tariffs in 15 days' time unless challenged for review. ⁸²	10

⁷⁹Dawn, 28 January 2017, 15 net metering licenses issued, <https://www.dawn.com/news/1311176>

⁸⁰<https://www.brecorder.com/2017/11/07/379520/govt-targets-4500-mwp-of-net-metering-based-solar-installations-by-2025/>

⁸¹ Dawn, 3rd May, 2017, NEPRA stripped of its autonomy, <https://www.dawn.com/news/1330628>

⁸²<https://www.dawn.com/news/1362978>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.2.5	Deregulating and decentralising by allowing small power producers to sell power directly to consumers through the distribution systems of DISCOs	As yet no development.	Wheeling of electricity can be carried out under the National Electric Power Regulatory Authority (Wheeling of Electric Power) Regulations, 2015. ⁸³	5
2.3	Reform of Distribution Companies	-		2.9
2.3.1	Corporatization and privatisation of DISCOs	An invitation for expression of interest (EOI) of appointment of lead manager and book runners for listing of the Gujranwala Electric Power Company (GEPCO) on the Pakistan Stock Exchange for an Initial Public Offering (IPO) of up to 15 percent of its shareholding in the DISCO has been issued. ⁸⁴	No privatization of DISCOs was undertaken and they were already corporatized before current regime.	Zero

⁸³<http://www.nepra.org.pk/Legislation/Wheeling%20of%20Power%20Regulations.pdf>

⁸⁴Business Recorder, 14th March 2017, Privatization of DISCOs, <http://www.brecorder.com/2017/03/14/339105/privatization-of-discos/>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.3.2	Reduction of transmission and distribution losses to less than 10%	Transmission and distribution losses have dropped to 16.3%. ⁸⁵	Transmission and distribution (T&D) losses for year ending June 2017 stood at 17.9%. T&D losses during Jul-Sep 2017 stood at 19.6%. ⁸⁶	5.0
2.3.3	Collection of electricity bills to 100%	Previous score is maintained.	In the financial year ending June 2017 the recovery (without subsidy) stood at 94.1%. For July to September 2017 the recovery (without subsidy) stood at 87.1%. ⁸⁷	8.0
2.3.4	Ending of cross subsidy among DISCOs	Revised expenditures under Inter-DISCO Tariff differential increased from Rs. 60 to 91 billion in 2016-17, and allocated Rs. 65 billion in 2017-18.	Cross-subsidy still exists.	Zero
2.3.5	Introduction of pre-paid billing system	ECNEC approved Rs.47bn foreign funded smart meters project in the jurisdiction of IESCO and LESCO.	Previous status maintained.	1.5

⁸⁵The Express Tribune, 31st May, 2017, installed capacity increases, but power production falls, <https://tribune.com.pk/story/1419429/installed-capacity-increases-power-production-falls/>

⁸⁶<https://www.thenews.com.pk/print/243470-Power-Division-clarifies-report>

⁸⁷<https://www.thenews.com.pk/print/243470-Power-Division-clarifies-report>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.4	Reform of Generating Companies	-		4
2.4.1	Corporatisation and Privatisation of GENCOs under an independent Board.	Cabinet Committee on Privatisation (CCoP) has considered the strategic sale of Kot Addu Power Company Limited (KAPCO) and directed the Ministry of Water & Power and Privatisation Commission to complete all formalities before seeking a formal approval. ⁸⁸	No GENCO was corporatized or privatized under current regime though strategic sale of KAPCO was considered.	4
2.4.2	Retrofitting of all equipment	As yet no development.	No information available.	Not scored.
2.4.3	Replacement of furnace oil boilers by coal fired boilers	Previous score is maintained.	No information available.	Not scored.
2.5	Permanent elimination of circular debt	-		6.5

⁸⁸Business Recorder, 29th January 2017, <http://epaper.brecorder.com/2017/01/29/1-page/844972-news.html>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.5.1	Eliminate circular debt	Ministry of Water and Power has informed Public Accounts Committee that circular debt has again risen to Rs401bn. ⁸⁹ On 7 th June, government has decided to acquire yet another loan of Rs41 billion from commercial banks to partially retire the circular debt. ⁹⁰	Circular debt touched Rs. 800 billion. ⁹¹	Zero
2.5.2	Narrowly target subsidies for consumers up to 100 units	Federal Budget 2017-18 announced targeted subsidies for consumers up to 300 units.	Subsidies are being maintained.	7.5
2.5.3	Notify electricity tariffs according to the average system wide cost	Target stands achieved	It has been implemented.	10
2.5.4	Power dispatch to be strictly according to plan, efficiency and generation cost	Efficiency in distribution and management of load shedding observed.	Previous status maintained.	10
2.5.5	Ensure supply of gas to power plants	Previous score is maintained.	PM Abbasi inaugurated country's second LNG terminal at Port Qasim, which will help restoration of gas supply. ⁹²	5.0

⁸⁹Dawn, 25th May, 2017, Circular debt crosses Rs400bn threshold again, http://epaper.dawn.com/DetailImage.php?StoryImage=25_05_2017_002_002

⁹⁰The Express Tribune, 8th June 2017, <https://tribune.com.pk/story/1430014/govt-borrow-another-rs41b-pay-circular-debt/>

⁹¹<https://www.dawn.com/news/1350245>

⁹²<https://www.brecorder.com/2017/11/20/382244/pm-inaugurates-countrys-2nd-lng-terminal/>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.6	Rationalisation of energy tariffs in line with international prices across all fuels	The Ministry of Petroleum and Natural Resources has proposed deregulation of margins on high-speed diesel (HSD), which is widely used in agriculture production and transportation vehicles. Then, margins on petrol, which is mostly used in cars and generators, will be deregulated to encourage investment in the industry. ⁹³	Fuel price adjustments are made from time to time in electricity bills to account for changes in fuel prices however the government, and especially the office of the Prime Minister has the final authority.	5.0
2.7	Reforms of Oil and Gas Regulatory Authority	-		8.25
2.7.1	Blanket ban on new CNG stations	Target stands achieved.	Blanket ban on new CNG stations was imposed and continued.	10
2.7.2	Priority to public transport in the use of CNG	Target stands achieved.	CNG was provided on priority basis to the public transport during the crisis years.	10

⁹³The Express Tribune 24th May, 2017, <https://tribune.com.pk/story/1417701/govt-likely-allow-omcs-dealers-set-profit-margins/>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.7.3	Tariff rationalisation in gas sector	Previous score is maintained.	KP government has rejected OGRA's proposal for variable tariff regime for SNGPL and SSGC. The objection is that provinces have no representation in OGRA. ⁹⁴	3.0
2.7.4	Narrowly targeted subsidy for natural gas and LPG users	Subsidy is available for households consuming up till 300 M ³ per month.	Subsidy is available for households consuming up till 300 M3 per month.	10
2.8	Aggressive wellhead pricing for oil and gas exploration companies	ECC has replaced cost based formula with a market based formula withdrawing annual state subsidy to Mari Petroleum.	Government introduced market based pricing but oil & gas exploration remains less attractive due to prices.	8
2.9	High priority to import gas through pipelines	Turkmenistan-Afghanistan-Pakistan and India (TAPI) gas pipeline project entered the implementation phase. Work on Iran-Pakistan pipeline still not underway due to sanctions on Iran. ⁹⁵	Priority is now being accorded to imports of Liquefied Natural Gas (LNG) by sea.	6.0

⁹⁴<https://tribune.com.pk/story/1575999/2-k-p-dismisses-regulators-gas-tariff-proposal/>

⁹⁵Business Recorder, 4th March 2017, TAPI gas line project enters implementation phase, <http://fp.brecorder.com/2017/03/20170304147777/>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.10	Setting up of coal and LNG import terminals, and coal transportation facilities	CDWP approved project Rs. 36bn worth, Gwadar-Nawabshah Liquefied Natural Gas (LNG) terminal and pipeline project. ⁹⁶	Pakistan's first coal-import terminal has started commercial operations at Port Qasim. ⁹⁷ First and second LNG import terminals inaugurated separately at Port Qasim. ⁹⁸	10
2.11	Development of Thar coalfields and setting up of at least 5,000 MW of new coal fired power plants under the PPP mode in Sindh	The 1320MW imported coal-fired power plant being constructed by China Power Hub Generation Company (CPHGC) is all set to achieve its financial close by June 2017 and its commercial operations are expected to commence by August 2019. ⁹⁹	Second unit of 1320MW Sahiwal Coal-fired power plant inaugurated on 2nd July. ¹⁰⁰ CPEC entails development of several coal-fired power plants and coal mines. ¹⁰¹	7.5

⁹⁶Dawn, 10th March 2017, 'Rs36bn LNG terminal, pipeline approved', <https://www.dawn.com/news/1319451>

⁹⁷<https://tribune.com.pk/story/1450376/pakistans-first-coal-import-terminal-begins-operations/>

⁹⁸<https://fp.brecorder.com/2017/11/20171121236748/>

⁹⁹Business Recorder, 7th March 2017, Coal-fired power plant: all set to achieve financial close by June, <http://fp.brecorder.com/2017/03/20170307150754/>

¹⁰⁰<https://www.brecorder.com/2017/07/04/357008/cm-inaugurates-completion-of-1320-mw-sahiwal-coal-power-project/>

¹⁰¹<http://cpec.gov.pk/progress-update>

Energy Security: 6.73		Implementation Status		
2	Manifesto Targets	Baseline (January-June 2017)	Current Status (July-December 2017)	Total Score 10
2.12	Developing consensus among the various stakeholders to facilitate setting up hydropower projects by the Federal and Provincial Governments	As yet no development.	Not scored.	Not scored.
2.13	Developing alternative renewable energy sources, such as solar, wind, bagasse, biogas, and biomass projects	50MW Hydro China Dawood Wind Farm, UEP 100MW and Sachal 50MW wind farms at Jhimpir, Thatta; Three Gorges second and third wind power project; and 720MW Karot Hydro power station to be set up as part of CPEC projects.	Sachal 50MW, Hydro China Dawood 50MW and UEP 100MW Wind Farms have achieved operational status.	8.5
2.14	Introducing solar-thermal water heaters for domestic and industrial use	Import of solar-thermal water heaters has started.	Solar and wind energy machinery and equipment are allowed duty-free import. Energy saving devices like solar water pumps and energy saving tubes etc. are also duty-exempt.	6
2.15	Decentralizing and creating a wholesale market for electricity	Initial steps like Net metering and mandatory wheeling of DISCOs were undertaken but no serious reforms towards wholesale market.	A wholesale market entails fundamentally a multi-buyer, multi-seller market of electricity and the government continues to be the sole buyer.	5

PML-N Economic Performance: Light at the End of the Tunnel

Government Policy Scorecard

10th Tracking Report: July-December 2017

Current report reviews Pakistan's economic performance by tracking the progress made on the implementation of economic manifesto announced by the party in power in Islamabad, Pakistan Muslim League-Nawaz (PML-N). The purpose is to initiate and inform policy dialogue and public debate on the progress made on the economic agenda of PML-N. This tracking directly serves the basic principle of a functioning democracy: accountability.

"A constructive effort to critique government policy...this is just the kind of analysis and debate we need to improve performance of elected government to help serve the people of Pakistan better."
Asad Umar (*MNA and Central Senior Vice President Pakistan Tehreek-e- Insaf*)

"PRIME should be appreciated for the report which is the first such effort to hold political parties to their election campaign promises. The pioneering effort has done a fairly good job but had the time frame been at least a year rather than six months. The policy directions need some more time to show their effect." **Senator Mohsin Leghari**

"If our Governments are truly to serve the public we need to move beyond rhetoric towards an informed and objective discussion of policy and implementation. This can only happen if tools are available to objectively assess government performance against stated goals and objectives. Ali Salman and his team have produced one such tool and deserve much praise and encouragement for this stellar effort. The results will not make happy reading for the Government, but it is hoped that they will be taken in the right spirit, and efforts made to address the shortcomings identified in the scorecard." **Senator Osman Saifullah Khan** (*Pakistan People's Party Parliamentarian*)

"This is a great idea and effort and badly needed too. However, the report should also score reform challenges and progress not directly covered in the manifesto especially in the areas of tax administration." **Sakib Sherani** (*CEO Macro Economic Insights, and former Chief Economic Adviser to Ministry of Finance, Government of Pakistan*)

"PRIME has successfully initiated an important exercise whereby civil society can track the economic progress and hold political representatives accountable. Equally important is to mention that this research is being conducted by an independent think tank of Pakistan." **Dr. Vaqar Ahmad** (*Deputy Executive Director, Sustainable Development Policy Institute*)

"The concept of evaluating government performance on the basis of its promises made in its election manifesto is very unique, remarkable and objective. I congratulate PRIME for formulating tool which can trace direction of the government. Pushing government to fulfill its promises made in manifesto is the only way that Pakistan can progress leaps and bounds in a democratic fashion."
Khawaja Muhammad Usman (*Former President, Multan Chamber of Commerce & Industry*)