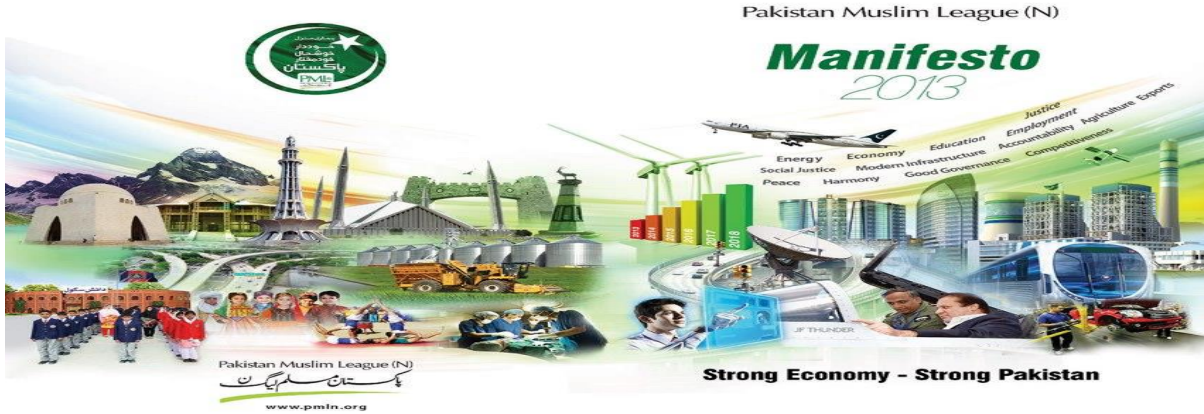




**Policy Research Institute of
Market Economy**

آزاد معیشت - خوشحال پاکستان



PML-N Economic Agenda: Tracking Report

June-December 2013

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Introduction

This report reviews the first six months of the federal government's economic performance spanning over June-December 2013 in the light of PML-N economic agenda, now the ruling party. Developed on the pattern of a scorecard, the report allocates scores on 26 goals identified by PML-N manifesto based on its performance in three areas: Economic Revival, Energy Security and Social Protection.

The score is assigned on an objective and quantifiable criteria and is not based on perceptions of any individuals. To ensure reliability, the score has been assigned on three distinct parameters: policy and legislative developments, institutional reforms, and implementation.

The report and scorecard has been compiled by a team comprising political scientists and economists. It has been shared with a select audience from the business community, politicians and economists for the purpose of feedback and has undergone several revisions.

The purpose of "Tracking the Implementation of PML-N Economic Agenda" project is to initiate and inform policy dialogue and public debate on the implementation of the economic agenda of PML-N central government. This tracking directly serves the basic principle of a functioning democracy: accountability.

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 from 0 to 10 with 10 being the highest. The score is sub-divided in three categories namely Legislative and Policy Developments, Institutional Reforms, and Implementation.

The scoring for Legislative and Policy Developments, and Institutional Reforms is out of 2.5 each, whereas the scoring for Implementation is out of 5 making the total of 10 per target area. The scoring is sensitive to general policy direction and gives higher score if the policy is aligned with the manifesto and vice versa. In addition to this, average score is given in case there is no need of fresh legislation. Non-weighted average has been employed in the scorecard to avoid any bias towards any particular component of a policy area.

Furthermore keeping abreast with the international scoring practices, the team decided to avoid the use of negative scoring. As negative scoring would have a disproportionate impact on the overall score of each category.

Compilation

The scoring gives a snapshot view on the performance of the government in a particular area as well as an aggregate perspective. These snapshots will be more helpful over time as performance would vary. Thus a new score will be issued every quarter. Based on three months progress, a narrative report will be prepared. And, where a main reform goal is divided into sub-goals, then the average score in the sub-goals will constitute the overall score in that area.

Data Collection

In order to develop a comprehensive scorecard, the team collected the data from publically available documents including Quarterly Reports of the State Bank of Pakistan, Reports from the Federal Bureau of Statistics, Trade Policy 2013, Proceedings of Parliament and newspapers. The provisional results were later shared with the leading politicians, businessmen and Presidents of Chambers of Commerce and Industry.

The Team

The development of the tool and the scoring followed a rigorous process. The tool development was primarily undertaken by Mr. Ali Salman and the narrative report was compiled by Dr. Khalil Ahmad. Research staff at PRIME, Ms. Sara Javed and Ms. Wajeeha Riaz also contributed in compiling this report.

- **Mr. Ali Salman:** Ali is the Executive Director Policy Research Institute of Market Economy (PRIME). Ali has worked as a consultant economist for major international development organizations, public sector organizations and non-profits in Pakistan and other countries. He is author of 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.
- **Dr. Khalil Ahmad:** Ahmad is a political philosopher by training, and is the founder of the first free market think tank of Pakistan, Alternate Solutions

Institute. He is a writer, and his latest books include the path-breaking 'Pakistan Mein Riyasati Ashrafiya Ka Urooj' (The Rise of State Aristocracy in Pakistan) and later, *Siyasi Partian Ya Siyasi Bandobast: Pakistani Siyasat Ke Pech-o-Kham Ka Falsafiyana Muhakma* (Political Parties or Political Arrangements: A Philosophical Analysis of Politics in Pakistan). Khalil holds a PhD in philosophy and has taught graduate and post-graduate classes in various institutions. He is the only member from Pakistan of a prestigious society of political philosophers, economists, and intellectuals, *The Mont-Pelerin Society*.

Disclaimer: *This project is being implemented by Policy Research Institute of Market Economy- PRIME with support from Center for International Private Enterprise. The views expressed in the report are those of the authors and not those of either the PRIME or the CIPE.*

Endorsements

“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.”

Mr. 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 (Pakistan Muslim League-N)

"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)

“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 Ahmed (Deputy Executive Director, Sustainable Development Policy Institute)

The Politics-Economics Mix

PML – N Economic Agenda: Tracking Report

In lieu of an introduction

Underlies each blend of politics an economic agenda!

That is why politics and power revolves around taxing, regulating and spending the tax money. Certainly, otherwise, politics would not be such a lucrative profession.

It's as true in the case of Pakistan as in any other part of the world.

So much so that throughout the sixty-six years, Pakistan's political parties, the moment they were in power, seldom bothered to see what they had promised in their "election manifestoes".

This cultivated political apathy especially in the electorate and generally in the masses.

The citizens never tried to weigh the promises made by the politicians before the elections. Fantastic and unrealistic sloganeering filled the political space, and economic decision making favored the organized lobbies.

This background defines and highlights the present initiative of "Tracking the Implementation of the Economic Agenda" which the PML-N promised in its May 2013 Election Manifesto before it came to power in June 2013.

Other parts of its Election Manifesto have not been selected for the purpose of tracking; simply because the focus should remain on tracking the implementation of its economic agenda.

This election manifesto implementation tracking project is unprecedented and unique in many ways.

When the PML-N government completes its five years, the tracking project will reveal many things, such as:

- how much of its economic agenda was implemented;
- whether the economic decision making was influenced by the populist approach, or with a long term view targeting the stability of the economic system; and

- which class or group of the society the implementation of its economic agenda benefited most, and which it ignored and deprived.

All in all, this will uncover the economic character of the PML-N's politics.

Also, like the present attempt, if this tracking practice continues effectively and in a planned manner, it will make political parties focus seriously on what they should promise and what they should not, and it will make them meet the promises they make in the heat of elections.

This with time may change the character of Pakistani politics on the whole and herein lies the significance of this tracking project.

The work of tracking the stages of implementation of the targets set in the election manifesto started in early November (2013), while the PML-N was already in government for the last five months. This took enough time and research to find out what has already been happening and at what stage has it reached or passed through: such as the stages of legislative policy development, or the institutional reform or the phase of implementation.

That makes the 1st Report sort of an initial assessment.

No doubt, such a short period is not sufficient to spur economic revival or to put into effect such measures which ensure energy security.

However, this does not preclude certain baby-steps which should have already been in place within such a period is no big expectation.

In other words, what a government looks like doing in its early months may hint at the direction it is moving in. In this, the 1st Report is dominantly mixed. Though, one can explain it in positive bits also, since it is just the start, and the government still has more than 4 years to realize the targets made its election manifesto.

No doubt, there are certain measures already taken which may positively affect the future sense of PML-N government's direction. But such a judgment needs to be qualified: in order to remain focused on achieving its targets, the PML-N government must shun business lobbies seeking their narrow interests and set its eyes on the long term recovery and stability of the economy.

Having a look at the Economic Agenda of the PML-N's election manifesto convinces one of its bent for strengthening the private sector activity and to enable it to do its part towards the economic revival of the country.

Inevitably, this is what a government can never achieve alone, and as the state of Pakistan, other than its regulatory role, heavily controls vital segments of the economy, such as the sectors of energy security, which for the last 20 years or so are facing a huge shortage of various forms of energy, most importantly electricity that affects the health of the economy immeasurably, the PML-N's economic agenda plans to divest the state not only of the energy sectors but the state businesses also to be handed over to the private individuals.

The score card based on the first 7 months' tracking had already been presented to a gathering of businessmen, economists and politicians, and now this Report is available for everyone interested in seeing how PML-N is faring in implementing its economic agenda.

Understanding the 1st Tracking Report

In order to track the implementation of the election manifesto of the PML-N's government, a Tracking Tool was devised and used. This includes various areas and components, and then the targets, derived from the same Election Manifesto, and the each one was assigned a score accordingly corresponding to the stage it has reached or passed through, or has been fully implemented, and its present status.

The three larger areas consist of Economic Revival, Energy Security and Social Protection, and their components and the sub-components, and the targets to be achieved. Such as for Economic Revival: Inflation; Industry and trade policy; Infrastructure; Tax Reforms; State-owned enterprises; and other reforms. For Energy Security: Creation of a Ministry of Energy and Natural Resources; Reforming generating companies; Reforming distribution companies; Permanent elimination of circular debt; Reforming OGRA; Aggressive wellhead pricing for oil and gas exploration companies. For Social Protection: conditional cash payments and direct and indirect subsidies on food items.

Let us have an overview of the score card:

Economic Revival:

In June 2013, the rate of inflation was 5.9 %¹; and in October it rose to 9.1 %². As the target in this regard set by the Manifesto is to bring down the inflation to a single digit and in the range of 7 to 8 %, no score needed to be assigned. However, keeping in view the overall direction of the present government's economic resolve, certain measures taken to keep the food prices in limits, and working towards enhancing trade with India, all this suggests positive score may be awarded. Also, the same government has full 4 years in its hands, and of course inflation is not such a phenomenon which may be controlled or brought down overnight just with the stroke of a pen.

The election manifesto also targeted to limit the government borrowing, though on this count, no progress was made. In the 1st quarter of the last fiscal year, the government debt stood at Rs.343.5 billion³, which increased to Rs.549.1 billion⁴ in the same quarter

¹ State Bank of Pakistan Inflation Monitor, June 2013

² State Bank of Pakistan Inflation Monitor, October 2013

³ State Bank Quarterly Report 2012-13

⁴ State Bank Quarterly Report 2013-14

for the year ended in July 2013. So in this component the government earned a zero score.

It was also resolved in the election manifesto that the tax rates would be reduced. However, in its first budget, the government increased the rate of the General Sales Tax⁵, though the Income Tax rate was reduced⁶. This earned it a score of 5 out of 10.

The election manifesto also promised to lower the interest rate through effective monetary policy. But the same was increased from 9.5 % to 10 %⁷. Hence, the zero score in this component.

In the area of Industry and Trade Policy, two components saw progress. It was promised that industrial manufacturing would be taken to 7 % to 8 %. As of November (2013), the large-scale industrial manufacturing stood at 5.23 %⁸. More to it, the European Union awarded GSP Plus status⁹ to Pakistan. This in itself provides an impetus of considerable magnitude to the large-scale manufacturing in the country. Thus out of 10, a score of 8 was assigned.

All the exports will be free of sales tax was another promise made in the manifesto. On certain export products, the sales tax ¹⁰was zeroed, and more products will be placed on this list. In this component, a score of 3.5 has been awarded.

The overall score in the area of Industry and Trade Policy stands at 5.75.

The PML-N's election manifesto promised to develop 1000 clusters of 500 homes for low income families. This target saw fast-track progress. Not only the initial work was completed, but an authority to this effect was also registered with the Securities and

⁵ The News, 28th June 2013, ' 17 pc GST enforced from June 13 as NA passes the budget'

<http://www.thenews.com.pk/Todays-News-13-23766-17pc-GST-enforced-from-June-13-as-NA-passes-budget>

⁶ Business Recorder, 23rd June 2013, 'Salary Slabs from 1 to 11 revised'

<http://www.brecorder.com/taxation/181:pakistan/1202089:salary-slabs-from-1-to-11-revised/?date=2013-06-23>

⁷ Express Tribune , 5th January 2014, 'Banking Sector: One step ahead, two steps back'

<http://tribune.com.pk/story/655218/banking-sector-one-step-ahead-two-steps-back/>

⁸ Express Tribune, 22nd January 2014, 'Better Performance Large Scale Manufacturers post Impressive Figures'<http://tribune.com.pk/story/661675/better-performance-large-scale-manufacturers-post-impressive-figures/>

⁹ The Nation, 31st December 2013, 'GSP Plus to provide duty free access on 3,500 products'

<http://www.nation.com.pk/business/31-Dec-2013/gsp-plus-to-provide-duty-free-access-on-3-500-products>

¹⁰ Export Policy Order 2013-TDAP

Exchange Commission of Pakistan (SECP)¹¹. The first phase of building such homes has entered the implementation stage. This component won a score of 6 out of 10.

In the area of Tax Reforms, the target of levying regulatory duty on the non-essential imports has seen progress; the Excise Duty has been increased to 30 % on SUVs¹². A score of 5 was awarded accordingly.

The area of State-owned Enterprises promised to ensure completion of privatization of certain enterprises within the assigned timeframe¹³. As enough progress has been made in this regard, and a privatization board has already been constituted, this won a score of 2.

Under the same area, it was resolved that the PIA would be transformed into a profitable¹⁴ and reputed airline of the region, or privatized. In this regard, the direction is very much clear and pointed, and it earns a score of 4.0.

The average score in the area of State-owned Enterprises stands at 1.5.

In the area of Other Reforms, it was resolved that private sector's confidence will be built and strengthened, and a Pakistan Business and Economic Council will be established¹⁵. The same has seen many an initiative in addition to clear directions, proposals and policy announcements. The prime minister himself stated that it's no business of government to do business. That allows a lot of space for the private sector to occupy as well as creates a lot of energy for the private initiatives. A score of 10 was assigned to this component.

The average score in the area of Economic Revival is 3.17.

¹¹ Express Tribune, 20th November 2013, 'Another house ownership dream: Govt to set up new company for Apna Ghar Scheme' <http://tribune.com.pk/story/634074/another-house-ownership-dream-govt-to-set-up-new-company-for-apna-ghar-scheme/>

¹² Review of Regulatory Duty on Luxury/ Non-Essential Goods SRO (482(1/2009)742(I)/2013) Passed on 28th August 2013

¹³ Express Tribune, 20th November 2013, 'Going Ahead: Government elaborates privatization methodology' <http://tribune.com.pk/story/634070/going-ahead-government-elaborates-privatisation-methodology/>

¹⁴ Express Tribune, 21st November 2013, 'PIA inducts two B737-800', <http://tribune.com.pk/story/635135/pia-inducts-two-b737-800/>

¹⁵ Dawn, 12th January 2014, 'Govt reactivates Economic Advisory Council', <http://www.dawn.com/news/1079914/govt-reactivates-economic-advisory-council>

Energy Security:

Let us turn to the area of Energy Security, and see what progress was made by the PML-N government regarding the implementation of its promises and targets set in its election manifesto.

It is no gainsaying that the energy crisis has irreparably crippled Pakistan's economy, and tackling and overcoming it requires more than Herculean resolve. It is in this context that the PML-N's election manifesto's chapter on the Energy Security needs to be read, understood and appreciated.

The first resolve made in it is about creating a separate Ministry of Energy and Natural Resources by merging two ministries, i.e. of Water and Power, and of Petroleum and Natural Resources.

Since as yet no progress has been made in this regard, a zero score was awarded.

Under the section of "Reforming the DISCOs", it was resolved to address the chronic issue of transmission and distribution losses facing the electricity distribution companies since long. It sets itself the task of reducing Transmission and Distribution losses to less than 10 %. The Transmission and Distribution losses for the year 2011-12 stood at 15.95 %¹⁶, and despite the efforts to apprehend the electricity thieves and to take to task the complicit staff of the DISCOs, in the year 2013, these losses rose up to 23 %¹⁷. Hence for the same no score was earned.

Another malaise the DISCOs are suffering from is the prompt and total collection of bills for the electricity consumption. For this, other than the DISCOs staff, government entities, state functionaries, political personalities, private individuals are all to be blamed. The PML-N government sought to collect 100 % of the billing amount. As in June 2013, the collection of bills stood at 86 %¹⁸, and since there are ongoing efforts on the part of the government for the same which includes legislation also, this was assigned a total score of 5 out of 10.

¹⁶ State of Industry Report NEPRA 2011-12

¹⁷ Dawn, 2nd July 2013, 'No reduction in electricity T & D losses', <http://x.dawn.com/2012/07/02/no-reduction-in-electricity-td-losses/>

¹⁸ State of Industry Report NEPRA 2011-12

The election manifesto also promised to end the cross subsidy on the consumption of electricity. As of May last, a subsidy of paisa 0.93 per unit¹⁹ was given across the board, and though as yet nothing concrete has rolled out, but since the firm commitment exists to reduce it, a score of 5 was allotted. On average, reforming the DISCOs won a score of 3.3.

The PML-N also sought to reform the electricity generation companies, i.e. GENCOs. For this to achieve, corporatization and privatization²⁰ was the recommended solution. As in this regard, planning is under way, a score of 1 was awarded.

In order to reform the GENCOs, retrofitting of all the machinery and equipment was also targeted in the manifesto. This has seen certain progress and won a score of 2.

Reforming the GENCOs won an average score of 1.5.

One of the causes of the huge electricity shortage being faced both by domestic consumers and industrial units and businesses has been the Circular Debt, which had already been accumulated to the tune of Rs.480 billion²¹ when the PML-N government sworn in. In an unprecedented manner this debt was retired promptly.

But the circular debt has once again started accumulating, and by November (2013) it reached to Rs.160 billion²². The government is seriously mindful of it, and resolves that every effort will be made to reduce and eliminate it.

For the same to happen, the manifesto also resolved to narrow down the subsidy and target the consumers of up to 100 units of electricity only. Moving in the direction, the government has decided that subsidy will not be provided to those consumers whose usage goes beyond the 200 units of electricity²³. This earns a score of 6 out of 10.

¹⁹ Samaa TV, 2nd December 2013, 'NEPRA issues notification for 34 billion rupees subsidy in power bills', <http://www.samaa.tv/NEPRA-issues-notification-for-34-billion-rupees%E2%80%99-subsidy-in-power-bills-74573-1.html>

²⁰ Dawn, 31st October 2013, 'Two Discos, 2 Gencos to be privatized, Senate body told' <http://www.dawn.com/news/1053298/two-discos-2-gencos-to-be-privatised-senate-body-told>

²¹ The Nation, 23rd July 2013, 'Rs 480b circular debt cleared', <http://www.nation.com.pk/E-Paper/Lahore/2013-07-23/page-8/detail-10>

²² The Nation, 31st December 2013, 'Circular Debt again mounts to over Rs225b', <http://www.nation.com.pk/business/31-Dec-2013/circular-debt-again-mounts-to-over-rs225b>

²³ Daily Times, 13th December 2013, 'Rs220bn subsidies to be paid to power sector, NA told', <http://www.dailytimes.com.pk/business/12-Dec-2013/rs-220bn-subsidies-to-be-paid-to-power-sector-na-told>

It was resolved in the manifesto that supply of gas would be provided to power plants so that electricity load-shedding should not be resorted to. In early December (2013), the gas companies cut off / reduced the supply of gas to CNG stations and industry. Hence a score of 5 was assigned.

However, it may be noticed that by the end of December (2013), the gas supply had been restored to the industry and reduced to the power plants, resulting in electricity shortage, and once again the electricity load-shedding has become the norm.

The manifesto also assumed to rationalize the energy tariffs in line with international prices of all the fuels. As the government is moving in the direction with a firm commitment to do it, a score of 6 was awarded. Thus, in the area of Circular Debt and the components under the same, the average score stands at 5.7

In the manifesto it was also resolved that the Oil and Gas Regulatory Authority (OGRA) would be reformed. In this regard, various proposals are under consideration. As part of it, a blanket ban on awarding the license for new CNG stations²⁴ was also promised in the manifesto, since the ban has already been implemented, the full score of 10 was assigned.

Under the area of Aggressive Wellhead Pricing for Oil and Gas Exploration Companies, various reforms were proposed. Out of these, one is: that high priority would be given to importing gas through pipelines²⁵. Sufficient progress is being made in this regard, and further planning and various projects are under way. A score of 4.5 was assigned to this component.

Another component promised to develop the Thar coalfields and set up at least 5,000 megawatts of electricity through new coal-fired power plants under the Public-Private Partnership (PPP) mode in Sindh²⁶. In this regard, signing of agreement with the Asian Development Bank is great step forward, and hence a score of 2.5 was awarded.

²⁴ Express Tribune, 26th May 2013, 'Compounding the problem: A blanket ban will not solve the CNG crisis', <http://tribune.com.pk/story/554667/compounding-the-problem-a-blanket-ban-will-not-solve-the-cng-crisis/>

²⁵ The News, 13th December 2013, 'Pakistan to import LNG from Qatar by Nov 1', <http://www.thenews.com.pk/Todays-News-13-27246-Pakistan-to-import-LNG-from-Qatar-by-Nov-1>

²⁶ Business Recorder, 27th August 2013, 'Integrated coal mining and mine mouth power project in Thar coal fields', <http://www.brecorder.com/pakistan/business-a-economy/132996.html>

The manifesto also sought to set up national energy efficiency standards, but with the 18th amendment in the constitution, this has been made a provincial subject. It needed no score to be assigned.

In the area of Energy Security, the average score stands at 4.16.

Social Protection

For Pakistan's political parties and successive governments, Poverty remains a constant challenge. In the same vein, PML-N hopes that Economic Revival may address the issue comfortably. Thus, to alleviate poverty, the previous government had introduced various social security programmes such as Benazir Income Support Programme (BISP), which aims at providing financial assistance to low-income families through conditional cash payments. The PML-N government is continuing and enhancing these initiatives as these are also part of its Election Manifesto. Moreover, it is broadening their access to more needy families, especially widows, orphans and girls.

In the 2013-14 budget, the PML-N government enhanced the allocation of funds for the Social Protection. Thus the total allocation was increased by 14 %. Under the Benazir Income Support Programme, the increase is quite substantial, i.e. 30 %.

For the last many years, as the electricity tariff for domestic consumers saw steep rise, various governments provided subsidy to poorer sections of the society. The PML-N in its election manifesto, decided to end subsidies as a measure of policy, and set the target of minimizing the subsidy only for those who consume 100 units of electricity.

True to its promise, the PML-N has reduced subsidy on electricity only for those who use 200 units.

Although, in the current year's budget, the subsidy on electricity has been included in the Subsidies / Transfers / Grants, however, in case it is considered under the Social Protection that would negate the very purpose of Social Protection. That is why for the purpose of scoring only the non-electricity subsidies have been considered under the Social Protection. The non-electricity subsidies include Subsidy via Utility Stores Corporation (USC) plus the Ramzan Subsidy, and Subsidy on Sugar.

The score in the area of Social Protection is 6.

Thus, the average score for the three areas tracked till December 2013 stands at 4.45!

Concluding thoughts

In the end, let's have a look at the three areas, i.e. Economic Revival, Energy Security, Social Protection, and try to see through the statistical kaleidoscope what progress the PML-N government has achieved in its first seven months, and how it fares.

The average score for the Economic Revival stands at 3.17 out of 10. Whereas in the area of Energy Security, this score is far better; it is 4.16 out of 10.

And in the area of Social Protection, the score is 6 out of 10.

That may be explained by the direct relationship between the economic revival and stable provision of energy. Energy shortage has been one of the most important causes of declining growth rate in the last few years, when it plummeted to around 2 %. At this time, it is around 3 %.

Thus in order to effect an economic revival, energy security needs to be stabilized and ensured.

The PML-N election manifesto rightly focused on both, and its government needs to seek the implementation of the promises and targets it resolved in the manifesto prioritizing the ensuring of the security of energy so that a confident private sector is able to push the economic revival to economic prosperity.

Though, Social Protection has no bearing either on the Economic Revival or Energy Security, however, the poorer sections of the society need urgent help, and that justifies spending on various targeted initiatives aiming at providing social protection.

Taking a cue from the same Tracking Report, one may recommend to the policy makers of the PML-N government to focus on the following:

- They need to control the government spending and borrowing as well. Though they have already cut the government's expenditure by 30 %, but as the Report shows against their resolve of limiting the borrowing, it has witnessed an increase of about 60 %. Obviously, the more a government spends, the less is left for the private sector to make use of.
- No doubt the PML-N government has already demonstrated its determination to find ways to solve the chronic energy crisis both on long-term and priority basis,

it needs to liberalize / decontrol the mechanism of energy pricing and leave it to the market to see to it. That will relieve the government from the “blame” of increasing energy prices every now and then. However, this requires great political will to free the energy sectors from the burden of government taxes - as a source of definite revenue.

- Instead, another area where the PML-N government needs to look for the revenue is reforming the tax structure and administration. That has since long been due. It needs to be done now!

In conclusion, it may be observed that the PML-N government, vis-à-vis its Economic Agenda promised in the election manifesto, is moving in the right direction; but of course it needs to avoid the zigzags which may lead it astray from the targets it set for itself!

PML-N Economic Agenda: Tracking Project

Composite Scorecard

June-December 2013

Manifesto Chapter: Economic Revival			Implementation Status			
			Score: 3.17 out of 10			
Manifesto Targets	10 th June 2013 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
Budget deficit will be brought down to 4%	8% ²⁷	8.8% ²⁸	0	0	0	0

²⁷ The Nation, 28th July 2013 'Budget Deficit surges to over Rs. 2tr' <http://www.nation.com.pk/business/28-Jul-2013/budget-deficit-surges-to-over-rs2tr>

²⁸ Business Recorder, 16th January 2014 'The SBP Report: A timely warning' <http://www.brecorder.com/editorials/0/1144068:the-sbp-report-a-timely-warning/>

Inflation will be brought down to single digit in the range of 7%-8% by	5.9 % ²⁹	9.1% (as of October 2013) ³⁰	0	0	2	2
Limiting government borrowing	343.5 b ³¹ Q1-12	549.1 b ³² Q1-13				0
Decreasing tax rates		GST increased ³³ ; Income Tax reduced ³⁴				5
Lower interest rates through effective monetary policy	9.5% ³⁵	10% ³⁶				0

²⁹ State Bank of Pakistan Inflation Monitor June 2013

³⁰ State Bank of Pakistan Inflation Monitor October 2013

³¹ State Bank Quarterly Report 2012-13

³² State Bank Quarterly Report 2013-14

³³ The News, 28th June 2013, '17 pc GST enforced from June 13 as NA passes the budget' <http://www.thenews.com.pk/Todays-News-13-23766-17pc-GST-enforced-from-June-13-as-NA-passes-budget>

³⁴ Business Recorder, 23rd June 2013, 'Salary Slabs from 1 to 11 revised' <http://www.brecorder.com/taxation/181:pakistan/1202089:salary-slabs-from-1-to-11-revised/?date=2013-06-23>

³⁵ State Bank Monetary Policy 2013

³⁶ Express Tribune , 5th January 2014, 'Banking Sector: One step ahead, two steps back' <http://tribune.com.pk/story/655218/banking-sector-one-step-ahead-two-steps-back/>

Industry and Trade Policy						5.75
Industrial Manufacturing will be taken to 7% to 8%		5.23% Large Scale Manufacturing ³⁷ Industries GSP Plus. ³⁸				8
All exports will be sales tax free ³⁹			2.5	0	1	3.5
Infrastructure						6
At least 1000 clusters of 500 houses each for lower income families will be developed ⁴⁰			2.5	2.5	1	6

³⁷ Express Tribune, 22nd January 2014, 'Better Performance : Large Scale Manufacturers post impressive figures' <http://tribune.com.pk/story/661675/better-performance-large-scale-manufacturers-post-impressive-figures/>

³⁸ The Nation, 31st December 2013, 'GSP Plus to provide duty free access on 3,500 products' <http://www.nation.com.pk/business/31-Dec-2013/gsp-plus-to-provide-duty-free-access-on-3-500-products>

³⁹ Export Policy Order 2013-TDAP

⁴⁰ Express Tribune, 20th November 2013, 'Another house ownership dream: Govt to set up new company for Apna Ghar Scheme' <http://tribune.com.pk/story/634074/another-house-ownership-dream-govt-to-set-up-new-company-for-apna-ghar-scheme/>

Tax Reforms						5
Regulatory duty will be levied on non-essential imports		Excise duty on SUVs has increase to 30 % ⁴¹				5
State-owned enterprises			2	0	2	4
Ensure completion of the privatisation process within the assigned timeframe		Policy direction decided ⁴²				5
PIA will be transformed into a profitable and reputed airline of the region		Measures being taken ⁴³	1	0	2	3

⁴¹ Review of Regulatory Duty on Luxury/ Non-Essential Goods SRO (482(1/2009)742(I)/2013) Passed on 28th August 2013.

⁴² Express Tribune, 20th November 2013, 'Going Ahead: Government elaborates privatization methodology' <http://tribune.com.pk/story/634070/going-ahead-government-elaborates-privatisation-methodology/>

⁴³ Express Tribune, 21st November 2013, 'PIA inducts two B737-800', <http://tribune.com.pk/story/635135/pia-inducts-two-b737-800/>

Other reforms						10
To build confidence of the private sector, Pakistan Business and Economic Council will be established		Finance Minister announced formation of council. ⁴⁴				10

⁴⁴ Dawn, 12th January 2014, 'Govt reactivates Economic Advisory Council', <http://www.dawn.com/news/1079914/govt-reactivates-economic-advisory-council>

Manifesto Chapter: Energy Security		Implementation Status Score: 4.16 out of 10				
Manifesto Targets	10 th June 2013 (Baseline)	Current	Legislative and Policy Developments (score out of 2.5)	Institutional Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
Creation of a Ministry of Energy and Natural Resources through the merger of Ministries of Water and Power and Petroleum and Natural Resources						0
Reform of Distribution Companies						3.33
Reduction of transmission and distribution losses to less than 10%	15.95% (2011-12) ⁴⁵	23% (2013) ⁴⁶				0
Collection of electricity bills to 100%	86% ⁴⁷		2.5		2.5	5

⁴⁵ State of Industry Report NEPRA 2011-12

⁴⁶ Dawn, 2nd July 2013, 'No reduction in electricity T & D losses', <http://x.dawn.com/2012/07/02/no-reduction-in-electricity-td-losses/>

⁴⁷ State of Industry Report NEPRA 2011-12

Ending of cross subsidy	0.93 paisa per unit – May 2013 ⁴⁸	Commitment to reducing subsidy has been shown.				5
Reform of Generating Companies						1.5
Corporatisation and Privatisation		Planning under way ⁴⁹	1			1
Retrofitting of all equipment					2	2
Permanent elimination of circular debt	Rs.480 Billion⁵⁰	Paid, but by Dec 2013 Rs.216 Billion circular debt accumulated⁵¹				5.7

⁴⁸ Samaa TV, 2nd December 2013, 'NEPRA issues notification for 34 billion rupees subsidy in power bills', <http://www.samaa.tv/NEPRA-issues-notification-for-34-billion-rupees%E2%80%99-subsidy-in-power-bills-74573-1.html>

⁴⁹ Dawn, 31st October 2013, 'Two Discos, 2 Gencos to be privatized, Senate body told' <http://www.dawn.com/news/1053298/two-discos-2-gencos-to-be-privatised-senate-body-told>

⁵⁰ The Nation, 23rd July 2013, 'Rs 480b circular debt cleared', <http://www.nation.com.pk/E-Paper/Lahore/2013-07-23/page-8/detail-10>

⁵¹ The Nation, 31st December 2013, 'Circular Debt again mounts to over Rs225b', <http://www.nation.com.pk/business/31-Dec-2013/circular-debt-again-mounts-to-over-rs225b>

Narrowly target subsidies for consumers up to 100 units		Subsidy above 200 units not to be given ⁵²				6
Ensure supply of gas to power plants		SNGPL has cut-off/reduced gas supply				5
Rationalisation of energy tariffs in line with international prices across all fuels						6
Reforms of Oil and Gas Regulatory Authority						10
Blanket ban on new CNG stations		Ban implemented ⁵³				10
Aggressive wellhead pricing for oil and gas exploration companies						4.5

⁵² Daily Times, 13th December 2013, 'Rs220bn subsidies to be paid to power sector, NA told', <http://www.dailytimes.com.pk/business/12-Dec-2013/rs-220bn-subsidies-to-be-paid-to-power-sector-na-told>

⁵³ Express Tribune, 26th May 2013, 'Compounding the problem: A blanket ban will not solve the CNG crisis', <http://tribune.com.pk/story/554667/compounding-the-problem-a-blanket-ban-will-not-solve-the-cng-crisis/>

High priority to import gas through pipelines		Planning / projects under way ⁵⁴	2	1	1	4
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		Agreement signed with ADB ⁵⁵	2.5	2.5	0	5

⁵⁴ The News, 13th December 2013, 'Pakistan to import LNG from Qatar by Nov 1', <http://www.thenews.com.pk/Todays-News-13-27246-Pakistan-to-import-LNG-from-Qatar-by-Nov-1>

⁵⁵ Business Recorder, 27th August 2013, 'Integrated coal mining and mine mouth power project in Thar coal fields', <http://www.brecorder.com/pakistan/business-a-economy/132996.html>

Manifesto Chapter: Social Protection		Implementation Status				
		Score: 6				
Manifesto Targets	10 th June 2013 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 6 (10)
Introduce a transparent system of income support programme for needy families with incomes below the prescribed limit with a special focus on widows, orphans and the girl child	Rs. 58 Billion under BISP	Rs. 75 billion under BISP ⁵⁶		1	5	6
Raise the total spending on non-pension social protection from the current level of 1% of GDP to at least 2% by 2018.	1% ⁵⁷	Not scored				

⁵⁶ Express Tribune, 21st December 2013, 'BISP Funds: One-fourth of ADB loan is not meant for the poor', <http://tribune.com.pk/story/648443/bisp-funds-one-fourth-of-adb-loan-is-not-meant-for-the-poor/>

⁵⁷ Federal Budget 2013-14



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