



Too slow to make it

PML-N Economic Agenda

4th Tracking Report: July-December 2014

Policy Research Institute of Market Economy (PRIME)



With support from: Center for International Private Enterprise

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

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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. Current report covers progress made during July-December 2014.

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 "indicators" 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.
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.
12. The law of diminishing returns applies on scoring in the case of “Implementation”. The increments in the scores tend to be smaller with time.

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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Too slow to make it

Taking the first steps is always difficult. They require both a firm resolve and a lot of energy. It's just like the first gear which puts a vehicle into motion. After that the forward movement is not that cumbersome. That's why measures first taken are considered very much important; they serve as a launching pad for one to move and reach his destination. Likewise, the steps taken afterwards are judged in a quite different spirit: now it's expected that there should be considerable progress; if not so, it's noticeable and needs to be highlighted, and perhaps castigated also.

In the case of present government of PML-N the same is true. It was in June 2013 that the new government took its oath, and now it's more than half and a year that it is in power. The 1st Tracking Report was released in January 2014; it covered the period from June to December 2013, a good 7 months.

Here is the scorecard for its first six months in office: In the Area of Economic Revival, it got not a bad score of 3.17 out of 10. In the Area of Energy Security, it performed better and won a good score of 4.16. The average score of both Areas makes it to 3.66.

That shows less than the half work done! In the capacity of First Steps, however, that score meant a lot and the Tracking Team did appreciate that:

"The PML-N Election Manifesto rightly focused on both (Economic Revival and Energy Security), and its government needs to seek the implementation of the promises and targets 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." (1st Report)

The 1st Report ended on this note:

"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 zigzags which may lead it astray from the targets it set for itself!"

The 2nd Report which tracked the developments taking place during January to March, 2014, was released in April, 2014. Though this period is too short to be judged in terms of achieving something; it does provide sufficient time to improve upon what has already been put into practice. No doubt, the scorecard for this period did show a bit of improvement.

Here is the scorecard for the next 3 months of the PML-N government; it may also be taken to mean the performance made over a period of 10 months (June 2013 – March 2014):

In the Area of Economic Revival, the PML-N got a score of 4.47. That shows an improvement of 1.3 points from the previous score of 3.17. In the Area of Energy Security, a score of 4.34 was awarded which meant an improvement of 0.13 point from the previous score of 4.16. So as per the 2nd Report, the average score stood at 4.4. That's a difference mere 0.74 ($4.4 - 3.66 = 0.74$), and means progress worth less than one point.

As discussed earlier, now when after the First Steps had already been taken during the initial 7 months, it was expected there would be a matching progress; but there was nothing substantial built on the earlier achievements. It is in this context that the 2nd Report was titled as: Losing the steam!

In the same vein, the 2nd Report concluded:

“It is 9 months now since it (the PML-N government) is in power: it should set to work at full steam now! The most substantial risk it faces comes from inside: pressure from the various lobbies and interests, or whatever is the case. It needs to have a look back at its Economic Manifesto as well as a fresh reading of it to energize itself, so that it is able to lay foundations for the sustainable market reforms, the main thrust of its Economic Reform Agenda!”

When the 3rd Report was prepared and released in July 2014, it was full one year that the government of PML-N was in the saddle.

Now in the Area of Economic Revival, it earned a score of 4.33. However, as compared to the score awarded in the 2nd Report, i.e. 4.47, it went down 0.14; and this score went up in case it is compared with the score of the 1st Report, i.e. 3.17. The average score this time declined to 4.13 from the previous average score of 4.4; though the difference is quite negligible ($4.4 - 4.13 = 0.27$).

On the whole, the performance that the PML-N government achieved during its first year in the office can be gauged in terms of the score of 4.33. That depicts what it achieved within a whole year; certainly less than the 50%.

It may be noted here that during the first year, there was no crisis political or otherwise knocking at the door. The government had all the time at its disposal to do its job. Nonetheless, it slacked off! That was why the 3rd Report was dubbed as: Succumbing to the temporal!

In its Concluding Thoughts, the 3rd Report served a Reminder:

“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 mind to do the fateful. . . (It) needs to be steadfast in its resolve so that no temporal distractions are powerful enough to divert its attention and energy. At the moment what it needs most is to have a serious re-reading of its own Economic Agenda so that it may re-discover its true spirit. Then it needs to put all of its efforts into those reforms which are economically vital. 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.”

It is January 2015 and the PML-N government has already spent 19 months which are now part of its history not alterable by anyone. It’s about one-third of its constitutional term that it has no more in its hands.

The 4th Report is ready which covers this whole period of one and more than half a year. Here is the scorecard for this period:

This time in the Area of Economic Revival, the PML-N government got a score of 4.6. That’s ($4.6 - 4.33 =$) 0.27 point better than that of 3rd Report. In comparison with the 1st Report, it improved by ($4.6 - 3.17 =$) 1.43 points. No qualms, even now it doesn’t mean half the job accomplished. It oscillates between 3+ and 4+ score out of 10.

In the Area of Energy Security, it performed well and got a score of 4.5. As compared to the score given in the 3rd Report, it is ($4.5 - 3.93 =$) 0.57 point better, and in comparison with the 1st Report’s score, it has improved only ($4.5 - 4.16 =$) 0.34 point.

In the 4th Report, the average score of both Areas stands at 4.55. It is ($4.55 - 4.13 =$) 0.42 point better than that of the 3rd Report’s average; and ($4.55 - 3.66 =$) 0.89 point higher than the average score of the 1st Report.

Here is the table showing how the score fluctuates between the 1st and the 4th Reports:

Reports	Area: Economic Revival	Area: Energy Security	Average
1 st Report: June-December 2013	3.17	4.16	3.66
2 nd Report: January-March 2014	4.47	4.34	4.4
3 rd Report: April-June 2014	4.33	3.93	4.13
4 th Report: July-December 2014	4.6	4.5	4.55
Average	4.14	4.23	4.18

The average score that was awarded to the Area of Economic Revival stands at 4.14; and in the Area of Energy Security it is 4.23. The overall average score in both of the Areas is 4.18.

That score of 4.18 is a quantitative measure of the performance of the PML-N government; that's how it fares after its 19 months in the office. For the Economic Revival, it made efforts to the tune of 4.14, and for the Energy Security, its efforts fare a bit better, it is 4.23.

As mentioned above, for all this past period the score stays around 4; the meaning of it translates into: too slow to make it to.

Before going into the details of the present Report, it's necessary to juxtapose this score to the social and economic reality prevailing in Pakistan. In other words, that amounts to seeing and evaluating whatever the PML-N has achieved during this period and what the scorecard indicates in quantitative terms, how meaningfully that translates into something tangible for the citizens, especially the ordinary citizens of Pakistan!

One may object that it's too short a period to bring any such reforms and consequent benefits flowing from. But that's a lame excuse! It may be pointed out that even after 19 months, on the face of it there has been no improvement as far as the availability of electricity to all type of consumers is concerned. The hours the electricity load-shedding eats have seen no reduction at all. In this context, all the efforts of the PML-N government to generate more and more electricity seem misplaced; had it focused on addressing the mismanagement in the power sector, the present crisis and the acute shortage of electricity would have improved a lot.

Similarly, there is no betterment as far as the supply of gas (both natural and LPG) is concerned. It may be hoped that as the projects for the import of LPG and construction of LNG terminals complete, as is reported, on time, the shortage of gas would be reduced. Let it be as it goes!

Despite all that, the prices of both electricity and gas are being increased exorbitantly. As the gas sector is controlled by the government, there is no justification for price increases at least. So better the PML-N government let them belong to the market, and then it will for the market to supply to the tune of their demand and thus the demand and supply mechanism will determine the prices of electricity and gas.

Another area where the PML-N government is fond of focusing its energies is: Infrastructure. It presents itself as a Party that is most interested in development work. Without going into the details, it may be pointed out that its infrastructural priorities are skewed; it ignores the

suburban and rural areas at the cost of big urban centers; even in the urban centers, its projects in a good number of cases may be dubbed un-needed.

Someone may cite the case of reduction of about 20 rupees in the prices of petroleum products by the PML-N government. First, that's linked with the prices of the same in the international market; second, the government made the reduction like a "Gift." It's no gift at all. What may be termed a gift is to let it go to the market, and let the prices of petroleum products determined by the market on daily basis, and there will be no gifting or money-making in the form of various taxes on the part of government.

Also, the economic reality is not that good, the evidence of which is available in the scorecard. The external evidence will be discussed later. The entrepreneurs are not in an upbeat mood; the sentiment is not that of an optimist businessman's; and that is corroborated by a decline in the local investors' confidence.

A word about the Dharna factor would not be out of sync here: The 3rd Report was released in July last year, and it was in mid-August that the two Dharnas of Pakistan Awami Tehreek and Pakistan Tehreek-e-Insaf made their presence in Islamabad and continued for more than 3 to 4 months. The PML-N government tries to pretend that due to that it could not concentrate on its job. That may have some grain of truth in it; and, of course, that's true that in Pakistan the politics of power consumes more energies of a government than it should spare for doing its job. But it may not be denied either that a bigger part of the blame it must own; it must admit its own inefficiency and delays.

Making sense of the scorecard:

Let's first see the **average scores** awarded to the 10 components in the Area of Economic Revival:

As promised in its election manifesto, the PML-N government wants to double the GDP growth. Here in this component, it got an average score of 5.

Another target the PML-N set to achieve is about bringing the budget deficit down to 4%. In this component, the average score stands at 4.5.

In bringing down the inflation to a single digit in the range of 7 to 8%, it's average score stands at 5.3.

The PML-N wanted to take other initiatives such as reducing energy shortage and cost of producing energy; opening up market to encourage regional trade; reforms in the financial sector and capital markets; and improving the regulatory environment; its efforts could only go to win an average score of 5.25.

In the sector of industry and trade, it wanted to take various measures such as making ample credit available to the private sector; here in this component, its average score is 4.7.

As mentioned earlier, PML-N's inherent focus is on building infrastructure; in this component, its average score stands at 5.

Also, it wants to create more and more job opportunities by giving various incentives to the private sector, here it got an average score of 5.25.

The PML-N's targets include the most important sector of taxation also, where it envisaged many a tax reform; in this component, its performance is quite dismal as the average score of 2.9 demonstrates.

Another very important area of Pakistan's economy is the physical size of government; the PML-N wants to improve the deteriorating conditions in the state-owned enterprises or privatize them; here it got a score of 5.

As the PML-N's agenda for the revival of the economy includes building the private sector's confidence, in this component, its average score stands at 3.75.

As discussed in the beginning, these average scores indicate that the performance of the PML-N government did not make any noticeable headway and somehow stands in the vicinity of the first steps it took in its first 6 months or so.

As the average scores may not be showing something significant that took place here or there and give an idea of the larger picture only; let's focus on those components or sub-components, where **important developments** took place in terms of higher scores.

One of the priorities of the government which finds daily evidence in the newspapers is trying to have higher investment in the energy sector; in it, its score stands at 6.

But as pointed out earlier, that's not the issue staring the ordinary citizens in the face: the acute shortage of electricity and despite its unavailability, its price continuously increasing prices. The issue is mismanagement prevailing in the power sector the crux of which resides in the complex of circular debt; and since the circular debt is accumulating unceasingly it means the issues lying behind it are not being addressed at all.

In order to double the GDP growth, the government focuses on infrastructure projects which include motorways, dams, housing projects, new urban centers and cities; in this sub-component, its score is 7.5.

It has already been mentioned that PML-N's infrastructural priorities are somehow distorted and politically-driven; they may not serve the cause of reviving the economy, a goal they are meant to help achieve.

Another target, better to call it a so-called political slogan, is about eliminating the VIP Culture by reducing expenses on the Presidency, Prime Minister, Governors and Chief Ministers; in this sub-component, the score stands at 7.5.

But it's no gainsaying that what little difference it may make to the bulkier size of the government, which is the real issue to be addressed.

In the sub-component of limiting the government borrowing, a score of 7 has been awarded.

That needs not to be celebrated; first it's something comparative; and second, the fight against the terrorism has provided the government with a pretext to borrow more and more and to tax more and more. To this effect, the GST on petroleum products has already been increased by 5%.

In the matters of trade, the PML-N government wants to open up the markets to encourage regional trade; in this sub-component, it got a score of 6.5.

But something tangible that may be causing ripples in the stagnant water is yet to make its presence felt.

Also, apart from the case of trade with India, the government needs to open up the Pakistani market unilaterally instead of negotiating and signing free or preferential trade agreements with various governments; that's what it requires to do if it really wants to encourage not only the regional but international trade also.

Under the sub-component where the government aspires to make ample credit available to the private sector, it has got a score of 8.

However, that does not mean as much reduction in the state's borrowing. Also, under a heavily regulated as well as manipulated economy, that figure does not translate into meaningful freedom for the private sector.

The PML-N is accused of nurturing a policy of privatization and rightly so; under this sub-component, where it aims at identifying and ensuring the completion of privatization process within the assigned time-frame, its score stands at 8.

In this regard, in spite of an envious score, it may be pointed out that till the moment not a single entity has witnessed the completion of its privatization; no doubt, many an enterprise are queuing in the line.

Another sub-component, which got a score of 7, is about improving the operations of Pakistan Railways.

Of course, that's not a job of days and months, and improving the Pakistan Railways which has long been drained away is a Herculean task; however, even if hard-work puts it on a track of steady improvement, the question remains to be answered how an improved Pakistan Railway is going to be maintained and sustained . . . until and unless it is not taken care of by and in private hands.

In addition to the above-discussed important developments, another measure that may help weigh the performance of the PML-N government is what the Legend of the Tracking Report terms as As Yet No Development (AYND).

In the Area of Economic Revival, there are 6 components and sub-components which saw As Yet No Development. That includes: i) Converting at least 50% of the remittances by Overseas Pakistanis into investments; ii) Establishing an Equity Fund consisting of private and public sectors; iii) All exports will be sales tax free; iv) Technology Up-gradation Fund will be set up; v) Broadening tax base; and, vi) Reduce the number of federal and provincial taxes.

Also, there are 2 components in the Area, which got a score of Zero; they are: i) Rationalizing sales tax by ensuring standard rate for all items; and ii) Appointing independent and professional boards. Let it be clear here that a Zero score means after something has already been achieved, it undergoes a reverse development.

Here something needs to be said about the second one, i.e., about the "Appointing independent and professional boards" so that appointments in the state-owned enterprises may be made in a transparent manner. The Supreme Court did play its rule in this regard and directed the government to form the same. For this to achieve a "Federal Commission for the Selection of Heads of Public Sector Organizations" was set up; however, as was pointed out in the 2nd Report, the government was intent upon keeping various regulatory bodies such as Securities and Exchange Commission of Pakistan and the Competition Commission of Pakistan, two institutions of extraordinary import, under its sway by bringing both of them out of the purview of that Federal Commission; now since the Supreme Court has restored the prerogative of the Prime Minister to make such appointments, it is for the PML-N government to change the rules and set up independent and professional boards in accordance with its promise and target.

It may also be noticed that after about being in government for 19 months, in the Area of Economic Revival, only one target stands achieved, and it is: Publish an Annual Tax Directory indicating the taxes paid and assessed in the last 3 years. It needs no comment!

Finally as far as the overall progress in the Area of Economic Revival is concerned, it may be worded thus: **Economic Revival = Neither look busy, nor do anything!** That's sort of a reality-check.

Energy Security

In the Area of Energy Security, the average score for the 14 components stands as follows:

The first target that aims at creating a Ministry of Energy and Natural Resources through the merger of Ministries of Water and Power, and Petroleum and Natural Resources has as yet seen no development.

In the component of reforming National Electric Power Regulatory Authority (NEPRA), an average score of 3.5 has been awarded.

Another target is about reforming the distribution companies (DISCOs), and in it the government has got a score of 5.25; and that's actually due to a very high score of 7 in its sub-component of corporatization and privatization of DISCOs. Here the government is in the process of planning to privatize 50,000 km transmission lines and privatization of 6 DISCOs on early basis, i.e. LESCO; GEPCO; MEPCO; PESCO; QESCO; and SEPCO.

In its target of reforming generation companies (GENCOs), the government got an average score of only 2.

The PML-N also wants to permanently eliminate the circular debt; in it has earned a score of 3.6.

Under the component of rationalizing the energy tariffs in line with international prices across all fuels, a score of 4.5 has been awarded.

In the component of reforming Oil and Gas Regulatory Authority (OGRA), the average score stands at 3.5.

The government also wanted to give high priority to importing gas through pipelines, in this component, as there is no tangible development beyond negotiations, memoranda, and agreement, a score of 2.5 has been awarded.

In the component of setting up of coal and LNG import terminals, and coal transportation facilities, the government has got a score of 6. Here many a projects, such as regarding the LNG terminals, are on the ground and nearing completion.

As far as developing the Thar coalfields and setting up of at least 5,000 MW of new coal fired power plants under the PPP mode in Sindh, as much has already been achieved in this regard, a score of 8 has been maintained.

In another target, developing consensus among the various stakeholders to facilitate setting up hydropower projects by the Federal and Provincial Governments, and as it relates to political wills, in this regard as yet no development has taken place.

As far as the target about developing alternative renewable energy sources, such as solar, wind, bagasse, biogas, and biomass projects is concerned, since many a development are taking place, this component has gotten a score of 8.5.

In the component of introducing solar-thermal water heaters for domestic and industrial use, as something certain, even though on paper, has already got a shape, a score of 2 has been awarded.

The last component, which is about decentralizing and creating a wholesale market for electricity, a score of 4.5 deemed fit.

Before commenting on the overall performance of the government in the Area of Energy Security, let's first see what other indicators tell about the same.

In the Energy Security, there are 7 component and sub-components, where as yet no development has taken place: i) Creation of a Ministry of Energy and Natural Resources; ii) Introduction of pre-paid billing; iii) Retrofitting of all equipment; iv) Power dispatching to be strictly according to plan, efficiency and generation cost; v) Tariff rationalization in gas sector; vi) Narrowly targeted subsidy for natural gas and LPG users; vii) developing consensus among the various stakeholders to facilitate setting up hydropower projects by the Federal and Provincial Governments.

As mentioned above, a Zero score means negative development, in the Area of Energy Security, there are 3 components or sub-components which got a score of Zero. It means after making certain headway, there took

place a sort of reversal. These are: i) NEPRA determined tariffs to be notified tariffs; ii) Replacement of furnace oil boilers by coal fired boilers; iii) Elimination of the circular debt.

Here something needs to be said first about the NEPRA determined tariffs to be notified tariffs. In fact, the various tariffs for DISCOs and GENCOs are determined by NEPRA, but then these tariffs are perused by the government which once again process and notify. That practically sidelines the regulator's authority.

As for the circular debt and the promise or target of its elimination is concerned, no political will is in evidence on the basis of which it may be asserted that the mismanagement, prevailing in the power sector and the sectors related to it, which the circular debt symptomizes, is being addressed or there are any efforts to resolve it.

Another wholesome indicator tells that there are 2 targets in the Area of Energy Security which have been achieved. Here are these: i) Blanket ban on new CNG stations; ii) Priority to public transport in the use of CNG.

What these two achieved targets are worth as far as reforms in the power sector are concerned, need no comment! Also, they are always vulnerable to be de-achieved at any moment. Recently, it was reported that as many as 30 license are being given to establish new CNG stations; somehow, that process has been stalled.

Let's single out some of the targets which got a good score and try to understand what that higher score implies vis-à-vis reforming the power sector.

The first such target is about narrowly targeting subsidies for consumers up to 100 units of electricity; it got a score of 7.5. The rationale for such a higher score resides in the budgetary allocation made for the subsidy: in the year 2013-1, the allocated amount was Rs.200 billion, which has been reduced to Rs.150 billion in this year's budget.

Other 3 targets still lack something tangible that is going to make a difference as far as the acute shortage of electricity and gas, and their ever increasing prices are concerned. Here are these: i) Setting up of coal and LNG import terminals, and coal transportation facilities; ii) 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; iii) Developing alternative renewable energy sources, such as solar, wind, bagasse, biogas, and biomass projects. They have been awarded a score of 6, 8, and 8.5 respectively.

Despite all that's happening in the name of reforms in the power sector and security of energy, somehow one significant step stands taken by the government. It implies far-reaching consequences, if executed in a fair and transparent manner; also it will go a long way in opening up the electricity market in Pakistan. In other words, it may be termed as the first real step towards opening up the electricity market.

That step is about net metering (sale guarantee) of electricity for small producers/consumers. In this regard, what has happened on the ground is that NEPRA has allowed domestic consumers to generate power through the solar panel system and sell it to the DISCOs. This component got a score of 3 only, and it's because that the details of this significant reform have yet to be made public. Also, the manner this scheme is implemented by various DISCOs will decide how it impacts the electricity market.

Now in view of the above, if a reality-check is conducted, it may mean something like that:

Energy Security = Much ado about nothing!

Social Protection

In the Area of Social Protection, the previous average score stood as follows:

1st Report: 6

2nd Report: 6.5

3rd Report: 6.25

In the 4th Report, it stands at: 6.5

This Area has 3 components: i) 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; ii) Raise the total spending on non-pension social protection from the current level of 1% of GDP to at least 2% by 2018; iii) Legislate the 'Right to Food.' The scores for these respectively stand at 9, 4, and As yet no development (AYND).

Concluding notes

As this one is the 4th Tracking Report, and now while ruminating on the 4th Scorecard and the previous 3 Reports, I find myself in a perplexing situation: what to say in lieu of concluding thoughts.

In point of fact, almost all the important observations have already been made, and what it requires to do on urgent basis to introduce vital reforms in order to revive the economy, in that regard too, many a suggestion has already been put forward - of course, remaining within the ambit of the PML-N's Economic Agenda.

This has already been recommended 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 against their resolve of limiting the borrowing, it has already witnessed an increase of about 60%. Obviously, the more a government spends, the less is left for the private sector to make use of.

As the PML-N government time and time again has demonstrated its determination to find ways to solve the chronic energy crisis both on long-and-short 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 sector and the related sectors also 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 with a steadfast resolve!

No doubt the present government has a long way to go in reducing the size of government, from a heavier to a slim, smart and strong government; that's where it needs to act with a missionary zeal. As the Prime Minister has repeatedly been stating, it's no business of a government to be in business; in other words, he means to say: Let the market do the business! Let the government sit and see no injustice is done and rights of each and every citizen, be he a producer, or a trader, or a consumer are protected.

To the above observations, it may be added that government is not all about building the required infrastructure; it means many other thing: such as letting the private sector and the market do their job; such as letting the regulatory institutions grow and strengthen and play their autonomous role; such as letting itself busy with its protective and facilitatory role. And above all, such as letting itself focus on its protective role. That's the direction in which the PML-N government needs to move in and divert its energies to!

So, it's obvious that if someone is determined to do his job and do justice to his job, no excuses, no crises, no expediencies can stop him from moving forward. It's such an undeniable fact that a state/government is a vast and powerful network of so many departments and agencies, and it has got huge resources at its disposal, that it can't stay inefficient on any pretext; such as the political crisis based on Dharna threats or such as the fight against terrorism and extremism, which the present government is trying to use as a pretext. It must do its job and it must meet its targets within the stipulated time. It's always easier for anyone to do this or that thing when favorable conditions exist; however, it's for someone extraordinary to make miracles while quite unfavorable circumstances prevail. Now it is for the PML-N to decide whether it wants to be counted among those who fabricate excuses and hide behind this or that expediency, or who make miracles despite all the odds and challenges that raise their heads to distract it and divide its attention!

--

Khalil Ahmad
January 10, 2015

Policy Research Institute of Market Economy (PRIME)
PML-N Economic Agenda: Tracking Report

Overall Score: 5.2

1		Economic Revival: 4.6 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	Double the GDP growth rate from 3% to over 6%	-	-	-	-	-	5
1.1.1.	Double the GDP Growth rate	3.6% ¹	IMF estimates GDP growth in medium term would be 5% ² According to SBP GDP growth rate would be between 4-5% for FY2014-15 ³ Provisional growth rate estimated at 4.1% for	-	-	-	3.5

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

² Dawn, IMF predicts 5% growth for Pakistan, reduction in inflation, December 24th 2014. <http://www.dawn.com/news/1152848/imf-predicts-5-growth-for-pakistan-reduction-in-inflation>

³ The News, SBP trims growth forecast to 5pc for current fiscal year, December 11th 2014. <http://www.thenews.com.pk/Todays-News-3-289314-SBP-trims-growth-forecast-to-5pc-for-current-fiscal-year>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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
			current fiscal year by World Economic Outlook and 4.3% by IMF. ⁴				
1.1.2	Higher investment in the energy sector	In 2013-14, revised budget for WAPDA (Power) was Rs 76.09 bn ⁵	China will invest \$45.6 billion in Pakistan's energy and infrastructure projects. ⁶ Letter of Interest (LoI) signed for 590MW Mahl Hydropower Project in Azad Jammu and Kashmir (AJ&K) to a consortium, led by CWE Investment Corporation of China ⁷ Investment in Kohala Hydropower Project ⁸ Agreement on	2	1	3	6

⁴ The News, IMF forecasts GDP growth at 4.3% for FY15, October 18th 2014.

⁵ Ministry of Finance, Budget in Brief 2014-15

⁶ Business Recorder, Energy, infrastructure projects: China will invest \$45.6bn in 10 years: Ahsan Iqbal, November 12th 2014.

⁷ Dawn, LoI for 590MW power project signed with Chinese firm, November 12th 2014. <http://www.dawn.com/news/1143871/loi-for-590mw-power-project-signed-with-chinese-firm>

⁸ Dawn, \$2.4 billion Kohala Hydropower Project deal finalized, September 11th 2014. <http://www.dawn.com/news/1131192/24bn-kohala-hydropower-deal-finalised>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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		development of Dasu Hydropower Project. ⁹				
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 ¹⁰	As of Dec 26 th 2014, NHA, Housing and Power Sector Received Rs12236.200m, 1378.269m and 262.800b ¹¹ The Executive Committee of the National Economic Council (ECNEC) approved eight projects valuing Rs157.429 billion including the Rs95.410 billion construction of 120 km Havelian-Thakot road as phase-I of Islamabad-	2.5	2	3	7.5

⁹ Dawn, \$588m accord with WB for financing of Dasu project, August 27th 2014. <http://www.dawn.com/news/1127994/588m-accord-with-wb-for-financing-of-dasu-project>

¹⁰ Ibid.

¹¹ Planning Commission, Federal PSDP releases 2014-15 Releases as on 26th December 2014. http://www.pc.gov.pk/wp-content/uploads/2014/12/Details_of_Releases_2014-1526-12-2014.pdf

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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
			Raikot section of China-Pak Economic Corridor. ¹² Construction of Karachi-Hyderabad motorway will start in the last week of December ¹³ The government has released Rs. 18.92 billion for National Highway Authority against an allocation of Rs. 112 billion including Rs 35 billion foreign aid for current fiscal year and released Rs 3.62 billion out of Rs 63.6 billion for Wapda (Power) for financial year 2014-15. ¹⁴				
1.1.5	Foreign investment in oil, gas and other minerals	Net FDI in these sectors: US \$195.9 m for	-	2	0	1.25	3.25

¹² The News, ECNEC approves eight projects of Rs157.429 bn, December 5th 2014. <http://www.thenews.com.pk/Todays-News-2-288361-ECNEC-approves-eight-projects-of-Rs157429-bn>

¹³ The News, Karachi-Lahore Motorway to start this month, November 2nd 2014.

¹⁴ Business Recorder, Rs99.88bn released under PSDP, November 15th 2014.

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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
		Jul-Nov 2013-14 ¹⁵	Revised Net FDI in these sectors: US \$152.8m Jul-Nov 2015 ¹⁶				
1.1.6	Investment to GDP ratio will rise to 20%	14.22% ¹⁷	-	-	-	-	4.75
1.2	Budget deficit will be brought down to 4%	-	-	-	-	-	4.45
1.2.1	Bring down budget deficit to 4%	8% ¹⁸	According to Finance Minister The budget deficit has been reduced from 8.8 to 5.2% ¹⁹	-	-	-	3.5

¹⁵ SBP, FDI in Pakistan by Country, <http://sbp.org.pk/ecodata/Netinflow.pdf> (Read \$195.9 instead of \$417.9 m in 3rd Tracking Report)

¹⁶ SBP, FDI in Pakistan by Sector, <http://sbp.org.pk/ecodata/Netinflow.pdf>

¹⁷ Business Recorder, Economic Survey 2013-14: lower investment hurts growth, June 3rd 2014. <http://www.brecorder.com/business-a-economy/189/1188959/>

¹⁸ '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>

¹⁹ Dawn, Budget deficit will be cut to 4pc of GDP, claims Dar, December 8th 2014. <http://www.dawn.com/news/1149467/budget-deficit-will-be-cut-to-4pc-of-gdp-claims-dar>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.2.2	Increase tax to GDP ratio from 9% to 15%	10.6% ²⁰	11.5% ²¹ According to Finance Minister tax revenue increased by 13.1pc during the first quarter of FY15. ²²	1.5	2	2	5.5
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 m ²³	Rs. 274,693 m ²⁴ allocated for running the Civil government 2014-15	2	0	0	2
1.2.4	Eliminate VIP Culture by reducing expenses on Presidency, Prime Minister, Governors and Chief Ministers	Revised expenditure of PM house	Revised expenditure of PM house in 2014-15, 396 m ²⁶²⁷	2.5	2	3.5	8

²⁰ Ministry of Finance, Budget in Brief, 2014-15

²¹ Ibid

²² Dawn, Govt. achieves 4.14pc GDP growth: Dar, November 12th 2014. <http://www.dawn.com/news/1143869/govt-achieves-414pc-gdp-growth-dar>

²³ Ministry of Finance, Budget in Brief 2013-14

²⁴ Ministry of Finance, Budget in Brief 2014-15

²⁶ Ibid

²⁷ The News, Govt to implement strict austerity measures, September 16th 2014. <http://www.thenews.com.pk/Todays-News-3-272911-Govt-to-implement-strict-austerity-measures>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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	in 2013-14, 725 m ²⁵					
1.2.5	Reduction in losses on PSEs	Budgeted Subsidies in 2013-14 (revised) in non-power sector were Rs. 121b.	Losses of PIA from Jan-Jul 2014 Rs 10.131 b ²⁸ Budgeted Subsidies in 2014-15 for non-power sector were Rs. 130b.	2	0	1.25	3.25
1.3	Inflation will be brought down to single digit in the range of 7%-8%	-	-	-	-	-	5.13
1.3.1	Bring down inflation	5.9 % ²⁹	3.96% CPI Core Inflation (Nov 14) ³⁰	-	-	-	6
1.3.2	Limiting government borrowing	Domestic: Rs. 634 b in Q1FY2014	Domestic: Rs. 189.4 b in Q1 FY 2015, decrease of 70% External:	2	2	3	7

²⁵ Ibid

²⁸ Business Recorder, PIA losses soar to Rs207bn, ECC told. November 6th 2014.

²⁹ http://pbs.gov.pk/sites/default/files/price_statistics/monthly_price_indices/2014/Monthly%20Review%20November%202014.pdf

³⁰ Pakistan Bureau of Statistics,
http://www.pbs.gov.pk/sites/default/files/price_statistics/monthly_price_indices/2014/Monthly%20Review%20November%202014.pdf

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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	External: Rs. 469.6 b in Q1 FY 2014 ³¹	Rs. 119.4 in Q1FY2015 ³² , decrease of 75%				
1.3.3	Decreasing tax rates	N.A	Corporate tax, general tariff, FED and capital gain tax brought down and GST and Income tax unchanged. ³³	2	1.5	2	5.5
1.3.4	Lower interest rates through effective monetary policy	9.5% ³⁴	9.5% ³⁵	-	-	-	2
1.4	Other Initiatives for Economic Revival	-	-	-	-	-	5.25

³¹ State Bank of Pakistan

³² Ibid.

³³ Ministry of Finance, Budget Speech 2014-15

³⁴ State Bank Monetary Policy 2013, November 16th 2014. <http://tribune.com.pk/story/791974/monetary-policy-sbp-slashes-interest-rate-by-0-5/>

³⁵ Express Tribune, Monetary policy: SBP slashes interest rate by 0.5%

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.4.1	Reducing energy shortage and cost of producing energy	Electricity shortfall June 2014, 3800MW ³⁶	Electricity shortfall in November 4000MW ³⁷	2	1.5	2	5.5
1.4.2	Opening up markets to encourage regional trade	-	Progress observed in trade with India, Afghanistan, China, Indonesia, Romania ^{3839 40}	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-	2.5	2	2.5	7

³⁶ <http://www.thenewstribes.com/2014/06/28/pakistans-electricity-shortfall-reaches-3800-mw-before-ramadan/>

³⁷ Business Recorder, Electricity woes Country faces 4,000MW shortfall, November 23rd 2014.

³⁸ 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>

³⁹ 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>

⁴⁰ 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	Economic Revival: 4.6 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		year dollar-denominated Euro bonds. ⁴¹				
1.4.4	Improved regulatory environment on national level	Developments in regulatory reforms in SBP, NEPRA, OGRA under way.	-	0.5	0.5	1	2
1.5	Industry and Trade	-	According to Ease of Doing Business Report of World Bank Pakistan ranked 128 th out of 189 countries. The same report ranked Pakistan 127 th last year. ⁴²	-	-	-	4.7
1.5.1	Making ample credit available to the private sector	Credit to Private Sector (Outstanding) was Rs. 3,313,803 m	Credit to Private Sector (Outstanding) was Rs. 3,415,403 m, an increase by 30% in November 2014. ⁴⁴	2	1.5	4.5	8

⁴¹ 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/>

⁴² Express Tribune, Ease of doing business: 'Trading across borders' easier in Pakistan, October 31st 2014.

⁴⁴ Ibid.

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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	in June 2014. ⁴³					
1.5.2	Industrial Manufacturing growth will be taken to 7% to 8%	6.05% ⁴⁵ Provisional Quantum Index Numbers (QIM)for LSM Jul-Sep 2013-14 were 111.40 ⁴⁶	Large Scale Manufacturing (LSM) registered a positive growth of 1.86% in July-September 2014-15 over the corresponding period of 2013-14 PBS statistics. Provisional Quantum Index Numbers (QIM)for LSM Jul-Sep 2014-15 were 113.47	1.5	1.5	2.5	5.5
1.5.3	Reforming tariffs to eliminate anti-export bias	N.A.		1	0	0	1
1.5.4	Establishing an Equity Fund consisting of private and public sectors	-	As yet no development	-	-	-	Not scored.

⁴³ <http://www.sbp.org.pk/ecodata/CreditLoans.pdf>

⁴⁵ Production of Selected Large-scale Manufacturing Items during January-July SBP 2014.

⁴⁶ Business Recorder, July-Sept LSM up 1.86pc YoY, November 25th 2014.

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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
1.5.5	Creating Industrial Parks for large and small industries especially in the under-developed areas.	-	Korangi Creek Industrial Park (Karachi) in final stages of completion, Rachna Industrial Park (Lahore) would be completed by June 2015, Marble City Risalpur (Risalpur) underway and Bin Qasim Industrial Park has been launched. ⁴⁷ Chinese, Japanese & Koreans have shown interest in Bin Qasim Industrial Park ⁴⁸ . NEC approved Gaddani Power Park. ⁴⁹	2	0.5	3.5	6
1.5.6	Developing Clusters for industries (Gems, Jewellery, Fans, Halal Meat, Sports Goods, Furniture, Crockery, Utensils)	-	Clusters for pharmaceutical garments and textiles, light engineering, packaging, information technology,	1.5	1.5	1	4

⁴⁷ National Industrial Parks, Projects, <http://nip.com.pk/nip-projects/>

⁴⁸ The News, Foreigners encouraging local investment, June 24th 2014. <http://www.thenews.com.pk/Todays-News-3-257742-Foreigners-encouraging-local-investment>

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	Economic Revival: 4.6 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		gems and jewellery to be established at Korangi Creek Industrial. ⁵⁰ FIEDMC has joined hands with IKEA to set up a furniture city in its industrial zone ⁵¹ (FIEDMC) is introducing a Halal Processing Food Zone in Pakistan at the Faisalabad Industrial Estate. ⁵²				
1.5.7	Necessary incentives for MNCs already operating in Pakistan	-	Corporate tax for foreign firms bringing new FDI reduced to 20%. ⁵³	1.5	1.5	2	5

⁵⁰ Business Recorder, Sindh to have two more industrial parks with SEZ status, July 14th 2014. <http://www.brecorder.com/pakistan/industries-a-sectors/185364-sindh-to-have-two-more-industrial-parks-with-sez-status.html>

⁵¹ 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/>

⁵² 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/>

⁵³ 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>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.5.8	Incentives for MNCs expected to invest in Pakistan in export oriented manufacturing	-	Corporate tax for foreign firms bringing new FDI reduced to 20%. ⁵⁴	1.5	1.5	2	5
1.5.9	Intensifying participation in regional cooperation forums like SAARC and ECO, including FTAs and PTAs	-	Pakistan has yet to conclude eight bilateral preferential trade treaties including FTA with Singapore, Thailand and Turkey. ⁵⁵	2	0	2	4
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.	The government has decided to complete the legal framework at the earliest for establishment of Export-Import (Exim) Bank of Pakistan. ⁵⁶	2	0	0	2
1.5.12	Technology Up-gradation Fund will be set up	-	As yet no development.	-	-	-	Not scored.

⁵⁴ Ibid.

⁵⁵ Dawn, Pakistan yet to conclude eight trade treaties, October 12th 2014.

⁵⁶ Dawn, Exim Bank to be set up shortly, July 6th 2014. <http://www.dawn.com/news/1117358/exim-bank-to-be-set-up-shortly>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.6	Infrastructure	-	-	-	-	-	5
1.6.1	Bureau of Infrastructure Development will be established for private sector participation	-	'Infrastructure Project Development Facility' exists and at the moment overlooks Public Private Partnerships. ⁵⁷	2.5	0	2	4.5
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 ⁵⁸	The ECNEC approved eight projects valuing Rs157.429 billion including the Rs95.410 billion construction of 120 km Havelian-Thakot road as phase-I of Islamabad-Raikot section of China-Pak Economic Corridor. ⁵⁹ Various projects at various stages of development.	2.5	1.5	2	6

⁵⁷ 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>

⁵⁸ Ministry of Finance, Budget 2013-14

⁵⁹ The News, ECNEC approves eight projects of Rs157.429 bn, December 5th 2014. <http://www.thenews.com.pk/Todays-News-2-288361-ECNEC-approves-eight-projects-of-Rs157429-bn>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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		60 61 62				
1.6.3	At least 1000 clusters of 500 houses each for lower income families will be developed	N.A	Work on the government's housing schemes has been stalled for a few months as the Ministry of Housing and Works has been busy with bureaucratic reshuffles. ⁶³	2.5	1	1	4.5
1.7	Creating Job Opportunities	-	-	-	-	-	5.25
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 an especially designed employment program	-	SBP announced new parameters for Prime Minister's Youth Business	2	2.5	2	6.5

⁶⁰ Dawn, NHA approves road projects, September 26th 2014. <http://www.dawn.com/news/1134383/nha-approves-road-projects>

⁶¹ The News, ADB loans for infrastructure projects on cards, September 16th 2014. <http://www.thenews.com.pk/Todays-News-3-272906-ADB-loans-for-infrastructure-projects-on-cards>

⁶² Business Recorder, PSDP for year 2014-15: Rs47.87bn released so far against total Rs525bn allocation, September 23rd 2014. <http://epaper.brecorder.com/2014/09/23/2-page.html>

⁶³ Express Tribune, Behind Time: No progress on PM's housing scheme, August 25th 2014. <http://tribune.com.pk/story/753212/behind-time-no-progress-on-pms-housing-scheme/>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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		Loans (PMYBL) Scheme, strengthening the guarantor qualification criteria. ⁶⁴ Out of a total 100,000 10,442 loans approved ⁶⁵				
1.8	Tax Reforms	-	-	-	-	-	2.9
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. ⁶⁶	1	0.5	0.5	2
1.8.2	Broadening tax base	835,000 returns filed.	Less than 820,000 persons filed this year, down from 835,000 last year. Simplify taxation on construction sector, minimum tax on builders and developers has been imposed.	1.5	1	0.5	3

⁶⁴ Business Recorder, Prime Minister's youth loan scheme: SBP announces new parameters. November 7th 2014. <http://www.brecorder.com/business-and-economy/189:pakistan/1240023:subsidy-release-scam:-accused-held-by-fia>

⁶⁵ The News, Has PM Youth Loan Scheme Flopped? October 16th 2014.

⁶⁶ Ministry of Finance, Budget Speech 2014-15

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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		Profiling of 500,000 persons using NADRA database to bring more people in the tax net ⁶⁷ .				
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. ⁶⁸	2	1.5	2	5.5
1.8.5	Reduce Tax evasion	-	FBR estimated major reduction in the number of companies persistently declaring losses to evade income tax after the introduction of 17% Alternative Corporate Tax (ACT) under Finance Act, 2014 ⁶⁹	2	1	2	5

⁶⁷ Ministry of Finance, Budget Speech 2014-15.

⁶⁸ Ministry of Finance, Budget Speech 2014-15

⁶⁹ Business Recorder, Levy of 17pc ACT to discourage cos declaring losses: FBR, July 9th 2014. <http://epaper.brecorder.com/2014/07/09/10-page.html>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.8.6	Rationalizing tax rates	-	Budget 2014-15 contains some measures such as reduction in advance income tax.	1	1	0.5	2.5
1.8.7	Reform of tax administration both at the federal and provincial levels	-	Tax Reforms Commission was formed in September and it is working on tax policy, indirect and direct tax collection, border security/anti-smuggling measures, expansion of tax base and tax facilitation. ^{70,71}	0.5	2	0.5	3
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	-	Target stands achieved.	-	-	-	Not scored
1.8.10	Reduce the number of federal and provincial taxes.	-	As yet no development	-	-	-	Not scored

⁷⁰ Dawn, Commission asked to finalise tax proposals for budget 2015-16, December 17th 2014. <http://www.dawn.com/news/1151335/commission-asked-to-finalise-tax-proposals-for-budget-2015-16>

⁷¹ Business Recorder, MoF asks TRC to give proposals before March, October 19th 2014.

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.8.11	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 ⁷² .	2	1	0	3
1.8.13	Ensuring elimination of money laundering and whitening of black money	-	Her Majesty's Revenue and Customs (HMRC) UK will assist Federal Board of Revenue (FBR) on tax and customs reform initiatives encompassing development of special skills to identify cases of transfer pricing, techniques to catch tax evaders and use of IT to control tax avoidance ⁷³ .	1	1	0	2

⁷² Jang, July 3, 2014

⁷³ Business Recorder, Transfer pricing, tax evaders and IT: HMRC UK to assist FBR on tax reform initiatives, September 30th 2014.

<http://www.brecorder.com/taxation/181:pakistan/1229145:transfer-pricing-tax-evaders-and-it-hmrc-uk-to-assist-fbr-on-tax-reform-initiatives/>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.8.14	Improving self-assessment and audit compliance	835,000 returns of income Statements received by FBR. ⁷⁴	Less than 820,000 income tax returns have been filed this year ⁷⁵ .	1	0	0.5	1.5
1.8.15	Regulatory duty will be levied on non-essential imports	Excise duty on SUVs has increase to 30 % ⁷⁶	Regulatory duty of 5% on 282 luxury items imposed. ⁷⁷	2	1.5	1.5	5
1.9	State-owned enterprises	-	-	-	-	-	5
1.9.1	Appointing independent and professional boards	Board formed and dissolved.	Supreme Court overruled its previous judgement and said that the power of hiring board members lies with the executive. ⁷⁸	0	0	0	0

⁷⁴ Ibid

⁷⁵ Express Tribune, December 9, 2014.

⁷⁶ Review of Regulatory Duty on Luxury/ Non-Essential Goods SRO (482(1/2009)742(I)/2013) Passed on 28th August 2013.

⁷⁷ 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>

⁷⁸ Express Tribune, Reversal: Ex-CJ's hiring commission verdict overturned, November 15th 2014. <http://tribune.com.pk/story/791469/reversal-ex-cjs-hiring-commission-verdict-overturned/>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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						
1.9.2	Identification and ensuring the completion of privatisation process within the assigned timeframe	-	The government has generated Rs 14.4 billion (\$144 million) by selling its residual shares of ABL including a foreign buying of \$32 m. ⁷⁹ Pakistan Steel Mills to be privatized by June 2015. ⁸⁰	2.5	2	3.5	8
1.9.3	PIA will be transformed into a profitable and reputed airline of the region	-	Losses of PIA from Jan-Jul 2014 Rs. 10.131 b ⁸¹ According to the privatization minister, the Govt. has not decided how much shares of PIA would be sold. ⁸² Pakistan plans to split ailing national flag carrier Pakistan International Airlines (PIA) into two companies and sell control	2.5	2	2.5	7

⁷⁹ Business Recorder, ABL transaction Govt. generates Rs14.4bn, December 13th 2014.

⁸⁰ Business Recorder, PSM Sell off process to be completed by June: Dar. October 28th 2014.

⁸¹ Business Recorder, PIA losses soar to Rs207bn, ECC told. November 6th 2014.

⁸² Dawn, No decision yet to sell PIA shares, says PC chief, November 19th 2014. <http://www.dawn.com/news/1145403/no-decision-yet-to-sell-pia-shares-says-pc-chief>

1	Manifesto Chapter: Economic Revival	Economic Revival: 4.6 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		of the core business to a global airline over the next 18 months. ^{83 84}				
1.9.4	Improving the operations of Pakistan Railways, such as by setting of autonomous Board	N.A.	Revenue from Jul-Dec was Rs 12.3 billion against Rs 9.7 billion during the same period of last financial year for Pakistan Railways. ⁸⁵ Rs33 billion has been allocated for Pakistan Railways, restructuring plan is under development and will be finalised by September. ⁸⁶	1.5	2	1.5	5
1.10	Building the confidence of private sector	-	-	-	-	-	3.75

⁸³ Express Tribune, Sell-Off: Government plans to split ailing PIA into two, September 26th 2014. <http://tribune.com.pk/story/767376/sell-off-government-plans-to-split-ailing-pia-into-two/>

⁸⁴ Dawn, PIA to be bifurcated; talks in progress with Gulf airlines, September 26th 2014. <http://www.dawn.com/news/1134387/pia-to-be-bifurcated-talks-in-progress-with-gulf-airlines>

⁸⁵ Business Recorder, July-December 15: Railways surpasses Rs. 11.6 billion revenue target by Rs 761 million, December 26th 2014. <http://www.brecorder.com/business-a-economy/189/1256259/>

⁸⁶ 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	Economic Revival: 4.6 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						
1.10.1	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. New post of Member Private Sector Development has been created in the Planning Commission. ⁸⁷	1.5	1.5	1	4
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	-	Economic Advisory Council exists and it met several times under Finance Minister. ⁸⁸	2	0	1.5	3.5

⁸⁷ '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>

⁸⁸ <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/>

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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)
2.1	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	-	-	-	-	-	3.5
2.2.1	Upfront/Feed-in-tariff for wind, solar, small hydel, and biomass projects	Upfront tariff last year was roughly around Rs6.50 per unit ⁸⁹	Upfront tariff during this year June was roughly around Rs8.36 per unit ⁹⁰ Upfront tariff policy exists. ⁹¹	2	1	2	5
2.2.2	Mandatory wheeling of electricity by DISCOs and the NTDC	-	Wheeling of electricity agreement (including	2.5	2	0.5	5

⁸⁹ Business Recorder, Analyses & Comments by BR Research Coal-fired plants up in smoke, October 20th 2014.

⁹⁰ Ibid

⁹¹ <http://www.thenews.com.pk/Todays-News-3-173666-Neptra-determines-wind-power-upfront-tariff-at-Rs13.19-per-kWh>

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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						
			tariff) between NTDC and DISCOs is in the process.				
2.2.3	Net metering (sale guarantee) for small producers/consumers	-	NEPRA has allowed domestic consumers to generate power through the solar panel system and sell it to the DISCOs ⁹²	2	1	0	3
2.2.4	NEPRA determined tariffs to be notified tariffs	-	Over the past one year government has increased power tariffs by 33% per unit according to Special Assistant to PM Dr. Musadik Malik. ⁹³ Government delayed the notification of power tariff determined by NEPRA. ⁹⁴ (NEPRA website)	0	0	0	0

⁹² The News, Domestic consumers to sell power to Discos, December 6th 2014. <http://www.thenews.com.pk/Todays-News-13-34528-Domestic-consumers-to-sell-power-to-Discos>

⁹³ Express Tribune, Piling receivables: PM shown dismal picture of power sector, November 2nd 2014. <http://tribune.com.pk/story/784719/piling-receivables-pm-shown-dismal-picture-of-power-sector/>

⁹⁴ <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	Energy Security: 4.5 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)
2.2.5	Deregulating and decentralising by allowing small power producers to sell power directly to consumers through the distribution systems of DISCOs	-	NEPRA has allowed domestic consumers to generate power through the solar panel system and sell it to the DISCOs ⁹⁵	2	2	0.5	4.5
2.3	Reform of Distribution Companies	-	-	-	-	-	5.25
2.3.1	Corporatization and privatisation of DISCOs	-	Government planning to privatize 50,000 km transmission lines. ⁹⁶ Privatization of 6 DISCOs on early basis.(LESCO; GEPCO; MEPCO; PESCO; QESCO; SEPCO) ⁹⁷	2	2	3	7
2.3.2	Reduction of transmission and distribution losses to less than 10%	17.55% ⁹⁸	Pakistan and the Asian Development Bank (ADB) signed a loan and project agreement amounting to	1.5	0.5	1	3

⁹⁵ The News, Domestic consumers to sell power to Discos, December 6th 2014. <http://www.thenews.com.pk/Todays-News-13-34528-Domestic-consumers-to-sell-power-to-Discos>

⁹⁶ The News, Govt. plans to privatise power transmission lines, June 25th2014. <http://www.thenews.com.pk/Todays-News-3-257939-Govt-plans-to-privatise-power-transmission-lines>

⁹⁷ 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>

⁹⁸ Business Recorder, June 30, 2014

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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						
			\$ 248 million for power transmission enhancement. ⁹⁹ Line losses have reached to 26 percent in July 2014 against 25.7 percent in July 2013 in all the 10 DISCOs in the country. ¹⁰⁰				
2.3.3	Collection of electricity bills to 100%	86% ¹⁰¹	Special Assistant to Prime Minister proposed to a meeting of the committee constituted by the Prime Minister on Energy Rationalisation for power sector that the country's feeders need to be divided into four categories and SDOs of feeders will be given two	1.5	2	2	5.5

⁹⁹ Business Recorder, Power transmission \$248m agreement inked with ADB. December 13th 2014.

¹⁰⁰ Business Recorder, Performance of Discos: collection declines while line losses soar, September 12th 2014. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1223089:performance-of-discos-collection-declines-while-line-losses-soar/?date=2014-09-12>

¹⁰¹ State of Industry Report NEPRA 2011-12

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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
				months to improve performance. ¹⁰²				
2.3.4	Ending of cross subsidy among DISCOs	Inter-DISCO tariff differential in 2013-14 was Rs. 230 billion (revised).	Prime Minister while addressing a World Bank Delegation said that Pakistan would be introducing the element of cross subsidy in pricing to help lifeline consumers. ^{103 104 105}	2	2	1.5	5.5	
2.3.5	Introduction of pre-paid billing system	-	As yet no development.	-	-	-	Not scored	

¹⁰² Business Recorder, Reward and punishment policy: government seeks to bolster power sector performance, August 16th 2014.

<http://www.brecorder.com/top-stories/0:/1213640:reward-and-punishment-policy-government-seeks-to-bolster-power-sector-performance/>

¹⁰³ Daily Times, Govt pursuing development agenda with commitment: PM, December 5th 2014. <http://www.dailytimes.com.pk/national/05-Dec-2014/govt-pursuing-development-agenda-with-commitment-pm>

¹⁰⁴ Business Recorder, MoF providing Rs25bn monthly subsidy to power sector, September 19th 2014. <http://www.brecorder.com/epaper/m/2014/09/19/16-page/456128-news.html>

¹⁰⁵ Dawn, Continuation of power subsidies will hamper growth, court told, September 24th 2014. <http://www.dawn.com/news/1133967/continuation-of-power-subsidies-will-hamper-growth-court-told>

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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)
2.4	Reform of Generating Companies	-	-	-	-	-	2
2.4.1	Corporatisation and Privatisation of GENCOs under an independent Board ¹⁰⁶		2 GENCOs up for early privatization (Central Power Generation Co & Lakhra Power Generation Co). ¹⁰⁷	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	-	NEPRA has not issued tariff rates despite all the necessary homework done by 3 IPPS. HUBCO also failed to convince the NEPRA to grant tariff for coal converted plant and decided to setup new coal-fired power plants. K-Energy, was also not awarded tariff by NEPRA for the conversion of K-	0	0	0	0

¹⁰⁶ '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/>

¹⁰⁷ 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	Energy Security: 4.5 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
				Electric Bin Qasim to coal. ¹⁰⁸				
2.5	Permanent elimination of circular debt	-	-	-	-	-	3.6	
2.5.1	Eliminate circular debt	Rs. 300-350 billion as of March 2014.	From July 1 to 31 October 2014, the power sector receivables has touched Rs581.320b ¹⁰⁹ Receivables of PEPCO surged up to Rs600b by October 31 and the circular debt has gone up to Rs300b ¹¹⁰	0	0	0	0	
2.5.2	Narrowly target subsidies for consumers up to 100 units	Rs. 200 billion subsidy in the 2013-14	Rs. 150 billion subsidy in 2014-15 budget ¹¹²	2.5	2	3	7.5	

¹⁰⁸ The News, IPPs seek tariff for coal conversion of 863MW, November 7th 2014. <http://www.thenews.com.pk/Todays-News-3-282618-IPPs-seek-tariff-for-coal-conversion-of-863MW>

¹⁰⁹ Business Recorder, Power sector receivables soar to Rs581.32bn, December 15th 2014.

¹¹⁰ The News, Energy sector hit hard by financial anomalies, November 28th 2014. <http://www.thenews.com.pk/Todays-News-13-34394-Energy-sector-hit-hard-by-financial-anomalies>

¹¹² Ibid.

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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)
			budget (revised) ¹¹¹				
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
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	-	Federal Minister for Petroleum and Natural Resources said the government has allowed installation of power plants on 46 gas fields. ¹¹³ As per government priority list, power plants come second followed by the general industrial, fertilizer and captive power at third, cement	2	0	1.5	3.5

¹¹¹ 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>

¹¹³Business Recorder, NA panel told Govt. allows power plants on 46 gas fields, November 18th 2014.

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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		sector at fourth and CNG sector at fifth. ¹¹⁴				
2.6	Rationalisation of energy tariffs in line with international prices across all fuels	-	Fuel prices decreased in line with international oil prices.	2	0	2.5	4.5
2.7	Reforms of Oil and Gas Regulatory Authority	-	-	-	-	-	3.5
2.7.1	Blanket ban on new CNG stations	No new CNG stations allowed. ¹¹⁵	Prime Minister has barred the OGRA from issuing 26 marketing licences to CNG stations it had approved last month, in view of increasing gas demand in the existing network. ¹¹⁶ The govt has allowed the CNG sector to use imported LNG for operating their business	-	-	-	Target stands achieved. Not scored.

¹¹⁴ Dawn, SC puts off hearing of gas supply to CNG stations, Jan 16th 2014. <http://www.dawn.com/news/1080671>

¹¹⁵ 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/>

¹¹⁶ Dawn, Premier stops OGRA from issuing 26 CNG marketing licences, November 8th 2014. <http://www.dawn.com/news/1142982/premier-stops-ogra-from-issuing-26-cng-marketing-licences>

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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)
			and if the CNG sector is going to start importing the commodity from January 2015 the govt. will allow them to do so. ¹¹⁷				
2.7.2	Priority to public transport in the use of CNG	Public transport is being provided CNG in Punjab. ¹¹⁸	-	-	-	-	Target stands achieved Not scored
2.7.3	Tariff rationalisation in gas sector	-	As yet no development.	-	-	-	Not scored
2.7.4	Narrowly targeted subsidy for natural gas and LPG users	-	As yet no development.	-	-	-	Not scored
2.7.5	Aggressive wellhead pricing for oil and gas exploration companies	-	Economic Coordination Committee to change gas pricing formula by allowing a margin of	1.5	1	1	3.5

¹¹⁷ Business Recorder, NA panel told Govt. allows power plants on 46 gas fields, November 18th 2014.

¹¹⁸ 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	Energy Security: 4.5 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						
			Rs0.19 per litre for High Speed Diesel (HSD) ¹¹⁹				
2.8	High priority to import gas through pipelines	-	Pakistan has asked Iran to convert natural gas into LNG and export it to Pakistan to avoid US sanctions. ¹²⁰ Turkmenistan, Afghanistan, Pakistan and India (TAPI) signed an operational agreement on gas pipeline project ¹²¹	2	0	0.5	2.5
2.9	Setting up of coal and LNG import terminals, and coal transportation facilities	-	Engro Elengy Terminal Private Limited (ETPL) said that it will be ready to receive LNG consignments	2	1.5	2.5	6

¹¹⁹ Express Tribune, Gas-pricing: ECC to approve revised formula for Mari Gas, October 30th 2014.

¹²⁰ Express Tribune, IP gas pipeline: Pakistan, Iran agree to find middle ground, October 30th 2014. <http://tribune.com.pk/story/783190/ip-gas-pipeline-pakistan-iran-agree-to-find-middle-ground/>

¹²¹ Business Recorder, TAPI gas pipeline: operational accord inked, July 19th 2014. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1204086:tapi-gas-pipeline-operational-accord-inked/>

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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)
			at Karachi's Port Qasim by January 26, 2015. ¹²² LNG in Gwadar is to be connected to SSGC network ¹²³				
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	-	Private Power and Infrastructure Board (PPIB) has issued Letter of Interest to Engro Powergen Limited (EPGL) for development of 660 MW Thar Coal Power Project. ¹²⁴	2.5	2.5	3	8
2.11	Developing consensus among the various stakeholders to facilitate setting up hydropower projects by the Federal and Provincial Governments	-	As yet no development	-	-	-	Not scored
2.12	Developing alternative renewable energy sources, such as solar, wind, bagasse, biogas, and biomass projects	-	Spain and Denmark expressed interest in	2.5	2.5	3.5	8.5

¹²² Express Tribune, Import facility: 'LNG terminal to be ready by Jan 26', October 23rd 2014. <http://tribune.com.pk/story/779630/import-facility-lng-terminal-to-be-ready-by-jan-26/>

¹²³ The News, Gwadar LNG terminal's fate hangs in balance, September 18th 2014. <http://www.thenews.com.pk/Todays-News-3-273323-Gwadar-LNG-terminals-fate-hangs-in-balance>

¹²⁴ Business Recorder, Power project at Thar: Lol issued, November 21st 2014.

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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		helping Pakistan in wind energy. ^{125,126} 35 wind power IPPs holding LOIs issued by AEDB are at various stages of project development. In Solar Energy, 24 LOIs for cumulative capacity of approximately 792.99 MW. On-Grid Solar PV power plants have been issued. ¹²⁷				
2.13	Introducing solar-thermal water heaters for domestic and industrial use	-	AEDB issued tax exemption certificate for import of almost 16,715 units of Solar Water Heaters in the country. ¹²⁸	1	0	1	2

¹²⁵ Daily Times, Denmark ready to provide assistance in energy, agri, December 31st 2014. <http://www.dailytimes.com.pk/business/31-Dec-2014/denmark-ready-to-provide-assistance-in-energy-agri-ambassador>

¹²⁶ Daily Times, 'Spain ready to develop renewable energy, road networks in Pakistan, December 4th 2014. <http://www.dailytimes.com.pk/business/04-Dec-2014/spain-ready-to-develop-renewable-energy-road-networks-in-pakistan>

¹²⁷ 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>

¹²⁸ Business Recorder, Solid measures afoot for fast track alternative energy development, December 29th 2014. <http://www.brecorder.com/pakistan/industries-a-sectors/213764.html>

2	Manifesto Chapter: Energy Security	Energy Security: 4.5 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)
2.14	Decentralizing and creating a wholesale market for electricity	-	NEPRA has allowed domestic consumers to generate power through the solar panel system and sell it to the DISCOs ¹²⁹ Federal Minister for Water and Power, said that NEPRA is working on a proposal of private power companies to allow bilateral sale of electricity without getting approval from the government or NEPRA. ¹³⁰	1.5	1.5	1.5	4.5

¹²⁹ The News, Domestic consumers to sell power to Discos, December 6th 2014. <http://www.thenews.com.pk/Todays-News-13-34528-Domestic-consumers-to-sell-power-to-Discos>

¹³⁰ Business Recorder, Sans govt's approval NEPRA mulling bilateral sale agreements between private cos: Asif, October 28th 2014.

3	Manifesto Chapter: Social Protection	Social Protection: 6.5 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)
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). ¹³¹	Government distributed Rs42 billion among 4.7m families against the target of Rs48.6 billion among over 5m families from July- December 2014. ¹³² Rs.97 billion allocated and amount increased from 1200 to 1500 per month. ¹³³	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	Estimated total allocation for social protection (subsidies+ BISP+ social protection) in 2014-15 is around Rs. 302 billion, which is 1% of GDP. The government has decided to provide health insurance cover to the poorest of the poor	1.5	1.5	1	4

¹³¹ Ministry of Finance, Budget Speech 2014-15. http://finance.gov.pk/budget/Budget_in_Brief_2013_14.pdf

¹³² Express Tribune, BISP: Disbursements fall 13.5% short of target in 1st half, December 16th 2014. <http://tribune.com.pk/story/807366/bisp-disbursements-fall-13-5-short-of-target-in-1st-half/>

¹³³ Ministry of Finance, Budget Speech 2014-15. http://finance.gov.pk/budget/Budget_in_Brief_2013_14.pdf

3	Manifesto Chapter: Social Protection	Social Protection: 6.5 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)
		billion, which is 2% of GDP.	families of 16 backward districts of the country including AJK, FATA and GB that would provide 100% free tertiary health care facilities in the first phase. ¹³⁴				
3.3	Legislate the 'Right to Food'	-	As yet no development	-	-	-	Not scored

¹³⁴ The News, Govt. to launch health insurance scheme for poor, October 15th 2014. <http://www.thenews.com.pk/Todays-News-2-278416-Govt-to-launch-health-insurance-scheme-for-poor>

PML-N Economic Agenda: Snapshots from 1st, 2nd, 3rd and 4th Tracking Reports

	1 st Tracking Report	2 nd Tracking Report	3 rd Tracking Report	4 th Tracking Report
	Jul-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	Jul-Dec 2014
Overall Score (Out of 10)	4.45	5.10	4.84	5.2
Economic Revival	3.17	4.47	4.33	4.6
GDP Growth	-	5.5	4.60	5
Budget deficit	0	4.25	4.35	4.45
Inflation	2	6.75	4.12	5.13
Government Borrowing	0	8.5	8	7
Reducing Energy Shortage	-	6.5	5.5	5.5
Regional Trade	-	6.5	6.5	6.5
Reforms of Financial Sector and Capital Markets	-	6	7	7
Interest Rates	0	0 (Nil)	Nil	2
Industry and Trade	5.75	2.8	3.94	4.7
Infrastructure	6	3.17	4.5	5
Job Opportunities	-	4.25	5	5.25
Tax Reforms	5	1.75	3.27	2.9
State Owned Enterprises	4	3.5	4.5	5
Energy Security	4.16	4.34	3.93	4.5
Reforms of NEPRA	-	4.5	4.25	3.5
Reform of Distribution Companies	3.33	2.83	5.83	5.25
Reform of Generating Companies	1.5	2.5	4	2
Permanent Elimination of Circular Debt	5.33	3.25	3.63	3.6
Wellhead Pricing of Oil & Gas Exploration Companies	4.5	3.5	3.5	3.5
Gas Imports	4	2	2	2.5
Coal and LNG Import Terminal	-	3.5	5	6
Thar Coalfields	5	7	7.5	8
Alternative Renewable Energy	-	7	8.5	8.5
Social Protection	6	6.5	6.25	6.5

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*)

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Too slow to make it

PML-N Economic Agenda

4th Tracking Report: July-December 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.

State-Led Pilferage: The Case of Electricity Provision in Pakistan

This study analyzes the state led provision of electricity in Pakistan. It examines different aspects of the debate over public provision of this utility, process of tariff determination and the substantial costs associated with the entire system. It is authored by Khalid Mahmood

Conditional Cash Transfers: Safety Net or Welfare Trap?

This study proposed that government may take short-term measures to achieve poverty alleviation but poverty cannot be eradicated by cash transfers, conditional or unconditional. The long-term and permanent solutions are required through which human capital is enhanced like vocational trainings and educational programmes so that the allocated budget can be utilized in the best possible manner. It is authored by Fizza Behzad.

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.

State Coercion and the Fledgling Enterprises in Sharaqpur Bazaar

This study demonstrates that by simplifying regulations, decreasing corruption, debottlenecking procedures, lowering tax rates and making it easier for them to own their business premises, a lot more businesses can be brought into the formal sector, than coercion, penalties, punitive taxes, heavy fines and demolition of buildings with earthmoving machinery can collectively bring because no amount of coercion can outsmart the acumen and ambition of an entrepreneur. It is authored by Asad Ullah.

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