



PML-N – Losing all its marbles

PML-N Economic Agenda

5th Tracking Report: January-June 2015

Policy Research Institute of Market Economy (PRIME)



With support from: Center for International Private Enterprise

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PML-N Economic Agenda

5th Tracking Report: January-June 2015

PML-N – Losing all its marbles

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Introduction

PML-N – Losing all its marbles is 5th report under PML-N Economic Agenda: Tracking Project which 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 January-June 2015.

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 components have been identified.

In all, the report identifies 92 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 Development and 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. A lower score is assigned if a policy exists only in a draft.
4. Score of 1 to 1.5 is assigned in “Institutional Development and Reforms” if some progress is being shown or if some arrangements already are in place.
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. In case of no *further* progress is observed, a score of ‘Nil’ is assigned.
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; no further 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 reports become the basis of an interim assessment of the “current status”, which is then verified, endorsed or rectified in the light of secondary data available.

The Team

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 team, Ms. Wajeeha Riaz also contributed in compiling this report, whereas Ms. Fizza Behzad helped in verification of data as well as review of scores computation. Khuram Shehzad designed the 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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PML-N – Losing all its marbles

5th Tracking Report:

In the very start, the most important thing to be noted is: first two years of the PML-N government have already been lost to the dustbin of history.

Though it has full three years left out of its constitutional tenure to rule, the unpredictability of Pakistani politics leaves no doubts un-entertained as to the sword of Damocles hanging on its head - meaning that its fate may be sealed at any “opportune” moment. And that the PML-N government contributed nothing to make this politics predictable may haunt it when it is out of power may be added with chagrin.

Leaving aside the PML-N’s political fate whatever shape it takes now or later, let us start with the best it has achieved in the last six months, or as a whole within two years of its rule.

Considered from its own point of view, the evaluation of PML-N’s Economic Manifesto’s targets helps paint a positive picture.

Note that there are 92 targets the implementation of which is being tracked. The Economic Revival counts 57 and the Energy Security 32; the Social Protection 3.

- With the completion of its two years of rule, the PML-N has succeeded in achieving the following Targets:

a) In the **Area of Economic Revival**, two targets stand achieved. First, Bringing down inflation to 7-8%. The Core Inflation this June was recorded to be 3.2%. Second, Publishing Annual Tax Directory. The same was published this year also.

b) In the **Area of Energy Security**, three targets stand achieved. First, Notifying electricity tariffs according to the average system wide cost. This has already been the case before the PML-N took over the reins. Second, Blanket ban on new CNG stations. Despite some vacillation, the same is still the case. Third, Priority to public transport in the use of CNG. Although, LNG is replacing the CNG in a number of sectors, in Punjab public transport is still getting CNG.

- Let’s have a look at the targets which won a score of 5 and / or above 5.

a) In the **Area of Economic Revival**, 17 components fared up to the mark:

1. Higher investment in energy sector [Score: 7.5]
2. Infrastructure projects [Score: 8]
3. Bringing down budget deficit to 4% [Score: 5]
4. Increasing Tax to GDP ratio to 9% to 15% [Score: 5.3]
5. Limiting government borrowing [Score: 6]
6. Decreasing tax rates [Score: 5]

7. Reducing energy shortage and cost of producing energy [Score: 6]
8. Opening up markets to encourage regional trade [Score: 6]
9. Reforms in financial sector and capital markets [Score: 7]
10. Creating industrial parks for large and small industries [Score: 6]
11. Intensifying participation in regional cooperation forums [Score: 5]
12. Setting up export-import bank [Score: 5]
13. Improving transport and communications [Score: 8]
14. Developing at least 1000 clusters of 500 houses each [Score: 6]
15. Starting especially designed employment program [Score: 6]
16. No increase in tax rates [Score: 5]
17. Identifying and ensuring the completion of privatization process [Score: 6.5]

b) In the **Area of Energy Security**, 10 components got the score of 5 and above.

1. Upfront / feed-in tariff for wind, solar, small, hydel, and biomass projects [Score: 5.5]
2. Corporatization and privatization of DISCOs [Score: 5]
3. Collection of electricity bills to 100% [Score: 5]
4. Ending of cross-subsidy to DISCOs [Score: 7.5]
5. Corporatization and privatization of GENCOs [Score: 5]
6. Narrowly targeted subsidies for consumers up to 100 units [Score: 6.5]
7. Setting up coal and LNG import terminals, and coal transportation facilities [Score: 7]
8. Developing Thar coal-fields and setting up 5,000 MW new coal-fired plants [Score: 8]
9. Developing alternative renewable energy sources like solar, wind projects [Score: 8.75]
10. Decentralizing and creating a wholesale market for electricity [Score: 5]

c) In the **Area of Social Protection**, 2 components, out of the 3, earned the due score.

1. Introducing a transparent system of income support for needy families [Score: 9.25]
2. Raising the total spending on non-pension social protection from 1% of the GDP to at least 2% of the GDP [Score: 5]

Another way of identifying the positive developments in achieving the targets is to highlight some of those components the average score for the sub-components of which stand at 5 or above 5. Here is their description:

It may be noted here that in certain cases components are themselves independent targets, whereas in certain other cases, components consist of various sub-components. In such cases, the components earn an average score; otherwise, they are awarded an individual score.

a) In the **Area of Economic Revival**, out of the 10 components, the following 4 components got an average score of 5 or above 5.

1. Double the GDP growth rate from 3% to 6% [Average score: 5.04]
2. Other initiatives for economic revival [Average score: 5.25]
3. Infrastructure [Average score: 5.2]
4. Creating job opportunities [Average score: 5.13]

In the **Area of Energy Security**, out of 15 components, the following 5 components won an average score of 5 or above.

1. Reform of distribution companies [Average score: 5.38]
2. Setting up of coal and LNG terminals and coal transportation facilities [Average score: 7]
3. Developing Thar coal-fields and setting up of 5,000 MW coal-fired power plants [Average score: 8]
4. Developing alternative renewable energy sources like solar, wind projects [Average score: 8.75]
5. Decentralizing and creating a wholesale market for electricity [Average score: 5]

That's all that may be presented as posing the positive development as far as the tracking of the 92 components during the last 6 months, or what the PML-N has succeeded in achieving as a whole in its two years stint.

Let's try to delve into the details of these positive developments and see whether all is fine with them or the devil resides in some of the nooks.

After a period of two years, the PML-N has, out of the total 92, 5 of its targets stood achieved. Economic Revival 2 + Energy Security 3 = 5

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Lowest Rate of Inflation – Is it so!

When in May 2013, the PML-N took power, the rate of inflation stood at 5.9%. In October 2013, it increased to 9.1%; in June 2014, it came down to 8.7%. In the November of 2014, it hovered around 6.9%. And as of June 2015, Year-on-Year basis it stands at 3.2%.

How tricky is all that fluctuation? What it implies for the PML-N target of bringing it down to 7% to 8% is again a tricky game? Or it may be termed a tricky game of numbers?

How does Tax Directory reform the unjust, complex tax system!

As far as the publication of the Annual Tax Directory is concerned, it may pertinently be asked what it achieves vis-a-vis the present unjust tax regime. How does it reform the complex and un-principled tax regime? Or as the case may be, is shaming and blaming the taxpayers, whoever they are and whatever tax they pay, a ploy of the PML-N government to increase the overall volume of the revenue? What the heck it is, then?

This much for the two targets achieved!

So far as the three achieved targets in the Area of Energy Security are concerned, one of them is “No-

tifying the electricity tariff according to the average system wide cost” and as mentioned already, this has been the case in the previous government also. The other two targets, first of putting and keeping the blanket ban on the opening of new CNG stations, and the second, of providing CNG to the public transport on priority basis stand achieved.

However, one may ask what did the PML-N achieve by achieving these five targets, or may be achieving by achieving such cosmetic targets? Does the achievement of these and such targets have any implications for the urgently required economic reforms, structural reforms? Does the achievement of such targets help move forward on the way to the economic revival, about which PML-N has been so upbeat?

In the **Area of Economic Revival**, there are 17 components which earned a score of 5 or above 5. Out of these 17, two components showed ‘No further progress made’ during the last six months and were awarded ‘Nil’ score. Both of these pertain to the inclusion of Private Sector in the government’s business of planning and development.

In the **Area of Energy Security**, out of 10, two components earned the same status by showing no further progress. First of them deals with the mandatory wheeling of electricity by the DISCOs and NTDC; an agreement between them is still in the process of incubation. The second one wants to introduce solar-thermal water-heaters both at the domestic and industrial level. In this regard, though the Alternative Energy Development Board (AEDB) already issued the tax-exemption certificate for the import of about 16,715 units of Solar Water Heaters, but after that during the last six months no further progress has been observed.

Let’s have a look at the overall average scores obtained by the five Reports:

Report	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
5 th Report: January-June 2015	3.8	4.4	4.15
Average	4.07	4.26	4.17

This table cries and implies a lot.

Does the achievement of these and such targets have any implications for the urgently required economic reforms, structural reforms? Does the achievement of such targets help move forward on the way to the economic revival, about which PML-N has been so upbeat?

The average score in the Area of Economic Revival first improved; but now the present Report sees it as almost nose-diving. That means what the PML-N government achieved during its two year rule is not above an average score of 5 (4.07). In other words, through its two years, it could improve upon its first score, 3.17, only (3.8 – 3.17 =) 0.63 points.

True, when the PML-N came to power in June 2013, shortage of electricity was already proving to be one of the most devastating crisis; now after full two years, apparently the volume of electricity load-shedding has not reduced substantially and noticeably. Not only does it include the suburban and peripheral areas, but more than that the rural areas also, where electricity blackouts are pushing the people out on the roads in large numbers to protest their ‘**electricitylessness.**’

Pipeline of Energy Investments	
Type of Power	Capacity in MW¹
Thermal	930
Wind	149.5
Nuclear	2200
Solar	900
Coal	5224
Hydro	11907.45
Total	21310.95

The PML-N may be justified in its stance that it is investing hugely in enhancing the generation capacity and the above table endorses this stance. That goes starkly against the popular argument which believes in pooling and diverting of all the efforts towards the management of already available electricity and its distribution, and may be termed as convincing in view of the accumulated Circular Debt once again to the tune of more than Rs.600 billion. In the same vein, it may be pointed out that the average score in the Area of Energy Security is not improving as it should have been, in consonance with the efforts and claims being made by the PML-N government.

The table shows the picture of investment in energy sector since 2013.

The 1st Report had an average score of 4.16, and this 5th one shows just an improvement by 0.24 points or 6%. Thus, wading through the five reports, now the average score in the **Area of Energy Security** stands at 4.26, below the score of 5.

That means the cumulative score of both Areas may not be taken to mean more than that, i.e. what the PML-N government vis-à-vis implementation of its targets achieved during the first six months of its rule, it could not add a worthwhile score to that during one and half years, i.e. it added only 0.49 points or 13%.

Let’s hope and see what extraordinary strides the PML-N government makes in the remaining period of its tenure!

Here it needs to be pointed out that as mentioned above, investing hugely in the **Area of Energy Security** may not ensure the Revival of the Economy. No doubt, Energy Security is indispensable to a healthy life of the economy, but there are other fundamental economic reforms without which Revival of the Economy may remain a dream. That has been the case during the last

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¹ The data for Power Projects has been collected from official websites and news sources.

two years with the economy of Pakistan. The shortage and mismanagement of electricity and gas, and other sources of energy, such as LNG, are hurting the growth rate fatefully. However, that does not tell the whole story!

So after seeing the rosy picture and its real shades, let's turn towards the other side of the picture, and try to figure out its darker aspects.

Out of the various categories, one dubs the targets (components and sub-components) as As Yet No Development (AYND); it is those targets which as yet has seen no progress. In the **Area of Economic Revival**, in this 5th Report, there are 9 AYNDs; in the Energy Security, 6; and in the Social Protection, 1. That makes 16 AYNDs in a total of 87 targets. $(92 - 5 \text{ [Achieved Targets]} = 87)$.

And 4 of the targets earned 'No Further Progress Made.'

In the category of 'Not Scored,' which means for certain reasons such as there is 'As Yet No Development,' or the 'Target Stands Achieved,' it has been deemed fit not for any scoring. There are 8 'Not Scored' in the Economic Revival, and 10 in the Energy Security, and one in the Social Protection.

The category of 'Nil Score' means despite the announcement of positive policy direction, no progress witnessed. In both of the Areas, Economic Revival and Energy Security, 3 targets each deserved a 'Nil Score.'

The Zero score presents the worst scenario; it means reversion of the already made progress. There are 3 Zeros: two in the Economic Revival and one in the Energy Security.

As was mentioned above, there are 17 and 10 components in the Economic Revival and Energy Security respectively, which earned a score of 5 or above 5. Roughly, that means out of 92 targets, which reduce to $(92 - 5 \text{ (Targets Achieved)}) - 27 \text{ (Scored above 5)} - 16 \text{ (AYNDs)}$ there are about 54 targets, more than half the total number of targets, which got a score below 5. The following table summarizes the scores against different targets.

Status of Various Targets	
Indicators with score 5 or above	27
Indicators with score below 5	44
Indicators with No Development	16
Indicators with Targets Achieved	5
Total Targets	92

Concluding thoughts:

It's easier said than done. **Promising implies moral obligation.** Thus, deviating from one's promises, be it due to incapacity or because of difficult circumstances or on account of one's own expediencies, amounts to an immoral character. However in politics, and that too in Pakistani politics, it is no "Sin," or no "Crime," or no "Default" at all.

In fact, it was very nice of the PML-N that it in its Election Manifesto promised so many things to the people of Pakistan, and as it can never be established that it is these Promises which helped the PML-N win that much votes and thus that much seats in the National Assembly that it was empowered to rule for a period of five years; however, all that poses no semblance of any obligation. Or, even, it may or may not translate into its failure in the next general elections just because it did not deliver and did not fulfill the promises it made on its own.

That's what the politics in Pakistan means for the ordinary people. For the extra-ordinary aristocratic classes, all it means is sheer economics. Perks and privileges; subsidies; dole-outs; plots; tax-exemptions; state-sponsored luxurious lives; Post-retirement benefits; and whatever one can imagine.

Remember that it's the same PML-N that promised to effect one-third reduction in the current expenditures of the government, other than salaries, allowance and pensions!

See the target 1.2.3: Here its score has been reduced from 2 to 1.5.

Remember that it's the same PML-N that promised to eliminate the VIP culture by reducing expenses on the Presidency, Prime Minister, Governors, and Chief Ministers!

See the target 1.2.4: Here its score has gone down the drain, from 8 to Zero.

Remember that it's the same PML-N that promised to reduce the losses of the PSEs!

See the target 1.2.5: Here its score has been reduced from 3.25 to 3.

Remember that it's the same PML-N that promised to limit the borrowing by the government!

See the target 1.3.2: Here its score has gone down from 7 to 6.

Remember that it's the same PML-N that promised to decrease the rates of taxes!

See the target 1.3.3: Here its score has been reduced from 5.5 to 5.

Remember that it's the same PML-N that promised to make ample credit available to the private sector!

See the target 1.5.1: Here its score stands decreased from 8 to 4.

Remember that it's the same PML-N that promised to bring the informal economy into the tax-net!

See the target 1.8.1: Instead, here its score went down from 2 to 1.5.

Remember that it's the same PML-N that promised not to increase the tax rates!

See the target 1.8.4: Instead here its score got down from 5.5 to 5.

Remember that it's the same PML-N that promised to appoint independent and professional boards!

See the target 1.9.1: Here one such board was appointed, but the same was first weakened and then abandoned, resulting in the increased discretionary powers of the Prime Minister. Also, since then no positive move has been witnessed in this regard.

Remember it's the same PML-N that promised the completion of the privatization process within the assigned timeframe!

See the target 1.9.2: However, it has fallen short of privatizing any of the identified entity. Here its score stands reduced from 8 to 6.5.

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Remember that it's the same PML-N that promised to declare NEPRA-determined tariffs to be the Notified Tariffs!

See the target 2.2.4: Here the government has done nothing to move into the direction; that means it prefers holding all the cards in its own hands.

Remember that it's the same PML-N that promised to corporatize and privatize the DISCOs!

See the targets 2.3.1: Here as the privatization of DISCOs has been delayed by the government; thus herein its score has been cut down from 7 to 5.

Remember that it's the same PML-N that promised to eliminate the circular debt permanently!

See the target 2.5.1: Here it's maintaining its Zero score. Mind that reportedly the circular debt as of March 2015 accumulated to the tune of Rs.615 billion.

These are some of the most significant targets in view of their implications for the much-awaited economic reforms.

In contradistinction to it, there are a number of other such measures which totally defy the spirit of the PML-N's Economic Manifesto.

Remember that it's the same PML-N the Prime Minister of which has restored the two-plot- policy for the bureaucrats and judges!

Remember that it's the same PML-N that went extra-miles to wage a Long-March to put pressure on the then government to demand the restoration of the deposed judges. Now it's the same PML-N that is trying hard to weaken and dis-empower the Judicial Commission vis-à-vis the Parliamentary Commission so far as the appointment of the judges of the higher courts are concerned. That means it doesn't want the institutions to be independent and autonomous; instead it wants them to be under the disposal of the government.

That amounts to damaging those foundations on which regulatory reforms take shape and root. That means that the autonomous regulatory bodies are the first step towards instituting fundamental economic and structural reforms as far as the institution of the state is concerned.

Also, as has already been mentioned, two areas, especially out of the PML-N's own targets, are of utmost importance, and it is there that the progress seems to be stalled and lagging. First is the area of tax reform; and second one is privatization. In both of these the average score is dismal.

In point of fact, it's taxation, around which all the politics and economics revolve; no matter, it does not make an issue in the politics of Pakistan, and it's really a "Crime" on the part of all the political parties and politicians that they never make it an issue. In the last 4th Report, the component of Tax Reforms got a score of 2.9. In this 5th Report, the score has been slashed to 2.4. Both of these average scores imply a bleak situation regarding the state of its 15 sub-components.

Likewise, it's the state enterprises that determine the size of the government, and also tell about the over-crowded nature of the public sector resulting in the weakening of the private initiatives. Also, in case of Pakistan, the state enterprises, instead of benefiting the ordinary people, are being used as dole-outs and contrary to their inherent purpose, are proving to be an unbearable burden on the

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shoulders of the ordinary people. Think about any of the state enterprises, be it PIA, Pakistan Steel Mills, or Pakistan Railways, they are all being run on the bail-out packages generously given to them by the government out of the tax-money of the people.

In this component, which promises the privatization of the State-owned Enterprises, the last 4th Report got an average score of 5; this 5th Report sees it to be reduced to 3.63.

In the **Area of Energy Security**, the sub-component, which talks of the Corporatization and Privatization of the DISCOs, as compared to the 4th Report, wherein a score of 7 was awarded, now a reduced score of 5 has been allotted.

That gives a glimpse into the theory of political economy the PML-N practically believes in! It is yet to be seen how honest and true it really is to its Promises it made to the nation in its Election Manifesto in May 2013! Before any final judgment is to be thought of, it is time once again to remind the PML-N to re-read the same Manifesto, and refresh the Promises it made to the people. It's not yet too late to mend, and it has ample time to bring those fundamental economic reforms into effect which then on its own may be unleashing the forces of market and private initiatives. Short-term gains and short-sighted politics must not mar its resolve!

Khalil Ahmad

July 23, 2015

Policy Research Institute of Market Economy (PRIME)

PML-N Economic Agenda: 5th Tracking Report

Overall Score: 5.11

Economic Revival: 3.8

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & 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%	-	-	-	-	-	5.04
1.1.1.	Double the GDP Growth rate	4.03% ¹	4.24% ²	-	-	-	3.7
1.1.2	Higher investment in the energy sector	Rs. 49.253b WAPDA (Power) share in revised estimates PSDP 2014-15. ³	Rs.112.288b WAPDA (Power) share in PSDP 2015-16 ⁵	2.5	2	3	7.5

¹ Economic Survey of Pakistan 2014-15

² Ibid.

³ Ministry of Finance, Budget in Brief 2015-16

⁵ Ministry of Finance, Budget in Brief 2015-16

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		China will invest \$45.6b in Pakistan's energy and infrastructure projects. ⁴	China intends to invest up to \$37bn in various energy projects ⁶ Rs 10.2b out of the Rs 63.6b released till Jan 15. ⁷				
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)	Dec 2014, NHA, Housing & Power Sector Received Rs12236.200b, 1378.269b and 262.800b ⁸	ADB agreed to provide \$6b over the course of 5 yrs to help construction of dams, roads and coals power plants. ¹²	2.5	2	3.5	8

⁴ Business Recorder, Energy, infrastructure projects: China will invest \$45.6bn in 10 years: Ahsan Iqbal, November 12th 2014.

⁶ Business Recorder, President Xi due tomorrow: projects worth \$45 billion may be signed, April 19th 2015. <http://www.brecorder.com/top-stories/0/1176935/>

⁷ Business Recorder, Rs. 183.5bn released PSDP so far. January 22nd 2015. <http://epaper.brecorder.com/m/2015/01/22/18-page/481545-news.html>

⁸ 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

¹² Dawn, ADB to give \$6bn for infrastructure, May 13th 2015. <http://www.dawn.com/news/1181575/adb-to-give-6bn-for-infrastructure>

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1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		<p>The Executive Committee of the National Economic Council (ECNEC) approved 8 projects valuing Rs157.429b⁹</p> <p>Construction of Karachi-Hyderabad motorway will start in the last week of December¹⁰</p> <p>The govt released Rs 18.92b for NHA against an allocation of Rs 112b and released Rs 3.62b out of Rs 63.6b for</p>	<p>ECNEC approved 2 projects for; at an estimated cost of Rs90.032b & estimated cost of Rs88.054.09m.¹³</p> <p>ECNEC approved Rs165b Orange Line Metro Train Project for Lahore.¹⁴</p> <p>ECNEC approved a total of Rs 29bn for replacement of old and obsolete Railways tracks.¹⁵</p> <p>25% of total Funds released to NHA earmarked in the</p>				

⁹ 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>

¹⁰ The News, Karachi-Lahore Motorway to start this month, November 2nd 2014.

¹³ Dawn, Projects worth Rs538bn approved, May 14th 2015. <http://www.dawn.com/news/1181806>

¹⁴ Ibid

¹⁵ Dawn, Ecneec approves 15 projects of Rs333bn, March 3rd 2015. <http://www.dawn.com/news/1167049/ecneec-approves-15-projects-of-rs333bn>

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Manifesto Chapter: Economic Revival: 3.8							
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		Wapda (Power) for financial year 2014-15. ¹¹	PSDP FY14-15 and 94% released for Communications Division (other than NHA) ¹⁶ Construction of road linking Torkham. ¹⁷				
1.1.5	Foreign investment in oil, gas and other minerals	Revised Net FDI in these sectors: US \$440.5 Jul-May 2014 ¹⁸	Net FDI in these sectors: US \$232.9 m for Jul-May 2015 (Provisional) ¹⁹	1	0	0.75	1.75

¹¹ Business Recorder, Rs99.88bn released under PSDP, November 15th 2014.

¹⁶ Business Recorder, Rs 218.03 billion for PSDP released in 7 months, February 10th 2015. <http://www.brecorder.com/business-and-economy/189:pakistan/1149970:rs-21803-billion-for-psdp-released-in-7-months/>

¹⁷ Dawn, Ecnec okays 9 projects worth Rs101.55bn, January 14th 2015. <http://www.dawn.com/news/1156626/ecnec-okays-9-projects-worth-rs10155bn>

¹⁸ SBP, FDI in Pakistan by Sector, <http://sbp.org.pk/ecodata/Netinflow.pdf>

¹⁹ SBP, FDI in Pakistan by Country, <http://www.sbp.org.pk/ecodata/index2.asp>

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		31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
1	Manifesto Targets						
1.1.6	Investment to GDP ratio will rise to 20%	Total investment Jul-Sep14 US \$ 338.7m ²⁰ 13.99% ²¹	Total Investment US \$2,628.1m ²² Investment to GDP ratio 13.52% ²³	-	-	-	4.25
1.2	Budget deficit will be brought down to 4%	-	-	-	-	-	2.96
1.2.1	Bring down budget deficit to 4%	8.8% in 2013-14	Budget deficit in the current FY may remain above the target of 4.9% of GDP ²⁴	-	-	-	5
1.2.2	Increase tax to GDP ratio from 9% to 15%	11.5% ²⁵	11.3% Revised Budget 2014-15	-	-	-	5.3

²⁰ SBP

²¹ Ministry of Finance, Economic Survey (Highlights ES 2013-14)

²² SBP, Net Inflow Summary'

²³ Economic Survey of Pakistan (2014-15). Calculated as ratio of Gross Fixed Capital Formation to GDP at market prices.

²⁴ Express Tribune, Zarb-e-Azb may cause Govt. to miss deficit target: Dar, January 13th 2015. <http://tribune.com.pk/story/821050/zarb-e-azb-may-cause-govt-to-miss-deficit-target-dar/>

²⁵ Ibid

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Manifesto Chapter: Economic Revival: 3.8							
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			(Calculated) & Target 12% 2015-16 ²⁶				
1.2.3	One-third reduction in current expenditures other than salaries, allowances and pensions	Rs. 274,693 m ²⁷ allocated for running the Civil government 2014-15	Current expenditure Rs. 326,331 in 2014-15. ²⁸	1.5	0	0	1.5
1.2.4	Eliminate VIP Culture by reducing expenses on Presidency, Prime Minister, Governors and Chief Ministers	Budgeted expenditure of PM house in 2013-14, 396 m ^{29,30} and actual spent was Rs. 755 m.	Budgeted Expenditure of PM House Rs. 842m 2015-16 ³¹	-	-	-	0

²⁶ Ministry of Finance, Budget in Brief, 2015-16

²⁷ Ministry of Finance, Budget in Brief 2014-15

²⁸ Ministry of Finance, Budget Speech 2015-16

²⁹ Ibid

³⁰ 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>

³¹ The News, Colossal wastage of resources, June 21st 2015. <http://tns.thenews.com.pk/colossal-wastage-of-resources/#.VZrnOvmqgko>

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1.2.5	Reduction in losses on PSEs	Subsidies to Pak Railways to meet its losses Rs33.5b Budget 2014-15	Subsidies to Pak Railways to meet its losses Rs37b Budget 2015-16 ³²	1.75	1.25	0	3
1.3	Inflation will be brought down to single digit in the range of 7%-8%	-	-	-	-	-	4.92
1.3.1	Bring down inflation	6.9% Core Inflation (Nov 14) ³³ Average inflation during July-Nov14 was 6.45% ³⁴	CPI 3.2% YoY June15 ³⁵	-	-	Target stands achieved	Not scored
1.3.2	Limiting government borrowing	70% decrease in Q1 2015 domestic loan, and 75% decrease in Q1 2015 external loan	July-March 2014: Total debt was 17,060 b July-March 2015: Total debt was: 18,543.4 b	1.5	2	2.5	6

³² Ministry of Finance, Budget in Brief 2015-16

³³ Pakistan Bureau of Statistics, http://www.pbs.gov.pk/sites/default/files/price_statistics/monthly_price_indices/2014/Monthly%20Review%20November%202014.pdf

³⁴ Express Tribune, Consumer Price Index: With sharp fall in oil prices, inflation hits 11-year low, December 2nd 2014. <http://tribune.com.pk/story/800336/consumer-price-index-with-sharp-fall-in-oil-prices-inflation-hits-11-year-low/>

³⁵ PBS, Monthly Review June. <http://www.pbs.gov.pk/cpi>

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1.3.3	Decreasing tax rates	Corporate tax, general tariff, FED and capital gain tax brought down and GST and Income tax unchanged. ³⁶	Increase in Rate of Capital Gains tax from 10 to 12.5% & from 12.5 to 15%, Corporate tax reduced by 1%; One time tax on affluent and rich individuals and companies for rehabilitation of IDPs. ³⁷	1.5	1.5	2	5
1.3.4	Lower interest rates through effective monetary policy	9.5% ³⁸	7% ³⁹	-	-	-	3.75
1.4	Other Initiatives for Economic Revival	-	-	-	-	-	5.25

³⁶ Ministry of Finance, Budget Speech 2014-15

³⁷ Ministry of Finance, Budget Speech 2015-16

³⁸ Express Tribune, Monetary policy: SBP slashes interest rate by 0.5%

³⁹ Dawn, Interest rate slashed to 42-year low of 7pc, May 24th 2015. <http://www.dawn.com/news/1183866/interest-rate-slashed-to-42-year-low-of-7pc>

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1.4.1	Reducing energy shortage and cost of producing energy	In November 2014, shortfall was 4,000 MW	June 15 Electricity Shortfall 3501MW ⁴⁰	1.5	2	2.5	6
1.4.2	Opening up markets to encourage regional trade	Progress observed in trade with India, Afghanistan, China, Indonesia, Romania ^{41 42 43}	No tangible progress especially regarding SAARC trading zone and access to Central Asia. Trade relationships with Afghanistan have been deteriorated.	2	2	2	6
1.4.3	Reforms in financial sector and capital markets	-	Several reforms for financial sector are being carried out by SECP.	2.5	2	2.5	7

⁴⁰ Dawn, Khursheed Shah thunders in Parliament, hits out at federal govt. for power outages, June 23rd 2015. <http://www.dawn.com/news/1190158/almost-3000mw-power-shortfall-in-pakistan-khawaja-asif>

⁴¹ 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>

⁴² 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>

⁴³ Pakistan Observer, Pak-China friendship raises trade and investment scale, June 11th 2014. <http://pakobserver.net/detailnews.asp?id=244057>

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1.4.4	Improved regulatory environment on national level	Developments in regulatory reforms in SBP, NEPRA, OGRA under way.	Govt. planning to merge OGRA with NEPRA and delink transmission and distribution from Sui Northern Gas Pipeline (SNGPL) and Sui Southern Gas Company Limited (SSGCL) ⁴⁴	0.5	0.5	1	2
1.5	Industry and Trade	-	-	-	-	-	4.06
1.5.1	Making ample credit available to the private sector	Rs161b loans given to private sector businesses in 5M Jul-Nov FY14. ⁴⁵	According to SBP data, loans to private sector in FY 2014-15 decreased to Rs. 230 billion from Rs. 322 billion in FY 2013-14, a 40% decline. ^{46/47}	1.5	1	1.5	4

⁴⁴ The Nation, Energy reforms: Govt. plans OGRA-NEPRA merger, June 7th 2015. <http://nation.com.pk/business/07-Jun-2015/energy-reforms-govt-plans-ogra-nepra-merger>

⁴⁵ Ibid

⁴⁶ <http://www.sbp.org.pk/ecodata/CreditLoans.pdf>

⁴⁷ The News, Private sector borrowing dips despite interest rate fall, May 7th 2015. <http://www.dawn.com/news/1180466/private-sector-borrowing-dips-despite-interest-rate-fall>

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1.5.2	Industrial Manufacturing growth will be taken to 7% to 8%	Large Scale Manufacturing (LSM) grew by 4.28%.	According to PBS LSM grew by 2.9% during Jul-April 15. ⁴⁸	-	-	-	3.5
1.5.3	Reforming tariffs to eliminate anti-export bias	N.A.	As yet no development	-	-	-	Not scored
1.5.4	Establishing an Equity Fund consisting of private and public sectors	-	As yet no development	-	-	-	Not scored
1.5.5	Creating Industrial Parks for large and small industries especially in the under-developed areas	Korangi Creek Industrial Park (Karachi) in final stages of completion, Rachna Industrial Park (Lahore) would be completed by June 2015, Marble City Risalpur underway and Bin Qasim	Presumably, already mentioned projects are in the process of being completed. ⁴⁹	2	0.5	3.5	6

⁴⁸ Express Tribune, Large industries: LSM grows 2.9% with hopes of better performance ahead, June 20th 2015. <http://tribune.com.pk/story/906598/large-industries-lsm-grows-2-9-with-hopes-of-better-performance-ahead/>

⁴⁹ Express Tribune, Headless National Industrial Parks in disarray, March 15th 2015. <http://tribune.com.pk/story/853715/headless-national-industrial-parks-in-disarray/>

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		Industrial Park has been launched.					
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, 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	Presumably, progress on already mentioned projects is in process.	1.5	1.5	1	4

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/>

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		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	Due to inconsistent policies within the last 10 years from 36 pharma MNCs only 24 are still operational. ⁵⁴	0.5	0.5	1	2
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%. ⁵⁵	-	1.5	0.5	1	3
1.5.9	Intensifying participation in regional cooperation forums like SAARC and ECO, including FTAs and PTAs	Pakistan has yet to conclude 8 bilateral preferential trade treaties including FTA with Singapore,	Pakistan has been granted full membership of Shanghai Cooperation	2	1	2	5

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>

⁵⁴ Express Tribune, MNCs under threat due to irregular policies, June 20th 2015. <http://tribune.com.pk/story/906600/mncs-under-threat-due-to-irregular-policies/>

⁵⁵ Ibid.

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		Thailand and Turkey.	Organization (SCO); Pakistan has proposed to Turkmenistan to sign a transit trade agreement; also negotiations with many a country are being pursued however something new and concrete has not emerged. ⁵⁶				
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	The govt. has decided to complete the legal framework at the earliest for establishment of Export-Import	EXIM Bank to be operational during FY16 announced in the budget speech. ⁵⁷	2	0	3	5

⁵⁶ Business Recorder, Strong trade linkages with CASs: Islamabad offers Turkmenistan to ink pact, February 4th 2015. <http://www.brecorder.com/top-stories/0/1148262/>

⁵⁷ Business Recorder, Exim Bank of Pakistan to be operational during Fiscal Year 2016, June 6th 2015. <http://www.brecorder.com/money-a-banking/198:pakistan/1193550:exim-bank-of-pakistan-to-be-operational-during-fiscal-year-2016?date=2015-06-06>

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		(Exim) Bank of Pakistan.					
1.5.12	Technology Up-gradation Fund will be set up	-	As yet no development	-	-	-	Not scored
1.6	Infrastructure	-	-	-	-	-	5.2
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 ⁵⁸	Infrastructure Project Development Facility exists but no new institution has been set up.	1.5	0	0	1.5
1.6.2	Improving Transport & Communication (Construction of National Trade Corridors and Mass Transit Facilities in all major cities)	ECNEC approved 8 projects valuing Rs157.429b. ⁵⁹	Rs185b allocated for the construction of roads, highways & bridges. ⁶⁰	2.5	2	3.5	8

⁵⁸ 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>

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>

⁶⁰ Ministry of Finance, Budget Speech 2015-16.

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		Various projects at various stages of development	Pakistan has become eligible for \$2bn infrastructure financing from WB. ⁶¹ 25% of total funds released to NHA & 94% released for Communications Division (other than NHA). Allocation for the current year. ⁶² Rawalpindi-Islamabad Metro Bus Service inaugurated. Rs. 662m to be provided by China for development of Gwadar Airport. ⁶³				

⁶¹ Dawn, Pakistan becomes eligible for \$2bn WB infrastructure financing, February 26th 2015. <http://www.dawn.com/news/1165929/pakistan-becomes-eligible-for-2bn-wb-infrastructure-financing>

⁶² Business Recorder, Rs 218.03 billion for PSDP released in 7 months, February 10th 2015. <http://www.brecorder.com/business-and-economy/189:pakistan/1149970:rs-21803-billion-for-psdp-released-in-7-months/>

⁶³ Express Tribune, Development schemes: New Gwadar Airport gets ECNEC's approval, January 13th 2015. <http://tribune.com.pk/story/820829/development-schemes-new-gwadar-airport-gets-ecnecs-approval/>

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			China-Pakistan Economic Corridor agreements signed.				
1.6.3	At least 1000 clusters of 500 houses each for lower income families will be developed	Work on the govt.'s housing schemes has been stalled for a few months as the Ministry of Housing and Works has been busy with bureaucratic reshuffles.	Sites for construction of low cost housing units have been identified in the districts of Charsadda, Bannu, Lakki Marwat, Dera Ismail Khan, Lahore, Jehlum, Karachi, Hyderabad, Quetta and Gwadar. ⁶⁴	2.5	1.5	2	6
1.7	Creating Job Opportunities	-	-	-	-	-	5.13
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	Govt to provide a 20-year tax holiday to companies operating	1.5	1.5	1.25	4.25

⁶⁴ Dawn, 500,000 houses for low-income people to be built, March 3rd 2015. <http://www.dawn.com/news/1167047/500000-houses-for-low-income-people-to-be-built>

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		exemptions provide incentives.	in Gwadar port's Free Zone ⁶⁵				
1.7.2	Starting especially designed employment program	SBP announced new parameters for Prime Minister's Youth Business Loans (PMYBL) Scheme, strengthening the guarantor qualification criteria. ⁶⁶ Out of a total 100,000 only 10,442 loans approved ⁶⁷	Through PM youth training program will provide 1 yr internship to 50,000 unemployed youth in both public and private sector. ⁶⁸	2	2	2	6
1.8	Tax Reforms	-	-	-	-	-	2.4

⁶⁵Business Recorder, Gwadar Free Zone: Companies to get 20-year tax holiday, February 2nd 2015. <http://www.brecorder.com/top-stories/0/1147723:gwadar-free-zone-companies-to-get-20-year-tax-holiday/?date=2015-02-02>

⁶⁶ 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>

⁶⁷ The News, Has PM Youth Loan Scheme Flopped? October 16th 2014.

⁶⁸ Ministry of Finance, Budget Speech 2015-16.

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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. ⁶⁹	Disincentives for non-filers. ⁷⁰ In 2011, tax filers were 1,143,414 and in 2014, this number was dropped to 856,229 ⁷¹ .	1	0	0.5	1.5
1.8.2	Broadening tax base	Tax Reforms Commission formed in Sep and it is working on tax policy, indirect and direct tax collection, border security/anti-smuggling measures, expansion of tax	0.6% tax on all banking transactions for non-filers. ⁷² 76% of corporate taxpayers did not file returns. ⁷³ In 2011, tax filers were 1,143,414 and in 2014, this number	0.5	0.5	1	2

⁶⁹ Ministry of Finance, Budget Speech 2014-15

⁷⁰ Ministry of Finance, Budget Speech 2015-16

⁷¹ Business Recorder, 13th July 2015 (Dr. Ikram Ul Haq & Huzaima Bukhari)

⁷² Ministry of Finance, Budget Speech 2015-16 (0.3% till 30th September 2015, and then 0.6% on all banking transactions for non-filers.)

⁷³ Dawn, 76% of Taxpayers did not file returns in 2014. January 8th 2015. <http://www.dawn.com/news/1155569/76pc-corporate-taxpayers-did-not-file-returns-in-2014>

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		base and tax facilitation.	was dropped to 856,229. ⁷⁴				
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. ⁷⁵	50% increase in withholding tax rates for those who do not file income tax returns ⁷⁶ Corporate tax reduced, Capital Gains Tax increased ⁷⁷	1.5	1.5	2	5
1.8.5	Reduce Tax evasion	FBR estimated major reduction in the number of companies persistently	38% of filers paying nil tax. Only 38% of registered companies are filing tax returns.	1.5	0.5	1	3

⁷⁴ Business Recorder, 13th July 2015 (Dr. Ikram Ul Haq & Huzaima Bukhari)

⁷⁵ Ministry of Finance, Budget Speech 2014-15

⁷⁶ Express Tribune, No holding back: FBR notifies tax increase despite opposition, February 14th 2015. <http://tribune.com.pk/story/834172/luxury-products-govt-set-to-slap-5-10-additional-duty/>

⁷⁷ Ministry of Finance, Budget Speech 2015-16

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		declaring losses to evade income tax after the introduction of 17%					
1.8.6	Rationalizing tax rates	Budget 2014-15 contains some measures such as reduction in advance income tax.	Measures to remove sectoral distortion in domestic tax rates ⁷⁸	1	1	1	3
1.8.7	Reform of tax administration both at the federal and provincial levels	Tax Reforms Body Constituted by Finance Minister for scaling down of sales tax rate to single digits and changes in the field formation of the income tax department by reverting to the old circle-based system from the current functional lines. ⁷⁹	TRC recommended a flat rate of sales tax on petroleum products, a fixed rate of turnover tax on small retailers, rationalization of extra tax regime, withdrawal of all tax amnesties/fixed tax and value-addition schemes and new incentives for registered persons.	1	2	0.5	3.5

⁷⁸ Ministry of Finance, Budget Speech 2015-16

⁷⁹ Dawn, Tax reforms body constituted, September 26th 2014. <http://www.dawn.com/news/1134386/tax-reforms-body-constituted>

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		Electronic monitoring to be introduced. ⁸⁰					
1.8.8	Ensuring tax compliance by small businesses	Identifying small businesses by using electricity bills.	25% reduction in the tax rate on income of small companies	1.5	1	0	2.5
1.8.9	Publish an Annual Tax Directory indicating the taxes paid and assessed in the last 3 years	Target stands achieved	Tax Directory published ⁸¹	-	-	-	Not scored
1.8.10	Reduce the number of federal and provincial taxes	-	As yet no development	-	-	-	Not scored
1.8.11	Rationalizing sales tax by ensuring standard rate for all items	No further progress made	TRC recommended a flat rate of sales tax on petroleum products, a fixed rate of turnover tax on small retailers, rationalization of extra tax regime, withdrawal of all tax	0.5	1	0	1.5

⁸⁰ Ibid

⁸¹ The News, Tax details of govt. opposition MPs published, April 11th 2015. <http://www.thenews.com.pk/Todays-News-13-36918-Tax-details-of-govt-opposition-MPs-published>

1	Manifesto Chapter: Economic Revival: 3.8	Implementation Status					
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
			amnesties/fixed tax and value-addition schemes and new incentives for registered persons. ⁸² Budgetary measures to rationalize sales tax on export oriented sectors introduced. ⁸³				
1.8.12	Broadening the scope of sales tax	In addition to 17.5% GST, 5-5.7% tax has been imposed on retailers whose electricity bill is more than Rs. One million ⁸⁴ .	As yet no development	-	-	-	Not scored

⁸² Business Recorder, Tax body spells out slew of 'reforms', February 26th 2015. <http://www.brecorder.com/taxation/181:pakistan/1155463:tax-body-spells-out-slew-of-reforms/>

⁸³ Budget Speech by the Finance Minister, 2015-2016

⁸⁴ Jang, July 3, 2014

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
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.	The govt. has proposed that the fiscal offences, including serious tax crimes/tax evasion would be brought into the ambit of money-laundering under the proposed amendments to the Anti-Money Laundering Act. ⁸⁵	2	1	0	3
1.8.14	Improving self-assessment and audit compliance	800,000 returns of income statements received by FBR ⁸⁶	In 2014, 77,412 audits were done; while returns under self-assessment declined by 11.84% losing 98,000 returns.	1	0.25	0	1.25
1.8.15	Regulatory duty will be levied on non-essential imports	Regulatory duty of 5% on luxury items imposed	No regulatory duty imposed	-	-	-	Nil

⁸⁵ Business Recorder, AMLA amendments Fiscal offences, may be considered money-laundering, January 15th 2015. <http://www.brecorder.com/money-a-banking/198/1142394/>

⁸⁶ Ibid

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
1.9	State-owned enterprises	-	-	-	-	-	3.63
1.9.1	Appointing independent and professional boards	Supreme Court overruled its previous judgement and said that the power of hiring board members lies with the executive. ⁸⁷	As yet no new development	-	-	-	Nil
1.9.2	Identification and ensuring the completion of privatisation process within the assigned timeframe	The government has generated Rs. 14.4 billion by selling its residual shares of ABL. ⁸⁸	Privatization of Heavy Electrical Complex cancelled ⁸⁹ ; sold its stake in HBL for \$1.02b ⁹¹ ;	2	1.5	3	6.5

⁸⁷ 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/>

⁸⁸ Business Recorder, ABL transaction Govt. generates Rs14.4bn, December 13th 2014

⁸⁹ Express Tribune, Dishonoured cheque: Heavy Electrical Complex's privatisation cancelled, June 23rd 2015 <http://tribune.com.pk/story/908563/dishonoured-cheque-heavy-electrical-complexes-privatisation-cancelled/>

⁹⁰ Dawn, Sale of 97pc shares of HEC to Cargill Holdings approved, March 27th 2015. <http://www.dawn.com/news/1172092/sale-of-97pc-shares-of-hec-to-cargill-holdings-approved>

⁹¹ Dawn, Govt. to sell off its HBL stake for \$1.02bn, April 12th 2015. <http://www.dawn.com/news/1175355/govt-to-sell-off-its-hbl-stake-for-102bn>

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		Sale of OGDL scrapped the after poor investor response. Pakistan Steel Mills to be privatized by June 2015.	progress made re privatization of Pakistan Steel Mills ⁹² and National Power Construction Corporation. ⁹³				
1.9.3	PIA will be transformed into a profitable and reputed airline of the region	Losses of PIA from Jan-Jul 2014 Rs. 10.13b ⁹⁴	PIA quarterly operative loss stood at Rs. 1.98b in 2014 but despite the 49% reduction in fuel price, it remained at Rs. 1.94b. ⁹⁵	1.5	1	1.5	4
1.9.4	Improving the operations of Pakistan Railways, such as by setting of autonomous Board	Revenue from Jul-Dec was Rs. 12.3b against Rs. 9.7b	Pak Railways has surpassed its revenue target of	1	1.5	1.5	4

⁹² Express Tribune, Govt. shelves expansion of PSM, wants to privatise sick unit, April 16th 2015. <http://tribune.com.pk/story/870560/govt-shelves-expansion-of-psm-wants-to-privatise-sick-unit/>

⁹³ Express Tribune, The second strategic sale: Privatisation Commission pre-qualifies 8 bidders, May 10th 2015. <http://tribune.com.pk/story/883783/the-second-strategic-sale-privatisation-commission-pre-qualifies-8-bidders/>

⁹⁴ Business Recorder, PIA losses soar to Rs207bn, ECC told. November 6th 2014.

⁹⁵ First quarterly report 2015 by PIAC (www.piac.com.pk)

1		Implementation Status					
Manifesto Chapter: Economic Revival: 3.8							
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
		during the same period of last financial year for Pakistan Railways. ⁹⁶	Rs28b set for the current year ⁹⁷ ; PSDP allocation subsidies increased to 37 billion from Rs. 33.50 b previous year.				
1.10	Building the confidence of private sector	-	-	-	-	-	0
1.10.1	Encourage participation of private sector in planning	Govt. included development of private sector in Vision 2025 and 11 th Five-Year Plan 2013-18; New post of Member Private Sector Development in PC ⁹⁸	No further progress made	-	-	-	Nil

⁹⁶ 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/>

⁹⁷ Business Recorder, Railways' improved performance, March 14th 2015. <http://www.brecorder.com/editorials/0/1161114:railways-improved-performance/>

⁹⁸ '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>

1	Manifesto Chapter: Economic Revival: 3.8	Implementation Status					
1	Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)	Total Score 10
1.10.2	Establishment of Pakistan Business and Economic Council, chaired by the Prime Minister with equal membership of public private sector, meeting every quarter	PBEC has already been established (Economic Advisory Council) and it met several times under Finance Minister. ⁹⁹	No progress made re Pakistan Business and Economic Council	-	-	-	Nil

⁹⁹ <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: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & 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	As yet no development	-	-	-	Not scored
2.2	Reforms of National Electric Power Regulatory Authority (NEPRA) by	-	-	-	-	-	1.63
2.2.1	Upfront/Feed-in-tariff for wind, solar, small hydel, and biomass projects	Upfront tariff during June 14 was roughly around Rs8.36 per unit ¹ Upfront tariff policy exists. ²	NEPRA approved upfront tariffs for 1,320MW Port Qasim coal-based power plant for 30 years ³ , LNG-based power plants ⁴ , for Thar coal-based power projects of 330 MW,	2	1	2.5	5.5

¹ Ibid

² <http://www.thenews.com.pk/Todays-News-3-173666-Nepra-determines-wind-power-upfront-tariff-at-Rs13.19-per-kWh>

³ Dawn, Nepra approves upfront tariff for Port Qasim plant, February 14th 2015. <http://www.dawn.com/news/1163424/nepra-approves-upfront-tariff-for-port-qasim-plant>

⁴ Express Tribune, Electricity fuel: Govt opts to replace coal-run power plants with LNG, February 5th 2015. <http://tribune.com.pk/story/832972/electricity-fuel-govt-opts-to-replace-coal-run-power-plants-with-lng/>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
			indexation for solar power generation. ⁵				
2.2.2	Mandatory wheeling of electricity by DISCOs and NTDC	Wheeling of electricity agreement between NTDC and DISCOs in progress	No further progress made	-	-	-	Nil
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 ⁶	NEPRA has developed a framework which would allow consumers to contribute in the national grid. ⁷	-	-	-	Nil
2.2.4	NEPRA determined tariffs to be notified tariffs	Over the past 1 year government has increased power	NEPRA asked govt. to charge different tariffs from different DISCOs instead of	1	0	0	1

⁵ Express Tribune, Discovering new resources: NEPRA approves upfront tariff for solar power, January 29th 2015. <http://tribune.com.pk/story/829221/discovering-new-resources-nepra-approves-upfront-tariff-for-solar-power/>

⁶ 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>

⁷ Dawn, Solar energy to be brought into national power grid, January 7th 2015. <http://www.dawn.com/news/1155381/solar-energy-to-be-brought-into-national-power-grid>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		tariffs by 33% per unit. ⁸	equalisation surcharges. ⁹				
2.2.5	Deregulating and decentralising by allowing small power producers to sell power directly to consumers through the distribution systems of DISCOs	-	As yet no development; NEPRA recently disallowed a gas based captive power producer from directly selling electricity. ¹⁰	-	-	-	Not scored
2.3	Reform of Distribution Companies	-	-	-	-	-	5.38
2.3.1	Corporatization and privatisation of DISCOs	Govt. planning to privatize 50,000 km transmission lines. ¹¹ Privatization of 6 DISCOs on early	Various DISCOs were to be privatized in near future but now	2	2	1	5

⁸ 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/>

⁹ Dawn, Nepra suggests different tariffs for distribution companies, January 2nd 2015. <http://www.dawn.com/news/1154565/nepa-suggests-different-tariffs-for-distribution-companies>

¹⁰ <http://www.thenews.com.pk/Todays-News-3-318094-NEPRA-rejects-direct-electricity-sale-to-Sindh>

¹¹ 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>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		basis. (LESCO; GEPCO; MEPCO; PESCO; QESCO; SEPCO) ¹²	it has been delayed. ^{13,14}				
2.3.2	Reduction of transmission and distribution losses to less than 10%	Line losses 26% July14 against 25.7% in July13 in all the 10 Discos in the country ¹⁵	GEPCO Losses 13.4% against target of 8%; FESCO losses 12.3% against target 10%; HESCO losses 30.6% against target 23.8% and SEPCO losses 40.9% against target 29.3%. ¹⁶	1	1	2	4

¹² 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>

¹³ Express Tribune, Privatisation: PC appoints financial advisers for seven power firms, May 30th 2015. <http://tribune.com.pk/story/894384/privatisation-pc-appoints-financial-advisers-for-seven-power-firms/>

¹⁴ Express Tribune, 4th July 2015

¹⁵ 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>

¹⁶ Express Tribune, Warning: Power firms fail to control theft, provoke the ire of govt., May 14th 2015. <http://tribune.com.pk/story/885912/warning-power-firms-fail-to-control-theft-provoke-the-ire-of-govt/>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
2.3.3	Collection of electricity bills to 100%	Recoveries 2013-14: GEPSCO 96.14%, MEPCO 96%, IESCO 90%, FESCO 100%, LESCO 97%, QESCO 42%, PESCO 86%, HESCO 79%; SEPCO 59%. ¹⁷ Overall average: 83%	Recoveries 2014-15: GEPSCO 98.4%, MEPCO 100%, IESCO 89%, FESCO 100%, LESCO 98%, QESCO 33%, PESCO 87%, HESCO 76%; SEPCO 58%. ¹⁸ Overall average: 82%	1.5	2	1.5	5
2.3.4	Ending of cross subsidy among DISCOs	Inter-DISCO tariff differential in 2013- 14 was Rs. 230b (revised).	Inter-DISCO tariff differential for 2015- 16 Rs. 60b ¹⁹	-	-	-	7.5
2.3.5	Introduction of pre-paid billing system	As yet no development	As yet no development	-	-	-	Not scored
2.4	Reform of Generating Companies	-	-	-	-	-	3

¹⁷ State of Industry Report NEPRA 2014

¹⁸ Speech of the Federal Minister for Water & Power on the floor of National Assembly, on 22nd June 2015

¹⁹ Ministry of Finance, Budget in Brief 2015-16.

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
2.4.1	Corporatisation and Privatisation of GENCOS under an independent Board ²⁰	2 GENCOS up for early privatization (Central Power Generation Co & Lakhra Power Generation Co). ²¹	Financial advisers approved for privatization of Gujranwala Electric Power Co., Jamshoro Power Company Limited ²² , Lakhra Power & Central Power Generation Company ²³	2	2	1	5
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	The government decided to put a cap on oil consumption in	1	0	0	1

²⁰ '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/>

²¹ 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>

²² Express Tribune, Reforming the power sector: IFC hired financial adviser for GEPCO, Jamshoro Power Company privatization, April 25th 2015. <http://tribune.com.pk/story/875371/reforming-the-power-sector-ifc-hired-financial-adviser-for-gepco-jamshoro-power-company-privatisation/>

²³ Express Tribune, Privatisation: PC appoints financial advisers for seven power firms, May 30th 2015. <http://tribune.com.pk/story/894384/privatisation-pc-appoints-financial-advisers-for-seven-power-firms/>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		necessary homework done by 3 IPPS. ²⁴	the production of electricity and produce electricity with the help of coal, gas and LNG.				
2.5	Permanent elimination of circular debt	-	-	-	-	-	3.5
2.5.1	Eliminate circular debt	From July-Oct 14, the power sector receivables touched Rs581.32b ^{25 26} Inter circular debt was around Rs. 300b till Dec 2014 ²⁷	According to an IMF report, total payables of power sector till March 2015 stand at Rs. 615b. ²⁸ Receivables against different sectors	-	-	-	0

²⁴ The News, IPPs seek tariff for coal conversion of 863MW, November 7th 2014. <http://www.thenews.com.pk/Todays-News-3-282618-IPPs-look-tariff-for-coal-conversion-of-863MW>

²⁵ Business Recorder, Power sector receivables soar to Rs581.32bn, December 15th 2014.

²⁶ The News, IPPs default looms as time runs out for debt payments, September 14th 2014. <http://www.thenews.com.pk/Todays-News-3-272595-IPPs-default-looms-as-time-runs-out-for-debt-payments>

²⁷ Business Recorder, Power sector marred by growing inter-circular debt, January 15th 2015. <http://www.brecorder.com/fuel-a-energy/193:pakistan/1142397:power-sector-marred-by-growing-inter-circular-debt>

²⁸ Express Tribune, 4th July 2015

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
			have crossed Rs 600b mark ²⁹				
2.5.2	Narrowly target subsidies for consumers up to 100 units	Rs. 150 billion subsidy in 2014-15 budget. ³⁰	Subsidy swelled to Rs. 174 billion ³¹	-	-	-	6.5
2.5.3	Notify electricity tariffs according to the average system wide cost	Already the same as per NEPRA	Target stands achieved	-	-	-	Not scored
2.5.4	Power dispatch to be strictly according to plan, efficiency and generation cost	As yet no development	Relevant data not available	-	-	-	Not scored
2.5.5	Ensure supply of gas to power plants	The government has allowed installation of power plants on 46 gas fields. ³²	The government decided to put a cap on oil consumption in the production of electricity and produce electricity	2.5	0	1.5	4

²⁹ Business Recorder, Power receivables cross historic Rs600bn mark, May 6th 2015. <http://blog.brecorder.com/m/2015/05/06/19-page/503367-news.html>

³⁰ 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>

³¹ Express Tribune, 6th June 2015

³²Business Recorder, NA panel told Govt. allows power plants on 46 gas fields, November 18th 2014.

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
			with the help of coal, gas and LNG.				
2.6	Rationalisation of energy tariffs in line with international prices across all fuels	Fuel prices decreased in line with international oil prices.	Fuel prices decreased and increased with international oil prices.	-	-	-	4.5
2.7	Reforms of Oil and Gas Regulatory Authority	-	-	-	-	-	3
2.7.1	Blanket ban on new CNG stations	No new CNG stations allowed. ³³	Target stands achieved	-	-	-	Not scored
2.7.2	Priority to public transport in the use of CNG	Public transport is being provided CNG in Punjab. ³⁴	Target stands achieved	-	-	-	Not scored
2.7.3	Tariff rationalisation in gas sector		OGRA announces differential tariffs for	1.5	1	0.5	3

³³ 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/>

³⁴ 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: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
			domestic and industrial users ³⁵				
2.7.4	Narrowly targeted subsidy for natural gas and LPG users	-	As yet no development	-	-	-	Not scored
2.8	Aggressive wellhead pricing for oil and gas exploration companies	ECC to change gas pricing formula for Mari Gas ³⁶	ECC replaced cost based formula with a market based formula withdrawing annual state subsidy to Mari Petroleum. ³⁷	2	1.5	1	4.5
2.9	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. ³⁸	Turkmenistan, Afghanistan, Pakistan and India (TAPI) gas project would be	2	0	1.5	3.5

³⁵ Business Recorder, 15th July 2015

³⁶ Express Tribune, Gas-pricing: ECC to approve revised formula for Mari Gas, October 30th 2014

³⁷ <http://www.4-traders.com/MARI-PETROLEUM-COMPANY-LT-8686422/news/Mari-Petroleum-Company-to-announce-over-Rs-96-billion-dividend-MPCLs-gas-tariff-linked-to-global-19841462/>

³⁸ 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/>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		Turkmenistan, Afghanistan, Pakistan and India (TAPI) signed an operational agreement on gas pipeline project ³⁹	launched by the end of 2015. ⁴⁰ Pakistan will pursue Pak-Iran gas project once international sanctions are removed. ⁴¹				
2.10	Setting up of coal and LNG import terminals, and coal transportation facilities	Engro Elengy Terminal Private Limited (ETPL) will be ready to receive LNG consignments at Karachi's Port Qasim by January 26, 2015. ⁴²	Engro Elengy Terminal has become functional. China will meet 85% of the financing needs for constructing the LNG pipeline linking the Gwadar Port to	2	1.5	3.5	7

³⁹ 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/>

⁴⁰ Dawn, Work on TAPI gas project to start by year-end, March 16th 2015. <http://www.dawn.com/news/1169867/work-on-tapi-gas-project-to-start-by-year-end>

⁴¹ Express Tribune, Assurance: Iran-Pakistan gas pipeline not abandoned, says Dastgir, February 28th 2015. <http://tribune.com.pk/story/845369/assurance-iran-pakistan-gas-pipeline-not-abandoned-says-dastgir/>

⁴² 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/>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		LNG in Gwadar is to be connected to SSGC network ⁴³	Nawabshah and the terminal. ⁴⁴				
2.11	Development of Thar coalfields and setting up of at least 5,000 MW of new coal fired power plants under the PPP mode in Sindh	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. ⁴⁵	Private Power and Infrastructure Board approved 1,400MW power project to be set up on Thar coal by the Shanghai Electric Group of China ⁴⁶ Industry criticized govt. for allowing import of coal which would discourage	2	2	4	8

⁴³ 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>

⁴⁴ Express Tribune, LNG pipeline, terminal: Ministry approaches cabinet for contract approval, January 31st 2015. <http://tribune.com.pk/story/830383/lng-pipeline-terminal-ministry-approaches-cabinet-for-contract-approval/>

⁴⁵ Business Recorder, Power project at Thar: Lol issued, November 21st 2014.

⁴⁶ Dawn, Setting up of 1,400MW coal-based power project in Thar approved, June 17th 2015. <http://www.dawn.com/news/1188606/setting-up-of-1400mw-coal-based-power-project-in-thar-approved>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
			development of thar coal fields. ⁴⁷ Sindh Engro Coal Mining Company announced it will be able to supply 660MW of electricity to the national grid by the Q1 of 2018. ⁴⁸				
2.12	Developing consensus among the various stakeholders to facilitate setting up hydropower projects by the Federal and Provincial Governments	As yet no development	As yet no development	-	-	-	Not scored
2.13	Developing alternative renewable energy sources, such as solar, wind, bagasse, biogas, and biomass projects	Spain and Denmark expressed interest in helping Pakistan	100MW experimental Quaid-e-Azam Solar Power	2.5	2.5	3.75	8.75

⁴⁷ The News, Govt. criticised for allowing projects on imported coal, Thar ignored, February 1st 2015. <http://www.thenews.com.pk/Todays-News-3-299141-Govt-criticised-for-allowing-projects-on-imported-coal-Thar-ignored>

⁴⁸ Express Tribune, Thar coal, power project: Company expected to start production in 2018, January 21st 2015. <http://tribune.com.pk/story/824866/thar-coal-power-project-company-expected-to-start-production-in-2018/>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		in wind energy. ⁴⁹⁻⁵⁰ ; 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. ⁵¹	Park, inaugurated by the PM ⁵² Elimination of 32.5% tax imposed on imported solar equipment, provision of financing for rooftop solar installations with mortgages. ⁵³				
2.14	Introducing solar-thermal water heaters for domestic and industrial use	AEDB issued tax exemption certificate for import of almost	No further progress observed	-	-	-	Nil

⁴⁹ 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>

⁵⁰ 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>

⁵¹ 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>

⁵² Business Recorder, Prime Minister inaugurates 100 megawatts solar power project, May 6th 2015. <http://www.brecorder.com/fuel-a-energy/193/1183447/>

⁵³ Dawn, Solar energy to be brought into national power grid, January 7th 2015. <http://www.dawn.com/news/1155381/solar-energy-to-be-brought-into-national-power-grid>

2	Manifesto Chapter: Energy Security: 4.4	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
		16715 units of Solar Water Heaters in the country. ⁵⁴					
2.15	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 ⁵⁵	Draft Electricity Act 2015 proposes development of private electricity market. ⁵⁶	2	1.5	1.5	5

⁵⁴ Business Recorder, Solid measures afoot for fast track alternative energy development, December 29th 2014. <http://www.brecorder.com/pakistan/industries-a-sectors/213764.html>

⁵⁵ 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>

⁵⁶ Business Recorder, Private electricity market on the cards, April 27th 2015. <http://www.brecorder.com/top-stories/0/1180294private-electricity-market-on-the-cards/>

3	Manifesto Chapter: Social Protection: 7.13	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & 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	Rs42b given to 4.7m families against target of Rs48.6b among over 5m families from July-Dec'14. ¹ Govt. to provide health insurance cover to families of 16 backward districts ² Rs.97 billion allocated and amount increased from 1200 to 1500 per month. ³	Rs. 102 Billion allocated for 2015-16. ⁴ The actual unconditional cash transfers to the poorest of the poor stood at Rs86.8 billion. ⁵	2.5	2.5	4.25	9.25

¹ 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/>

² 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>

³ Ministry of Finance, Budget Speech 2014-15 http://finance.gov.pk/budget/Budget_in_Brief_2013_14.pdf

⁴ Ministry of Finance, Budget Speech 2015-16

⁵ Express Tribune, Missing goals: 300,000 families remain deprived under BISP, June 30th 2015. <http://tribune.com.pk/story/912647/missing-goals-300000-families-remain-deprived-under-bisp/>

3	Manifesto Chapter: Social Protection: 7.13	Implementation Status					
		Manifesto Targets	31 st Dec 2014 (Baseline)	Current Status	Legislative and Policy Developments (score out of 2.5)	Institutional Development & Reforms (score out of 2.5)	Implementation (score out of 5)
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	Estimated total allocation for social protection (subsidies+ BISP+ social protection) in 2014-15 is around Rs. 302 billion, which is 1% of GDP.	Total Allocation was around 363b (subsidies +BISP+Bait-ul-Maal+ Social Protection) 1.33 % of GDP ⁶	1.5	1.5	2	5
3.3	Legislate the 'Right to Food'	-	As yet no development	-	-	-	Not scored

⁶ Ministry of Finance, Budget in Brief 2015-16

PML-N Economic Agenda: Snapshots from 1st, 2nd, 3rd, 4th and 5th Tracking Reports

	1 st Tracking Report	2 nd Tracking Report	3 rd Tracking Report	4 th Tracking Report	5 th Tracking Report
	Jul-Dec 2013	Jan-Mar 2014	Apr-Jun 2014	Jul-Dec 2014	Jan-June 2014
Overall Score (Out of 10)	4.45	5.10	4.84	5.2	5.11
Economic Revival	3.17	4.47	4.33	4.6	3.8
GDP Growth	-	5.5	4.60	5	5.04
Budget deficit	0	4.25	4.35	4.45	2.96
Inflation	2	6.75	4.12	5.13	4.92
Government Borrowing	0	8.5	8	7	6
Reducing Energy Shortage	-	6.5	5.5	5.5	6
Regional Trade	-	6.5	6.5	6.5	6
Reforms of Financial Sector and Capital Markets	-	6	7	7	7
Interest Rates	0	0 (Nil)	Nil	2	3.75
Industry and Trade	5.75	2.8	3.94	4.7	4.06
Infrastructure	6	3.17	4.5	5	5.2
Job Opportunities	-	4.25	5	5.25	5.13
Tax Reforms	5	1.75	3.27	2.9	2.4
State Owned Enterprises	4	3.5	4.5	5	3.63
Energy Security	4.16	4.34	3.93	4.5	4.4
Reforms of NEPRA	-	4.5	4.25	3.5	1.63
Reform of Distribution Companies	3.33	2.83	5.83	5.25	5.38
Reform of Generating Companies	1.5	2.5	4	2	3
Permanent Elimination of Circular Debt	5.33	3.25	3.63	3.6	3.5
Wellhead Pricing of Oil & Gas Exploration Companies	4.5	3.5	3.5	3.5	4.5
Gas Imports	4	2	2	2.5	3.5
Coal and LNG Import Terminal	-	3.5	5	6	7
Thar Coalfields	5	7	7.5	8	8
Alternative Renewable Energy	-	7	8.5	8.5	8.75
Social Protection	6	6.5	6.25	6.5	7.13

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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Policy Research Institute of Market Economy (PRIME)

PML-N- Losing all its marbles **PML-N Economic Agenda** **5th Tracking Report: January-June 2015**

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.

Low Income Housing through markets: Prospects, Policy and Strategy

This study looks at an important, but often neglected, aspect of socioeconomic activity. The need to have a shelter of one's own is a fundamental right, and this study analyzes the important issues surrounding it. It is authored by Shahid Mehmood.

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.

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.

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