



SUCCUMMING TO THE TEMPORAL

PML-N Economic Agenda

3rd Tracking Report: April-June 2014

Policy Research Institute of Market Economy (PRIME)



With support from: Center for International Private Enterprise

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This report is the result of a project, "PML-N Economic Agenda: Tracking Report" which aims at initiating and informing policy dialogue and public debate on the implementation of the economic agenda of PML-N central government that sworn into the power at federal level in Pakistan in May 2013. The project is being supported by Center for International Private Enterprise (CIPE).

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For inquiries:

PRIME Institute

Suite No. 714, Silver Oaks Apartments
F-10 Markaz, 44000 Islamabad - Pakistan

Tel: 00 92 (51) 8 31 43 37 - 38 Fax: 00 92 (51) 8 31 43 39

www.primeinstitute.org

Email: info@primeinstitute.org

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Authors

Dr. Khalil Ahmad & Ali Salman

Research Support: Wajeaha Riaz

Available at:

www.govpolicyscorecard.com.pk

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Introduction

PML-N Economic Agenda: Tracking 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.

Structure

The report picks three distinct sections of the PML-N manifesto: Economic Revival, Energy Security and Social Protection, which it terms as "economic agenda". These three "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 the purpose of 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. Under the area of Energy Security, 15 components and 22 sub-components have been identified whereas under the area of Social Protection, three sub-components have been identified.

In all, the report identifies 82 measurable "targets" and allocates scores on all of them, subject to information availability, on the basis of three distinct parameters: policy and legislative developments, institutional reforms, and implementation. Policy and Legislative Development indicate the presence, or absence, of a supportive legal environment; Institutional Reforms indicate the quality of governance structure and Implementation shows the actual progress made on the policy.

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. The score is sub-divided in three categories namely Legislative and Policy Developments (2.5), Institutional Reforms (2.5), and Implementation (5).

The team has developed and consistently applies a set of rules to minimize discretion.

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

2. Negative scoring is not allowed as it has a disproportionate impact on the overall score of each category.
3. Score of 2 to 2.5 is assigned in “Policy and Legislative Development”, if one already exists or has been developed.
4. Score of 1 to 1.5 is assigned in “Institutional Reforms” if some progress is being shown.
5. Score of 1 to 2 is assigned in “Implementation” if some progress has started. A goal is considered to be achieved, if the related policy is implemented.
6. Score of zero is assigned if progress has been reversed.
7. Score of ‘Nil’, if no progress is made, though positive policy direction is announced.
8. Score of “As yet no development”, if work in the particular area or component is yet to begin. Such components and sub-components are not scored and are discarded while computing average.
9. Same level of score over various editions of scorecard is assigned, if the level of progress is maintained.
10. If a goal is achieved, then in the subsequent editions, it is mentioned as “Target Stands Achieved” and is not counted towards taking averages more than once.
11. Previous report is used as benchmark time period. Subject to information availability, the data included in the report pertain to the time period 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 the purpose of feedback and has undergone several revisions.

The scoring gives a snapshot view on the performance of the government in a particular area as well as an aggregate perspective. These snapshots are more meaningful over time as performance would vary. Thus a new score is issued every quarter. Based on three months progress, a narrative report is prepared.

Interpretation of Scoring

For interpretation of score, following guidelines have been developed.

- Zero: Progress has been reversed.
- Nil: No progress made.
- 1 to 4.9: Policy direction is not clear, institutional bottlenecks exist and no or very little implementation has started.
- 5 to 7.9: Policy direction is supportive, institutional reforms are in progress and some implementation has started.
- 8 to 10: Policy direction is supportive, governance structure is functional and implementation is complete.

By ‘complete implementation’, 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

In order to develop a comprehensive scorecard, the team collects the data from publically available documents and secondary data sources including Quarterly Reports of the State Bank of Pakistan, 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 on the basis of classification system of the scorecard. These newspapers 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

The report and scorecard has been compiled by a team comprising political scientists and economists. The tool development was primarily undertaken by Mr. Ali Salman and the narrative report is developed by Dr. Khalil Ahmad. From PRIME research staff, 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*.

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Succumbing To The Temporal

It's oneness of one's aim that makes even the next to impossible things possible in the real world provided one doesn't succumb to the temporal distractions!

A look at the Economic Manifesto (May 2013) of the Pakistan Muslim League (N) helps create the impression that the implementation of it may move the Pakistanis towards an economically better-off future sustainable in the long term. That means somehow it envisages such reforms which are vitally important to the working of the market under a regime of just rules strictly implemented by the state.

It may be interpreted in two ways. First, in comparison with other political agendas, it is sort of an economic agenda which is coherent in its vision, consistent in its deliberations, and honest in its imaginings of the wishes of the ordinary citizens, i.e. it at least in words avoids the role of a dream-merchant, and tries to concentrate on such measures which may bring

[PML-N Manifesto] at least in words avoids the role of a dream-merchant, and tries to concentrate on such measures which may bring into existence a society where Pakistanis are free to seek and achieve their dreams, where they are left alone to work out their freedom and prosperity.

into existence a society where Pakistanis are free to seek and achieve their dreams, where they are left alone to work out their freedom and prosperity.

Second, this agenda of the PML-N though may not be termed mainly market-oriented; it spells out vital market reforms. It is in this that it is different from other welfarist agendas which only focus on doling out cash or commodities, and which never think of bringing in real reforms to

unleash the economic creativity of the Pakistani entrepreneurship, and continue confine them to such measures only which may ensure their winning of the mandate.

However, the question is: Are the words of this market-oriented reforms-based economic agenda translating into reality, or not? Most of the contents of this Tracking Report try to answer to this question. That underlines the unique significance of this venture.

Here is a glimpse of the last two reports along with the present one, which together review the tracking of the implementation of the PML-N economic agenda over a period of whole one year, i.e. its first year in the government.

Area	1 st Report	2 nd Report	3 rd Report
Economic Revival	3.17	4.47 – up 41.01 % from the previous	4.33 – down 3.13 % from the previous; up 36.59 % from the first
Energy Security	4.34	4.16 – down 4.14 % from the previous	3.93 – down 5.29 % from the previous; 9.44 % down from the first
Overall Average score (Excluding Social Protection)	3.75	4.31 - 14.93 % up from the previous	4.16 – 3.48 % down from the previous; 10.93 % up from the first

As has already been discussed in the 1st Report, the sustainable Economic Revival is dependent on the Availability of Energy secured in a long-term perspective. In this sense, an increase of 36.59 % in the area of Economic Revival over a period of one year is nullified by a decrease of 9.44 % in the area of Energy Security. That speaks volumes about the failure of measures and reforms so far instituted in the power sector. No doubt, they are impeding the measures taken in the domain of Economic Revival also.

The sustainable Economic Revival is dependent on the Availability of Energy secured in a long-term perspective.

However, it seems some of the targets themselves are quite simplistic. From the point of view of scoring, they appear like winners. For instance, in the 1st Report, in the area of Economic Revival, the target of establishing a Pakistan Business and Economic Council got the PML-N a score of 10 out of 10. That not only improves the average score in the area, but the overall percentage also.

However, in this regards, certain questions may be raised such as: has it any bearing on the nature of market reforms; whereas in practice such arrangements prove to be like the platforms where only sort of exchange of views and experiences take place, and where various interests make their way in the form of skewed policies. Whereas, principally, such Councils should take up debates on policy reform and the mechanism to execute them!

Another example is from the present Report: the PML-N set it as a target to publish an Annual Tax Directory indicating the taxes paid and assessed in the last 3 years. As they got the Directory published this April, a score of 10 was added to the marks-sheet. Once again it may be asked: What has this publishing to do with the nature, scope and implications of the economic reforms Pakistani entrepreneurs so crucially require?

What has [Taxpayers Directory] publishing to do with the nature, scope and implications of the economic reforms Pakistani entrepreneurs so crucially require?

Likewise, there is many a target which in a meaningful way play to the gallery, i.e. they do address some of the interests such as: reforming tariffs to eliminate anti-

export bias. Although this may be explained in a manner that the economic philosophy of PML-N still clings to the export-oriented growth, but at the same time, this may mean satisfying certain sectors from the private business lobbies.

There are targets the nature of which is purely political. For example this one: 1000 clusters of 500 houses each for lower income families.

By capturing the substantial areas of the space that must be left open for the private entrepreneurs to make miracles under just rules and regulations, the state under the government of the PML-N is sort of maintaining the economic status quo in Pakistan. That's succumbing to the temporal!

Also, there are certain targets, such as: double the GDP; converting 50 % of the remittances into investment; developing clusters for industries; and such targets are in abundance, which presume a predominant role of the state vis-à-vis market in pushing the growth rate upward. Thus by capturing the substantial areas of the space that must be left open for the private entrepreneurs to make miracles under just rules and regulations, the

state under the government of the PML-N is sort of maintaining the economic status quo in Pakistan. That's succumbing to the temporal!

This classification may go on without stopping and be extended in other directions. That is why in the start it was observed that the spirit of the PML-N's Economic Manifesto at least in letter is market-oriented; but after a year it is yet to prove that the same is the case in practice also.

Before attempting an analysis of the scorecard, here it is proper to cite which targets are vital as far as economic reforms are concerned, and how much score they secure in the 3rd Report.

Area: Economic Revival	
Targets	Score in the 3rd Report
Infrastructure Projects	7
One third reduction in current expenditures	2
Eliminate VIP culture	8
Limiting government borrowing	8
Decreasing tax rates	5
Opening up markets to encourage regional trade	6.5
Improving regulatory environment	2
Necessary incentives to MNCs already operating in Pakistan	5
Bureau of Infrastructure Development to be established	4.5
Improving transport and communication	4.5
Create incentive programs for the private sector to generate employment	4
Bringing informal economy into tax net	2
Broadening tax base	3.5
Rationalizing tax rates	2.5
Reforming tax administration	1
Reducing the number of federal and provincial taxes	As yet no development
Rationalizing sales tax by ensuring standard rate	0
Completing privatization process within the assigned timeframe	7.5
Overall Score	4.33

This average score of 4.33 translates actually into putting only 43 % efforts into vital economic reforms.

Area: Energy Security (Selected Targets)	
Target	Score in the 3rd Report
Reforming NEPRA	4.25
Deregulating and decentralizing by allowing small power producers to sell power directly to consumers through the distribution system of DISCOs	As yet no development
Reforming DISCOs	6.12
Reforming GENCOs	4.0
Rationalizing energy tariff in line with international prices	Nil
Reforming OGRA	In 2 of its sub-components there is as yet no development, hence it was not scored
Rationalizing gas sector tariff	As yet no development
Decentralizing and creating a wholesale market for electricity	Nil
Overall Score	3.93

Here in this largely crisis-ridden area of Energy Security, the average score stands at 3.93, which translates into 39% efforts putting into reforming it.

That presents a picture which lacks the contours of vital economic reforms. It is on the basis of such diagnosis that the judgment finds its rationale: It seems, as far as the implementation of vital targets is concerned, the PML-N is succumbing to the temporal distractions and losing the oneness of its aim.

Making sense of the scorecard

Economic Revival

After its first year in the government, while the PML-N seems to be succumbing to the political distractions of the day, it needs to realize that only long term sustainable reforms can bring freedom and prosperity to the life of the ordinary Pakistani citizens. And it is this type of economic politics which can make the PML-N to have its durable share of political dividends.

However, the present scorecard narrates a different story. Here are some of the important episodes:

Let's have a look at the scores vital components of the area of the Economic Revival won this time.

In the component of *Tax Reforms*, the average score stands at 3.27. In the previous 2 Reports, it was 5 and 1.75 respectively. That means within a year, it has improved less than 2 points, i.e. the actual difference is 1.52.

In the component of Tax Reforms, the average score stands at 3.27. In the previous 2 Reports, it was 5 and 1.75 respectively. That means within a year, it has improved less than 2 points, i.e. the actual difference is 1.52.

This component consists of 15 sub-components, some of the most important of which got a score in the range of Zero to 5. The Zero score was awarded in such an important sub-component, *Rationalizing sales tax by ensuring standard rate for all items*, which affects all, whether they are producers, traders, or consumers. Also, that means whose discretion in this matter works wonders, i.e. the officials of the FBR's sales tax

department. The score of 5 has been awarded to 2 sub-components, i.e. *Reducing the tax evasion*; and, *Levying regulatory duty on non-essential imports*.

In the *Other Initiatives for Economic Revival*, the present average score is 5.25; 0.5 points down from the 2nd Report's score, which was 5.75.

The component of *Infrastructure* this time got an average score of 4.5; 1.5 points down from the 1st Report (6.0) and 1.33 points up from the 2nd Report (3.17). The overall loss stands in this component over a period of one year stands at $6 - 3.17 = 2.83$ points.

As far as the component of *State-owned Enterprises* is concerned, this time it has been awarded an average score of 4.5. In the previous 2 Reports, it was 4 and 3.5 respectively. It means in the 2nd Report, it went down a bit (from 4 to 3.5), but in the present Report it has improved 0.5 points (from 4.0 to 4.5). That exactly matches with the tireless efforts of the government to privatize the state entities or improve their lot as is evident from the attention PIA and Pakistan Railways are being given.

In *Building the Confidence of the Private Sector*, the average score is 3.75; which is 6.25 points down from the 10 in the 1st Report; and 3.0 points down from the 2nd Report's 6.75. That indirectly brings to light the declining confidence of the private sector in the reforms being pursued by the PML-N government.

Apart from these 5 far more significant components, there are 5 other components which are as much important to the integrity of the PML-N's Economic Agenda.

Let's have a look at them also and see how they fare with regard to the average score over the first year of the government.

In the component of *Double the GDP growth rate from 3 to 6 %*, the 2nd Report awarded the average score of 5.5, which has gone 0.9 points down in the present Report's score of 4.60. As this component includes a number of other important sub-components such as *Higher investment in the energy sector*; *Infrastructure projects*; *Foreign investment in oil, gas and other minerals*; *Bringing the investment to GDP ratio up to 20 %*, the downslide is significant and hints at the impediments hurting the reforms.

The component, *Bringing down the Budget Deficit to 4 %*, this time found an average score of 4.35; whereas in the previous two Reports, it stood at 0 and 4.25 respectively. That means in the present Report, it is 0.1 point up and in comparison with the 1st Report it is 4.35 points up.

In the component of *Bringing down inflation to 7-8 %*, the average score stands at 4.12. In the 1st Report, it was 2, and in the 2nd it was 6.75. No doubt, there is gradual improvement in the score, and that has been made possible because the government kept its hunger for borrowing limited, and in this sub-component got a score of 8; in containing the rate of taxes it was awarded 5 score. However, in the sub-component, *Keeping the interest rates lower*, it failed and found a score of Nil.

In another important statist component, *Industry and Trade Policy*, the average score this time stands at 3.94. In the 1st Report, it stood at 5.75, and in the 2nd at 2.8. That amounts to a steady decline in the efficacy of government's policy vis-à-vis industry and trade. Or, in short, a no-confidence!

One more such component, *Creating job opportunities*, got an average score of 5 this time. The 2nd Report awarded it a score of 4.25. That means giving private sector a bit of room via certain budgetary measures such as Export Finance Scheme and other incentives. However, such measures amount to keeping the state's control intact and do not allow the private entrepreneurship regain its own space where it is free to create wealth through its business ventures following just rules and regulations.

In the area of Economic Revival, the average score stands at 4.33, which is 36.5 % down from the score of 1st Report and 3.13 % down from the 2nd Report. That tends rather towards oscillation instead of stability!

Thus, in the area of Economic Revival, the average score stands at 4.33, which is 36.5 % down from the score of 1st Report and 3.13 % down from the 2nd Report. That tends rather towards oscillation instead of stability!

Energy Security

In the area of Energy Security, the performance is a bit dismal. In this 3rd Report, it has an average score of 3.93, 9.44 % down from the score of 1st Report which was 4.34. Also, the present score of 3.93 is 5.29 % down from the score of 2nd Report, which is 4.16. As compared to the 1st Report, the Energy Security score in the 2nd Report also fell by 4.14 %. That shows a steady decline over a period of one year instead of any improvement.

In this 3rd Report, it has an average score of 3.93, 9.44 % down from the score of 1st Report which was 4.34.

The Energy Security has 14 components and 22 sub-components, i.e. 22 targets in total.

The component, *Creating a Ministry of Energy and National Resources by merging the two ministries of Water and Power, and Petroleum and Natural Resources in one*, has seen as yet no development, hence no score was awarded to it.

In Reforming NEPRA, the average score stands at 4.25. The same score was awarded to this component in the 2nd Report. It means in NEPRA the things are standing still, and that speaks volumes as far as the question of addressing the chronic crisis of electricity shortage is concerned. This component includes some of the most important sub-components on the resolution of which resolution of the energy crisis depends. For instance, *Mandatory wheeling of electricity by DISCOs and the NTDC* saw no development even through a whole year. In *Net-metering (sale guarantee) for small producers / consumers*, no development took place either.

Also, another important sub-component, *Deregulating and decentralizing by allowing small power producers to sell power directly to consumers through the distribution systems of DISCOs*, saw no development taking place.

In the component of *Reforming DISCOs*, significant headway is visible. The privatization process of 6 DISCOs is already on the track. That earned it a good average score of 5.83.

Somehow same is the case with *Reforming GENCOs* component. It has been granted an average score of 4. As the 2 GENCOs are up for privatization earning a due score to this component, the other two sub-components, *Retrofitting of all equipment*, and *Replacing furnace oil boilers by coal fired boilers*, stood still obtaining no score.

In the component of *Eliminating the circular debt permanently*, the present average score is a meagre 3.63. In the 1st Report, it was 5.7; and in the 2nd Report, it stood at 3.25. That means instead of its permanent elimination, the measures taken in the start are failing and the circular debt is steadily piling up. Presently it is around Rs.300 billion. Also, as the government has made no allocation in the current budget to retire it, and as no effective measures are under way to deal with it, it may be surmised that it will keep on increasing. That predicts deepening of the energy crisis.

The target of *Rationalizing the energy tariffs in line with international prices* sees Nil development taking place.

As in two of the important sub-components of the *Reforming OGRA* component no development took place, it was considered not to score it.

In *Aggressive wellhead pricing for oil and gas exploration companies*, 3.5 score was awarded since the concerned ministry has recommended the federal cabinet to increase the wellhead price for gas in Mari Petroleum Company Limited by a massive 300 %.

The *High priority to importing gas through pipelines* component got a score of 2. In *Setting up of coal and LNG terminals and coal transportation facilities*, a score of 5 has been allotted.

In other components, a score of 3 to 7.5 to 8.5 has been granted as per the respective progress made there. However, the most important component, i.e. *Decentralizing and creating a wholesale market for electricity*, could only be awarded a Nil score since it saw not a bit of movement. The 2nd Report also found it fit to award a Nil.

Social Protection

In the area of Social Protection, this time the average score stands at 6.25. The 1st Report awarded it a score of 6; and the 2nd Report, a score of 6.5. As the stable status of score in this area revolves around 6, it may be interpreted in a manner that implies the political preference of the PML-N government for social protection.

In sum, the average scores this time in all 3 areas stand as: Economic Revival: 4.33; Energy Security: 3.93; and, Social Protection: 6.25. That brings the overall implementation status this time to 4.84. In the 1st Report that status was 4.45; and in the 2nd Report, it stood at 5.1. It means over a period of one year, while some progress was made, the same is being reversed however!

Some concluding thoughts

So far as the Economic Agenda of the PML-N is concerned, it may not be out of place to suggest that PML-N urgently needs to get its act together.

It's just one year that has slipped out of its grip. There is still a period of 4 long years quivering in its hands. It must make its mind to do the fateful.

As has been theorized in the start of this narrative, the PML-N needs to be steadfast in its resolve so that no temporal distractions are powerful enough to divert its attention and energy.

It's just one year that has slipped out of [PML-N] grip. There is still a period of 4 long years quivering in its hands. It must make its mind to do the fateful.

At the moment what it needs most is to have a serious rereading of its own Economic Agenda so that it may rediscover its true spirit. Then it needs to put all of its efforts into those reforms which are economically vital (the list of which has been put together above). At the same time, it needs to do its job in a manner that makes the reforms sustainable.

In that lies the model of a government which will earn the PML-N a durable vote-bank and true political grounding.

Having said that, this I would like to conclude with the following quote from a book which is actually meant for politicians:

"An agenda for reform should contain clear aims, a number of policy changes, appropriate methods and strategic components. It is to some extent about leadership, which is easier today than a few decades ago before the road to reform had been cleared. It is all about deciding to go in the reform direction."

In [resolve to avoid temporal distractions], lies the model of a government which will earn the PML-N a durable vote-bank and true political grounding.

[*The Guide to Reform*, by Johnny Mukhammar (2007), p. 231, quoted in *Renaissance for Reforms*, by Stefan Folster and Nima Sanandaji, (2014), p.110]

Khalil Ahmad

July 6, 2014

Policy Research Institute of Market Economy (PRIME)

PML-N Economic Agenda: Tracking Report

Overall Score= 4.84 (10)

Economic Revival= 4.33 (10)

Overall Score= 4.84 (10) Economic Revival= 4.33 (10)							
1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.1	Double the GDP growth rate from 3% to over 6%						4.60
1.1.1.	Double the GDP Growth rate	3.6% ¹	4.14 ²				3

¹ Ministry of Finance Annual Budget Statement Revised Budget 2012-13

² Economic Survey of Pakistan, 2013-14

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.1.2	Higher investment in the energy sector	In 2013-14, revised budget for WAPDA (Power) was Rs 76.09 b ³	Budget allocated for WAPDA (Power): Rs. 63.613 b ⁴	2	1	1.5	4.5
1.1.3	Converting at least 50% of the remittances by Overseas Pakistanis into investments		As yet no development				Not scored.
1.1.4	Infrastructure projects (motorways, dams, housing projects, new urban centers and cities)	Total PSDP revised budget under Federal Govt Rs 388b. ⁵	Allocated development spending on infrastructure projects is Rs. 512 b excluding the Rs. 12b for MDGs.	2.5	2	2.5	7

³ Ministry of Finance, Budget in Brief 2014-15

⁴ Ibid.

⁵ Ibid.

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.1.5	Foreign investment in oil, gas and other minerals	Net FDI in these sectors: US \$614.4 mn for Jul-May 2013 ⁶	Provisional estimate for net FDI: US \$ 417.9 mn for Jul-May 2014 ⁷	2	0	2	4
1.1.6	Investment to GDP ratio will rise to 20%	US \$684.1m ⁸ 14.22% ⁹	13.99% ¹⁰	2	0	2.5	4.5
1.2	Budget deficit will be brought down to 4%						4.35

⁶ SBP, FDI in Pakistan by Country, <http://sbp.org.pk/ecodata/Netinflow.pdf>

⁷ Ibid

⁸ Net Inflow Summary' SBP

⁹ Business Recorder, Economic Survey 2013-14: lower investment hurts growth, June 3rd 2014. <http://www.brecorder.com/business-a-economy/189/1188959/>

¹⁰ Ministry of Finance, Economic Survey (Highlights ES 2013-14) http://www.finance.gov.pk/survey_1314.html

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.2.1	Bring down budget deficit to 4%	8% ¹¹	6.3% ¹²				3
1.2.2	Increase tax to GDP ratio from 9% to 15%	10.6% ¹³	11.5% ¹⁴	1.5	1.5	2	5
1.2.3	One-third reduction in current expenditures other than salaries, allowances and pensions	Running of Civil govt revised 2012-13 Rs 251,164 mn ¹⁵	Rs. 274,693 mn ¹⁶ allocated for running the Civil government 2014-15	2	0	0	2

¹¹ 'Budget Deficit surges to over Rs. 2tr', The Nation, July 28th 2013 <http://www.nation.com.pk/business/28-Jul-2013/budget-deficit-surges-to-over-rs2tr>

¹² Ministry of Finance, Budget Speech, 2014-15

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ministry of Finance, Budget in Brief 2013-14

¹⁶ Ministry of Finance, Budget in Brief 2014-15

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.2.4	Eliminate VIP Culture by reducing expenses on Presidency, Prime Minister, Governors and Chief Ministers	Revised expenditure of PM house in 2013-14, 725 m ¹⁷	Budget Estimate for PM house in 2014-15, 396 m ¹⁸	2.5	2	3.5	8
1.2.5	Reduction in losses on PSEs	Budgeted Subsidies in 2013-14 (revised) in non-power sector were Rs. 121 billion.	Budgeted Subsidies in 2014-15 for non-power sector were Rs. 130 billion.	2	0	1.75	3.75
1.3	Inflation will be brought down to single digit in the range of 7%-8%						4.12

¹⁷ Ibid

¹⁸ Ibid

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.3.1	Bring down inflation	5.9 % ¹⁹	8.7% ²⁰				3
1.3.2	Limiting government borrowing	343.5 b ²¹ Rs15,530.9b ²² (67.8% of GDP)	Rs 16,623.6 billion ²³ (68% of GDP)	2.5	2	3.5	8
1.3.3	Decreasing tax rates	N.A	Corporate tax, general tariff, FED and capital gain tax brought down and GST and	2	1.5	2	5.5

¹⁹ State Bank of Pakistan Inflation Monitor June 2013

²⁰ Daily Times, Inflation remained at 8.7% in 2013-14, June 3rd 2014. <http://www.dailytimes.com.pk/business/03-Jun-2014/inflation-remained-at-8-7-in-2013-14>

²¹ State Bank Quarterly Report 2012-13

²² Debt and Liabilities Profile, State Bank of Pakistan, February 21st 2014, NOTE: Govt. Borrowing (Govt. domestic debt +PSEs domestic debt+ External Debt)

²³ State Bank of Pakistan, Debt and Liabilities Profile, May 2014. <http://www.sbp.org.pk/ecodata/index2.asp>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
			Income tax unchanged. ²⁴				
1.3.4	Lower interest rates through effective monetary policy	9.5% ²⁵	10% ²⁶				Nil
1.4	Other Initiatives for Economic Revival						5.25
1.4.1	Reducing energy shortage and cost of producing energy	Electricity shortfall June-July 2013 3200MW ²⁷	Electricity shortfall June 2014, 3800MW ²⁸	2	1.5	2	5.5

²⁴ Ministry of Finance, Budget Speech 2014-15

²⁵ State Bank Monetary Policy 2013

²⁶ SBP, Monetary Policy Decision May 2014, http://www.sbp.org.pk/m_policy/mon.asp

²⁷ Dunya News, Electricity shortfall stands at 3200MW, July 18th 2013. <http://dunyanews.tv/index.php/en/Pakistan/183844-Electricity-shortfall-stands-at-3200MW>

²⁸ <http://www.thenewstribes.com/2014/06/28/pakistans-electricity-shortfall-reaches-3800-mw-before-ramadan/>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.4.2	Opening up markets to encourage regional trade		Progress observed in trade with India, Afghanistan, China, Indonesia, Romania ²⁹⁻³⁰⁻³¹	2.5	2	2	6.5
1.4.3	Reforms in financial sector and capital markets		Pakistan raised \$2 billion from international debt markets through the issuance of five- and 10-year dollar-	2.5	2	2.5	7

²⁹ Daily Times, Pakistan, Romania can enhance trade volume to \$500 million, June 29th 2014. <http://www.dailytimes.com.pk/business/29-Jun-2014/pakistan-romania-can-enhance-trade-volume-to-500-million>

³⁰ Nation, India committed to boosting trade with Pakistan, June 10th 2014. <http://www.nation.com.pk/national/10-Jun-2014/india-committed-to-boosting-trade-with-pakistan> Daily Times, Industries, exporters to boost exports of traditional, non-traditional products, June 29th 2014. <http://www.dailytimes.com.pk/business/29-Jun-2014/industries-exporters-to-boost-exports-of-traditional-non-traditional-products>

³¹ Pakistan Observer, Pak-China friendship raises trade and investment scale, June 11th 2014. <http://pakobserver.net/detailnews.asp?id=244057>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
			denominated Euro bonds. ³²				
1.4.4	Improved regulatory environment on national level	Developments in regulatory reforms in SBP, NEPRA, OGRA under way.	Government has already acquired the powers of appointing heads of apex regulatory bodies, instead of relevant commission.	0.5	0.5	1	2
1.5	Industry and Trade						3.94

³² Express Tribune, Single attempt: Pakistan raises \$2b through Euro bonds, April 10th 2014. <http://tribune.com.pk/story/693655/single-attempt-pakistan-raises-2b-through-euro-bonds/>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.5.1	Making ample credit available to the private sector	Credit to Private Sector Rs 230 billion in January 2014 ³³	Credit to Private Sector increased to Rs 303b ³⁴	2	1.5	4	7.5
1.5.2	Industrial Manufacturing growth will be taken to 7% to 8%	6.05% ³⁵	4.3% ³⁶	1.5	1.5	2	5
1.5.3	Reforming tariffs to eliminate anti-export basis	N.A.	Government commits to gradually remove the anti-export	1	0	0	1

³³ The News, Private sector credit jumps to Rs303 billion, June 25th 2014. <http://www.thenews.com.pk/Todays-News-3-257938-Private-sector-credit-jumps-to-Rs303-billion>

³⁴ Ibid

³⁵ Production of Selected Large-scale Manufacturing Items during July-January' SBP

³⁶ Business Recorder, The LSM Mystery, June12th 2014. <http://www.brecorder.com/br-research/44:miscellaneous/4498:the-lsm-mystery/>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
			bias in the tariff policy. ³⁷				
1.5.4	Establishing an Equity Fund consisting of private and public sectors		As yet no development				Not scored.
1.5.5	Creating Industrial Parks for large and small industries especially in the under-developed areas		Chinese, Japanese & Koreans have shown interest in Bin Qasim Industrial Park ³⁸ . NEC approved Gaddani Power Park. ³⁹	1	0	2	3

³⁷ Business Recorder, Ggovernment decides to set up Export-Import (Exim) Bank. June 11th 2014. <http://www.brecorder.com/top-stories/0:/1191243:government-decides-to-set-up-exim-bank/>

³⁸ The News, Foreigners encouraging local investment, June 24th 2014. <http://www.thenews.com.pk/Todays-News-3-257742-Foreigners-encouraging-local-investment>

³⁹ The News, Dar to present Rs3.8 trillion budget tomorrow, June 2nd 2014. <http://www.thenews.com.pk/Todays-News-13-30686-Dar-to-present-Rs38-trillion-budget-tomorrow>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.5.6	Developing Clusters for industries (Gems, Jewellery, Fans, Halal Meat, Sports Goods, Furniture, Crockery, Utensils)		FIEDMC has joined hands with IKEA to set up a furniture city in its industrial zone ⁴⁰ (FIEDMC) is introducing a Halal Processing Food Zone in Pakistan at the Faisalabad Industrial Estate ⁴¹	1	1	1	3

⁴⁰ Express Tribune, Furniture city on the cards to promote industry, exports, June 20th 2014. <http://tribune.com.pk/story/724213/furniture-city-on-the-cards-to-promote-industry-exports/>

⁴¹ Express Tribune, Halal Food Zone to be set up in Faisalabad, June 26th 2014. <http://tribune.com.pk/story/727030/halal-food-zone-to-be-set-up-in-faisalabad/>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.5.7	Necessary incentives for MNCs already operating in Pakistan		Corporate tax for foreign firms bringing new FDI reduced to 20%. ⁴²	1.5	1.5	2	5
1.5.8	Incentives for MNCs expected to invest in Pakistan in export oriented manufacturing		Corporate tax for foreign firms bringing new FDI reduced to 20%. ⁴³	1.5	1.5	2	5
1.5.9	Intensifying participation in regional cooperation forums like SAARC and ECO, including FTAs and PTAs		MFN status yet to be granted to India. ⁴⁴	2	0	2	4

⁴² Business Recorder, Salient features of income tax budgetary measures, June 3rd 2014. <http://www.brecorder.com/budget/budget-2014-15/budget-news/176161-salient-features-of-income-tax-budgetary-measures.html>

⁴³ Ibid.

⁴⁴ Dawn, MFN status postponed for India, March 24th 2014. <http://www.dawn.com/news/1095287>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.5.10	All exports will be sales tax free		As yet no development.				Not scored.
1.5.11	Export-Import Bank will be set up	N.A.	Government has decided to set up Export-Import (EXIM) Bank of Pakistan. ⁴⁵	2	0	0	2
1.5.12	Technology Up-gradation Fund will be set up		As yet no development.				Not scored.
1.6	Infrastructure						4.5
1.6.1	Bureau of Infrastructure Development will be established for private sector		Infrastructure Project Development	2.5	0	2	4.5

⁴⁵ Business Recorder, Government decides to set up Export-Import (Exim) Bank. June 11th 2014. <http://www.brecorder.com/top-stories/0:/1191243:government-decides-to-set-up-exim-bank/>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
	participation		Facility exists and at the moment overlooks Public Private Partnerships ⁴⁶				
1.6.2	Improving Transport & Communication (Construction of National Trade Corridors and Mass Transit Facilities in all major cities)	PSDP Budget for NHA was Rs 88 billion (revised estimates) 2013-14 ⁴⁷	PSDP Budget for NHA for 2014-15 is Rs. 111 billion. ⁴⁸ Lahore-Karachi Motorway, Hasanabdal- Havelian- Mansehra Road project, Peshawar Northern Bypass, Raikot-Islamabad	2.5	1	1	4.5

⁴⁶ Ministry of Finance, Infrastructure Project Development Facility (this was not created by the new government of PML N)
<http://www.ipdf.gov.pk/index.php?cmd=introDetailed>

⁴⁷ Ministry of Finance, Budget 2013-14

⁴⁸ Ibid.

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
			project, Gwadar Airport, Gwadar Free Economic Zone and construction of a jetty and infrastructure development at the Gaddani Power Park received approval of the NEC. ⁴⁹				
1.6.4	At least 1000 clusters of 500 houses each for lower income families will be developed	N.A	Rs 2 billion allocated in budget FY14-15.	2.5	1	1	4.5

⁴⁹ The News, Dar to present Rs3.8 trillion budget tomorrow, June 2nd 2014. <http://www.thenews.com.pk/Todays-News-13-30686-Dar-to-present-Rs38-trillion-budget-tomorrow>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.7	Creating Job Opportunities						5
1.7.1	Create incentive programmes for the private sector to create employment		Budgetary measures such as reduction in the rate of Export Finance Scheme and certain tax exemptions provide incentives.	1.5	1.5	1	4
1.7.2	Starting a especially designed employment program		Prime Minister Youth Business Loan Scheme and Interest Free Loans ⁵⁰ .	2	2	2	6

⁵⁰ Prime Minister's Youth Loan Scheme, <http://youth.pmo.gov.pk/>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.8	Tax Reforms						3.27
1.8.1	Bringing informal economy into tax net		WHT on the basis of registration category is introduced to bring dealers/Arhtis of commodities in tax net. ⁵¹	1	0.5	0.5	2
1.8.2	Broadening tax base		Simplify taxation of construction sector, minimum tax on builders & developers has been proposed. Profiling of	1.5	1	1	3.5

⁵¹ Ministry of Finance, Budget Speech 2014-15

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
			500,000 persons using database of NADRA to bring more people in the tax net. ⁵²				
1.8.3	Tax all income		As yet no development				Not scored.
1.8.4	No increase in the tax rates		Corporate tax, general tariff, FED and capital gain tax brought down and GST and Income tax unchanged. ⁵³	2	1.5	2	5.5

⁵² Ministry of Finance, Budget Speech 2014-15

⁵³ Ministry of Finance, Budget Speech 2014-15

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.8.5	Reduce Tax evasion		Various budgetary measures such as: increased selective audit on the basis of computerized draw, and increased amount of penalties.	2	1	2	5
1.8.6	Rationalizing tax rates		Budget 2014-15 contains some measures such as reduction in advance income tax.	1	1	0.5	2.5

1	Manifesto Chapter: Economic Revival	Implementation Status					
		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
1	Manifesto Targets						
1.8.7	Reform of tax administration both at the federal and provincial levels		Electronic monitoring to be introduced. ⁵⁴	0	1	0	1
1.8.8	Ensuring tax compliance by small businesses		Identifying small businesses by using electricity bills.	0	2	0	2
1.8.9	Publish an Annual Tax Directory indicating the taxes paid and assessed in the last 3 years		Tax Directory published. ⁵⁵	2.5	2.5	5	10
1.8.10	Reduce the number of federal and provincial taxes		As yet no development				Not scored.

⁵⁴ Ibid

⁵⁵ Published in Express Tribune, on 15th April 2014

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.8.11	Rationalizing sales tax by ensuring standard rate for all items	Proposal under consideration.	No further progress made.	0	0	0	0
1.8.12	Broadening the scope of sales tax		In addition to 17.5% GST, 5-5.7% percent tax has been imposed on retailers whose electricity bill is more than Rs. one million ⁵⁶ .	2	1	0	3
1.8.13	Ensuring elimination of money laundering and whitening of black money		As yet no development				Not scored.

⁵⁶ Jang, July 3, 2014

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.8.14	Improving self-assessment and audit compliance	711,000 returns/statements received by FBR in 2012. ⁵⁷	800,000 returns of income/statements received by FBR ⁵⁸	1	1	1	3
1.8.15	Regulatory duty will be levied on non-essential imports	Excise duty on SUVs has increase to 30 % ⁵⁹	Regulatory duty of 5% on 282 luxury items imposed. ⁶⁰	2	1.5	1.5	5

⁵⁷ 'Improvement in filing of Income Tax Returns witnessed' FBR, Dec 17th 2013.
<http://www.fbr.gov.pk/PressRelease.aspx?view=Press%20Release&ActionID=%20&ArticleID=>

⁵⁸ Ibid

⁵⁹ Review of Regulatory Duty on Luxury/ Non-Essential Goods SRO (482(1/2009)742(I)/2013) Passed on 28th August 2013.

⁶⁰ Business Recorder, Import of 282 luxury items: five percent RD imposed, June 27th 2014. <http://www.brecorder.com/taxation/181:pakistan/1197033:import-of-282-luxury-items-five-percent-rd-imposed/?date=2014-06-27>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
1.9	State-owned enterprises						4.5
1.9.1	Appointing independent and professional boards	Board formed and dissolved.	No further progress made.	0	0	0	0
1.9.2	Identification and ensuring the completion of privatisation process within the assigned timeframe		Government has sold its 19.8 percent stake in UBL for \$387 million. ⁶¹ The CCOP approved secondary public offering of 70.05 million shares of	2.5	2	3	7.5

⁶¹ Daily Times, Country raises \$387m in United Bank stake sale, June 13th 2014. <http://www.dailytimes.com.pk/business/13-Jun-2014/country-raises-387m-in-united-bank-stake-sale>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
			govt holdings in PPL. ⁶²				
1.9.2	PIA will be transformed into a profitable and reputed airline of the region		Govt providing bailout package worth Rs. 16 billion. ⁶³ 14 most sophisticated aircraft being acquired by the PIA. ⁶⁴	2.5	2	2.5	7

⁶² The News, Govt to sell 70.05 million PPL shares by month-end, June 21st 2014. <http://www.thenews.com.pk/Todays-News-3-257202-Govt-to-sell-7005-million-PPL-shares-by-month-end>

⁶³ The News, Govt scales down PSE subsidies by 37 percent, June 5th 2014. <http://www.thenews.com.pk/Todays-News-3-254088-Govt-scales-down-PSE-subsidies-by-37-percent>

⁶⁴ The News, All-out help to make PIA best airlines: PM, June 30th 2014. <http://www.thenews.com.pk/Todays-News-13-31264-All-out-help-to-make-PIA-best-airlines-PM>

1		Implementation Status					
Manifesto Chapter: Economic Revival							
1	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
1.9.3	Improving the operations of Pakistan Railways, such as by setting of autonomous Board	N.A.	Rs33 billion has been allocated for Pakistan Railways, restructuring plan is under development and will be finalised by September. ⁶⁵	1	2	0.5	3.5
1.10	Building the confidence of private sector						3.75
1.10.1	Encourage participation of private sector in planning		Government has included the development of private sector in its Vision 2025 and 11 th Five-Year Plan 2013-18.	1.5	1.5	1	4

⁶⁵ The News, Govt scales down PSE subsidies by 37 percent, June 5th 2014. <http://www.thenews.com.pk/Todays-News-3-254088-Govt-scales-down-PSE-subsidies-by-37-percent>

1	Manifesto Chapter: Economic Revival	Implementation Status					
1	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
			New post of Member Private Sector Development has been created in the Planning Commission. ⁶⁶				
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		PBEC has already been established (Economic Advisory Council) and it met several times under Finance Minister. ⁶⁷	2	0	1.5	3.5

⁶⁶ 'Govt sees private sector as engine of growth, prosperity', Daily Times, January 25th 2014. <http://www.dailytimes.com.pk/business/25-Jan-2014/govt-sees-private-sector-as-engine-of-growth-prosperity>

⁶⁷ <http://www.dailytimes.com.pk/business/27-Apr-2014/economic-advisory-council-discusses-economic-issues> and <http://www.newspakistan.pk/2014/04/28/50-pakistanis-earn-60-monthly-finance-minister/>

Energy Security= 3.93 (10)

2	Manifesto Chapter: Energy Security	Implementation Status					
	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
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.				Not scored.
2.2	Reforms of National Electric Power Regulatory Authority (NEPRA) by						4.25
2.2.1	Upfront/Feed-in-tariff for wind, solar, small hydel, and biomass projects		NEPRA revised upwards upfront tariff for coal powered plants by 20% and also	2	2	2	4.75

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
	Manifesto Targets		notified for wind power. ^{68 69}				
2.2.2	Mandatory wheeling of electricity by DISCOs and the NTDC		As yet no development.				Not scored.
2.2.3	Net metering (sale guarantee) for small producers/consumers		As yet no development.				Not scored.
2.2.4	NEPRA determined tariffs to be notified tariffs		Government delayed the notification of power tariff determined by NEPRA. ⁷⁰	1.5	1	0.5	3.5

⁶⁸ <http://www.brecorder.com/fuel-a-energy/193:pakistan/1188025:upfront-tariff-of-coal-fired-power-plants:-ti-p-receives-complaints-against-nepra-for-approving-rs-150-per-unit-hike?date=2014-05-31>

⁶⁹ <http://www.thenews.com.pk/Todays-News-3-173666-Neptra-determines-wind-power-upfront-tariff-at-Rs13.19-per-kWh>

⁷⁰ <http://www.brecorder.com/fuel-a-energy/193:pakistan/1197714:government-told-to-notify-rates-of-power-tariff/?date=2014-06-29>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
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.				Not scored.
2.3	Reform of Distribution Companies						5.83
2.3.1	Corporatization and privatisation of DISCOs		Government planning to privatize 50,000 km transmission lines. ⁷¹ Privatization of 6 DISCOs on early basis.(LESCO; GEPCO; MEPCO;	2	2	3	7

⁷¹ The News, Govt plans to privatise power transmission lines, June 25th 2014. <http://www.thenews.com.pk/Todays-News-3-257939-Govt-plans-to-privatise-power-transmission-lines>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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)
			PESCO; QESCO; SEPCO) ⁷²				
2.3.2	Reduction of transmission and distribution losses to less than 10%	15.95% (2011-12) ⁷³	Privatisation, upgradation and installation of new transmission lines. T&D losses 17.55% ⁷⁴	2	2	0.5	4.5

⁷² Business Recorder, Early implementation: six DISCOs, GENCOs included in sell-off plan, June 24th 2014. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1195415:early-implementation:-six-discos-gencos-included-in-sell-off-plan?date=2014-06-24>

⁷³ State of Industry Report NEPRA 2011-12

⁷⁴ Business Recorder, Rs 40 billion subsidy to be released to PEPCO today, June 30th 2014, <http://www.brecorder.com/top-stories/0/1197928/>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
2.3.3	Collection of electricity bills to 100%	86% ⁷⁵	Center to deduct electricity charges from provinces at source. ⁷⁶ 3.2bn recovered from collection drive. ⁷⁷	1.5	2	2	5.5
2.3.4	Ending of cross subsidy among DISCOs	Inter-DISCO tariff differential in 2013-14 was Rs. 230 billion (revised).	Inter-DISCO tariff differential in 2014-15 was Rs. 150 billion.	2	2	3.5	5.5
2.3.5	Introduction of pre-paid billing system		As yet no development.				Not scored.

⁷⁵ State of Industry Report NEPRA 2011-12

⁷⁶ <http://tribune.com.pk/story/715191/ci-meeting-centre-to-cut-provinces-power-dues-at-source/>

<http://www.thenews.com.pk/Todays-News-13-30640-Power-bills-to-be-deducted-from-provinces-funds>

⁷⁷ Pakistan Today, Expect no relief – outages are meant to stay! May 2nd 2014. <http://www.pakistantoday.com.pk/2014/05/02/national/expect-no-relief-outages-are-meant-to-stay/>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
	Manifesto Targets						
2.4	Reform of Generating Companies						4
2.4.1	Corporatisation and Privatisation of GENCOs under an independent Board ⁷⁸		2 GENCOs up for early privatization (Central Power Generation Co & Lakhra Power Generation Co). ⁷⁹	2	2	0	4
2.4.2	Retrofitting of all equipment		As yet no development.				Not scored.
2.4.3	Replacement of furnace oil boilers by coal fired boilers		As yet no development.				Not scored.

⁷⁸ '2 DISCOs, 1 GENCO: PC board accords approval to restructuring, sell-off', Business Recorder, February 21st 2014. <http://www.brecorder.com/market-data/stocks-a-bonds/0/1155462/>

⁷⁹ Business Recorder, Early implementation: six DISCOs, GENCOs included in sell-off plan, June 24th 2014. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1195415:early-implementation:-six-discos-gencos-included-in-sell-off-plan?date=2014-06-24>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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)
2.5	Permanent elimination of circular debt						3.63
2.5.1	Eliminate circular debt	Rs. 300-350 billion as of March 2014.	Circular debt around Rs. 300 billion as of 28 th June 2014. ⁸⁰	0	0	0	0
2.5.2	Narrowly target subsidies for consumers up to 100 units	Rs 200 billion subsidy in the 2013-14 budget (revised). ⁸¹	Rs. 150 billion subsidy in 2014-15 budget.	2.5	2	2.5	7
2.5.3	Notify electricity tariffs according to the average system wide cost		Already the same as per NEPRA.	1.5	1.5	1.5	4.5

⁸⁰ Business Recorder, Power sector receivables hit Rs 520.18 billion mark, June 28th 2014. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1197339:power-sector-receivables-hit-rs-52018-billion-mark?date=2014-06-28>

⁸¹ Daily Times, POL price hike: Rs 20bn subsidy provided to protect masses, June 18th 2014. <http://www.dailytimes.com.pk/business/18-Jun-2014/pol-price-hike-rs-20bn-subsidy-provided-to-protect-masses>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
	Manifesto Targets						
2.5.4	Power dispatch to be strictly according to plan, efficiency and generation cost		As yet no development.				Not scored.
2.5.5	Ensure supply of gas to power plants		As per government priority list, power plants come second followed by the general industrial, fertilizer and captive power at third, cement sector at fourth and CNG sector at fifth. ⁸²	1.5	0	1.5	3
2.6	Rationalisation of energy tariffs in line with international prices		Nil.				Nil

⁸² Dawn, SC puts off hearing of gas supply to CNG stations, Jan 16th 2014. <http://www.dawn.com/news/1080671>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
	Manifesto Targets						
	across all fuels						
2.7	Reforms of Oil and Gas Regulatory Authority						Not scored.
2.7.1	Blanket ban on new CNG stations	No new CNG stations allowed. ⁸³	Target stands achieved.				Not scored.
2.7.2	Priority to public transport in the use of CNG	Public transport is being provided CNG in Punjab. ⁸⁴	Target stands achieved.				Not scored.
2.7.3	Tariff rationalisation in gas sector		As yet no development.				Not scored.

⁸³ 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/>

⁸⁴ Express Tribune, Energy crisis: 'Solar park to generate 1,000MW, October 13th 2013. <http://tribune.com.pk/story/617284/energy-crisis-solar-park-to-generate-1000mw/>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
2.7.4	Narrowly targeted subsidy for natural gas and LPG users		As yet no development.				Not scored.
2.7	Aggressive wellhead pricing for oil and gas exploration companies		Petroleum ministry has recommended the federal cabinet's (ECC) to increase the wellhead gas price of Mari Petroleum Company Limited by a massive 300%. ⁸⁵	1.5	1	1	3.5
2.8	High priority to import gas through pipelines		As yet nothing concrete has emerged.	2	0	0	2

⁸⁵ Dawn, Hike in wellhead gas price to deprive provinces of GDS, June 27th 2014. <http://www.dawn.com/news/1115349/hike-in-wellhead-gas-price-to-deprive-provinces-of-gds>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
2.9	Setting up of coal and LNG import terminals, and coal transportation facilities		OGRA issued a licence to Elengy Terminal Pakistan Limited to construct a terminal at Port Qasim for landing and re-gasification of LNG. ⁸⁶	2	1.5	1.5	5
2.10	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		China to establish 660MW coal-based power plant at Thar. ⁸⁷	2.5	2.5	2.5	7.5

⁸⁶ Dawn, Elengy given license to build LNG terminal at PQ, June 19th 2014. <http://www.dawn.com/news/1113649/elengy-given-licence-to-build-lng-terminal-at-pq>

⁸⁷ The Nation, China to establish 660MW coal-based power plant at Thar, June 16th 2014. <http://www.nation.com.pk/business/16-Jun-2014/china-to-establish-660mw-coal-based-power-plant-at-thar>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
2.11	Developing consensus among the various stakeholders to facilitate setting up hydropower projects by the Federal and Provincial Governments		As yet no specific progress reported however, 84 MW New Bong Hydropower Project being the first hydro IPP in Pakistan/AJ&K has been commissioned and Neelum-Jhelum hydroelectric project approved. ⁸⁸	1.5	1.5	0	3
2.12	Developing alternative renewable energy sources, such as solar, wind, bagasse, biogas, and biomass projects		35 wind power IPPs holding LOIs issued by AEDB are at various stages of project	2.5	2.5	3.5	8.5

⁸⁸ Business Recorder, Government taking energy challenge seriously, June 3rd 2014. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1188858:government-taking-energy-challenge-seriously/?date=2014-06-03>

2	Manifesto Chapter: Energy Security	Implementation Status					
		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
	Manifesto Targets		development. In Solar Energy, 24 LOIs for cumulative capacity of approximately 792.99 MW. On-Grid Solar PV power plants have been issued. ⁸⁹				
2.13	Introducing solar-thermal water heaters for domestic and industrial use		As yet no development.				Not scored.
2.14	Decentralizing and creating a wholesale market for electricity		Nil				Nil

⁸⁹ Pak Tribune, Solid measures afoot for fast track alternative energy development, June 3rd 2014. <http://paktribune.com/news/Solid-measures-afoot-for-fast-track-alternative-energy-development-269454.html>

Social Protection= 6.25 (10)

3	Manifesto Chapter: Social Protection	Implementation Status					
	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
3.1	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. 70.28 Billion under BISP (revised). ⁹⁰	Rs.97 billion allocated and amount increased from 1200 to 1500 per month. ⁹¹	2.5	2.5	4	9
3.2	Raise the total spending on non-pension social protection from the current level of 1% of GDP to at least 2% by 2018	Revised total allocation for social protection (subsidies+ BISP+ social protection) in 2013-14 was around Rs. 394 billion, which is 2% of GDP.	Estimated total allocation for social protection (subsidies+ BISP+ social protection) in 2014-15 is around Rs. 302 billion, which is 1% of GDP.	1.5	1	1	3.5
3.3	Legislate the 'Right to Food'		As yet no development.				Not scored.

⁹⁰ Ministry of Finance, Budget Speech 2014-15. http://finance.gov.pk/budget/Budget_in_Brief_2013_14.pdf

⁹¹ Ibid

PML-N Economic Agenda: Tracking Reports
Snapshots from 1st, 2nd and 3rd Reports

	1st Tracking Report	2nd Tracking Report	3rd Tracking Report
	Jul-Dec 2013	Jan-Mar 2014	Apr-Jun 2014
Overall Score (Out of 10)	4.45	5.10	4.84
Economic Revival	3.17	4.47	4.33
GDP Growth	-	5.5	4.60
Budget deficit	0	4.25	4.35
Inflation	2	6.75	4.12
Government Borrowing	0	8.5	8
Reducing Energy Shortage	-	6.5	5.5
Regional Trade	-	6.5	6.5
Reforms of Financial Sector and Capital Markets	-	6	7
Job Opportunities	-	4.25	5
Interest Rates	0	0 (Nil)	Nil
Industry and Trade	5.75	2.8	3.94
Infrastructure	6	3.17	4.5
Job Opportunities	-	4.25	5
Tax Reforms	5	1.75	3.27
State Owned Enterprises	4	3.5	4.5
Energy Security	4.16	4.34	3.93
Reforms of NEPRA	-	4.5	4.25
Reform of Distribution Companies	3.33	2.83	5.83
Reform of Generating Companies	1.5	2.5	4
Permanent Elimination of Circular Debt	5.33	3.25	3.63
Wellhead Pricing of Oil & Gas Exploration Companies	4.5	3.5	3.5
Gas Imports	4	2	2
Coal and LNG Import Terminal	-	3.5	5
Thar Coalfields	5	7	7.5
Alternative Renewable Energy	-	7	8.5
Social Protection	6	6.5	6.25

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." **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 Ahmed** (*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** (*President, Multan Chamber of Commerce & Industry*)

PRIME Team

Ali Salman

Executive Director

Sara Javed

Associate Director

Fizza Behzad

Research Analyst

Wajeaha Riaz

Research Associate

Raees Abbasi

Admin & Finance Officer

Khuram Shahzad

Communications Associate

Dr. Khalil Ahmad

Distinguished Research
Fellow

PRIME Adjunct Scholars

Dr. Raza Ullah

Dr. Khalid Mahmood
Shahid Mahmood

Contact:

Address: Suite No. 714,
Silver Oaks Apartments,
F-10 Markaz, 44000
Islamabad-Pakistan

Tel: 00 92 (51) 8 31 43 37-8

Fax: 00 92 (51) 8 31 43 39

Email:

info@primeinstitute.org

URL:

www.primeinstitute.org

Policy Research Institute of Market Economy (PRIME)

SUCCUMBING TO THE TEMPORAL

PML-N Economic Agenda

3rd Tracking Report: April-June 2014

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. This is the third report of the series being issued in a year.

Building on Privatisation: A Performance Review of Electricity Utility Companies in Pakistan *by* Dr. Raza Ullah

This report reviews the performance of electricity utility companies in Pakistan by comparing the state owned companies (PESCO & IESCO) with the privately managed Karachi Electric. Using the benchmarks of governance, operational management, financial performance and commercial management, the report develops a scorecard to track the performance of DISCOs and indicates factors which have led to the turn around of KE after its privatisation. The report is beneficial for the analysts of power sector as well as decision makers.

Export Development Fund

"Export Development Fund: A Critical Analysis and Roadmap for Restructuring", highlights various factors which have led to misallocation and misappropriation of funds instead of boosting exports. It is authored by Sara Javed.

Conference on Power Sector Reforms: State Incentives or Market Rules

The report describes key issues and 61 policy messages for power sector reforms highlighted by speakers and participants in the conference organised by PRIME on 7th May, 2014.

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Forth coming:

Small Enterprise: Choice between Formality and Informality,
By Asad Ullah