Rejoinder to

PTI's White Paper

(a pack of lies)

Ministry of Finance
Government of Pakistan
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Introduction

Pakistan Tehreek-e- Insaf (PTI)has issued a White Paper Titled “In Plain Sight’, in which a feeble attempt is made to find faults with the performance of the government since it took office. In order to substantiate its viewpoint, the paper relies on incorrect data and questionable assumptions. The paper is also very selective in use of data series and conveniently ignores up-to-date data currently available on the relevant Government websites.

The paper insinuates that the Pakistan Bureau of Statistics intentionally presents incorrect data in order to show the government in a good light. To this end, the paper makes use of questionable data from various sources.

The White Paper issued by PTI is a pack of lies, wrapped and packaged as professional research. It comprises false news reports, common hearsay, negative opinions held by PTI and other detractors of government, fallacious analysis of so-called paper-based private research outfits and gravely misunderstood and misinterpreted reports of the international agencies.

Aresponse on all major accusations in the White Paper is given in the following sections.

Pro-Poor Budget

In its Executive Summary, it has been stated that the PML(N) budget perfectly reflected the "of the elite, by the elite, for the elite" priorities of its creators.

For addressing poverty and vulnerability, social protection schemes remained an effective policy choice for the government. The schemes like Zakat, Bait-ul-Mal, micro finance, skill development, loans for unemployed youth, laptops to educated youth, targeted subsidy through cash transfers and subsidy through utility stores etc. were therefore, initiated and further strengthened with the aim to protect poorest of the poor from the economic shocks and inflation. These policies and interventions helped in raising income of poor households, controlling the variance of income of all households and ensuring equitable access to basic services. The biggest ongoing initiative in this direction was Income Support Program, which remained in focus and became the main vehicle to reach the poorest of the poor.

Allocation for BISP in 2008 was Rs 34 billion which had become Rs 40 billion (Rs 30 billion cash grant and Rs 10 billion non-cash) in 2012-13. It was increased to Rs 75 billion (Rs 55 billion cash grant and Rs 20 billion non-cash) in 2013-14 and has been further increased to Rs 118 billion (Rs 97 billion cash grant and Rs 21 billion non-cash) in 2014-15.

Cash grant from 2008 to 2013 was Rs 1000/- per month. It was increased to Rs 1200/- per month in 2013-14 and has been further increased to Rs 1500/- per month in 2014-15. This represents a 50% increase since 1st July 2013.

The number of beneficiary families was 4.3 million in 2012-13. It was increased to 4.8 million in 2013-14 and will not be increased to 5.3 million in 2014-15.

Gross Domestic Product (GDP)

There is no truth in claiming that GDP figures have been manipulated. These have been computed in the same manner as had been done since the time they were started compiling. It is a white lie that the Statistics Division has since retracted from its claim of 4.14%. The GDP figure remains at 4.14% as announced in May 2014. **[See http://www.pbs.gov.pk/sites/default/files/tables/Table%206.pdf]**

While disputing the GDP figure, the White Paper has relied on a report published by an on-paper so-called research Institute of Policy Reforms (IPR) that claims that the GDP Growth Rate is 3.5%. The viewpoint of IPR was first published in a section of press that was comprehensively rebutted by the Government. The claim of IPR was subjective, as they have no capacity to develop GDP number. They have no data collection resources and no mechanism in place to collect such a large data set. The incorrect surmises that underline their claim and Government's response thereofis given below:

- The first point by IPR is that LSM data for March 2014 was withheld and was not included in GDP calculations to improve the outcome. This assumption of IPR is without any substance.The LSM data becomes available with roughly a time lag of two months. The National Accounts Committee (NAC) meeting for 2013-14 was held on 15th May 2014 and hence the data available for February 2013 was used, as has been the practice in the past. Even if the argument of a higher LSM number of February 2014 being incorporated in the GDP is accepted, its impact would be more than offset by improvements in other data which has become available since then. One such item was lower inflation number for May 2014, which would have lowered the deflator thereby positively impacting the conversion of the current values to constant prices.
- The second argument of the paper was on the valuation of construction industry, which is based on the gross fixed capital formation relating to construction activities. This is the practice since decades and there is no change in the methodology. On the other hand its weight in the GDP (2.4%) is very low, consequently, it cannot have a major impact on the GDP computation.
- The third argument relates to the contribution of banking sector profits in financial sector services. Here one sees the lack of technical capacity of IPR. This contribution is calculated through Financial Intermediation and Services Indirectly Measured(FISIM) method and not through the profits of the sector, which is the SNA 2008 method currently in vogue worldwide. On that basis, it is the value added contribution that is captured as opposed to the profits of the banks alone.
- The fourth argument relates to revision in GDP numbers through annual exercise. The GDP data for the current year is provisional which is revised after a lapse of one year and finalized after yet another year. This revision/finalization is based on the revisions reported by the data providing agencies. This is an internationallyrecognized practice. The report mentions the downward revision of GDP growth rate for 2011-12 (Final). However, it intentionally ignores to mention that the GDP for the year 2012-13 was revised upwards, that will have a depressing effect on the number for the year 2013-14, something that government will not be interested at all. Another misstatement of the report is that the Economic Survey of Pakistan is PBS document, while it is Ministry of Finance document. Another incorrect statement in the paper is that IPR reviewed GDP raw data. No such request was received nor any such data provided to anyone.
- The international agencies and forums use National Accounts Statistics of Pakistan in several international publications and refer them in their planning/discussions. The estimates of PBS are based on consistent methods and sources, as required under internationally recognized best practices. Recently, the International Monetary Fund (IMF) has closely scrutinized the methodology used by PBS for developing the quarterly and the annual series of National Accounts and has expressed its satisfaction on the same.
- The critics, such as IPR, can adopt any data and sources, which suit to their perceptions but PBS does not have this luxury. The Government is responsible to the nation as well as to the international community for reporting correct statistics about the economy of Pakistan.

- Finally, it is unequivocally denied that political considerations or pressures influenced the PBS work.

Global Competitiveness Report

Global Competitiveness Report (GCR) is based on 12 pillars and data for this report is mostly between the time periods of 2010-2012. It is incorrect to present the finding of GCR 2013-14 as an indication of performance of the present Government. Technical Notes and Data Series section at page 541 of the GCR by WEF explains the data time period and sources which validates our assertion that it is pointless to relate the deteriorating Global Competitive Index (GCI) with the performance of the Government.

Moreover the governance, institutional and infrastructure indicators take time for improvement after reform efforts. The Government is cognizant of the need to improve Pakistan's ranking and is taking steps to improve the state of affairs of the economy and hope that the GCI will improve within next 2-3 years as the newly initiated infrastructure projects and other economic reform initiatives would begin to bear fruits.
[See the Technical Notes of the Report for Data and Sources Page-541 at http://www.weforum.org/reports/global-competitiveness-report-2013-2014]

Inflation

The PTI white paper gives the wrong impression that inflation has skyrocketed. The real picture is quite different. To assess the inflationary trends, it is better to look at the average headline and core inflation indices over time. The average inflation has stabilized below 9%. Specifically, it has declined to 8.6% in FY14 from its high level of 17% in FY09. Even the year-on-year inflation, which jumped to 25.3% in August 2008, is now 7.9%, which is even lower than 8.3%in July 2013.The core inflation (average), arguably a better gauge of underlying inflationary trends, has more or less remained stable over the past year and in fact has declined from 9.3% in July 2013 to 8.3% in July 2014.

Inflation Trends			
	Year-on-Year	**Average***	**Core (NFNE)***
FY06	-	7.9	6.5
FY07	-	7.8	5.7
FY08	-	12.0	13.0
FY09	-	17.0	7.6
FY10	-	10.1	9.0
FY11	-	13.7	9.9
FY12	-	11.0	11.5
FY13	-	7.4	7.8
FY14	-	8.6	8.7
Jul-13	8.3	7.3	9.3
Aug-13	8.5	7.2	9.2

Sep-13	7.4	7.1	9.0
Oct-13	9.1	7.2	8.9
Nov-13	10.9	7.6	8.8
Dec-13	9.2	7.7	8.6
Jan-14	7.9	7.7	8.5
Feb-14	7.9	7.7	8.3
Mar-14	8.5	7.9	8.2
Apr-14	9.2	8.2	8.2
May-14	8.3	8.4	8.3
Jun-14	8.2	8.6	8.3
Jul-14	7.9	8.6	8.3
* 12 month moving average from July 2013			

The Government's performance in stabilizing the inflationary pressures has to be viewed in the context of the larger reforms program it has launched to restore the macroeconomic framework of the country. The transitoryspurt in inflation was the result of major decisions relating to rationalization of energy prices and mobilization of revenues, which were recklessly delayed by the previous government as well the caretaker government for political considerations. The Government did not shy away from taking politically difficult decisions to save the economy. During this period the short term supply of foodstuffs was also interrupted due to cyclical factors resulting in further inflationary pressures. But this transitory spurt was soon corrected as inflation was contained at single digit (8.62%). We should not ignore that the annual inflation hit a high of 17.03% in 2008-09 and 13.66% in 2010-11.

Tax Revenues

There is a phenomenal growth in the FBR revenues by nearly 17%. Such a performance has not been witnessed in the recent past. It is particularly remarkable in the face of a paltry growth of only 3% achieved in 2012-13. Even as %ageof GDP, the performance at 8.9% is a reversal of the declining trend in this ratio that dominated the previous five years.

One of the most abominable accusations hurled on the Government is the purported concessions supposedly given to powerful interest groups. Nothing can be farther than the truth, as this accusation is perversion of plain facts. In fact, on this account, this government has accomplished something that is unprecedented in the history of the country. We have undertaken a systematic study and identified all those concessions, which have been extended by various governments from time to time over the last 67 years. We have initiated a reforms-process through which we will eliminate all such concessions granted through SROs. This 3-year program shall culminate into achieving such a regime whereby it shall be impossible to change tax rates through SROs. In the first phase, we have withdrawn the SROs concessions worth Rs. 103 billion in the financial year 2014-15. This process shall continue and further concessions shall be reversed in the coming two financial years. It is also worth mentioning that there are some concessions, which are vital for a common man and therefore will remain intact through addition of a separate chapter in Customs Act. These include concessions on the import of petroleum products and fertilizers.

There is, therefore, no truth in the claim of the White Paper that ‘A record new 24 statutory orders were introduced in one year alone, amounting to nearly PKR 470 billion, including PKR 237 billion already given by the previous government) in public largess for politically connected business tycoons.’

FDI / Balance of Payments

The current account deficit in FY 2013-14 was $ 2,925 million as opposed to $ 2,496 million in FY 2012-13.The current account deficit in FY14, in terms of GDP, is almost the same as in FY13.Reason for increase in current account deficit was increase in trade and services deficit (amounting to $ 3 billion) which was mainly offset by increase in workers’ remittances to the tune of around $ 2 billion.There is no basis in claiming that the current account deficit has increased by 52%.

The trade account figures quoted in the White Paper are those of the SBP, while in the narrative they refer to the PBS figures. On both account, the Paper’s claim for worsening of trade account are incorrect. In terms of SBP figures (based on receipt and payment of cash), as given in the following table, the trade account in 2013-14 as%age of GDP is the same as last year, just like the current account. However, the PBS figures (compiled on shipment basis from the data of Customs), the trade account improved from $20.49 billion in 2012-13 (or 9% of GDP) to $19.98 billion during 2013-14 (or 8.2%), representing a decrease of 2.48% (or 0.8% of GDP).

The White Paper makes an unsubstantiated claim that there was a “stunning” fall in the FDI. The fact is that FDI has increased to $1631.3 million in FY14 from $1456.5 million in FY13. More importantly, the overall foreign investment increased to $4.4 billion from a small level of $1.6 billion last year. It is amazing how one can cite such brazenly wrong statistics and use them to malign the hard works of the government.

Key Elements of Balance of Payments (Million US$)

Year	Current Account Balance	Current Account as % of GDP	Trade balance	Trade balance as % of GDP	FDI
FY07	-6,879	-4.5	-9,711	-6.4	5,139.6
FY08	-13,874	-8.2	-14,970	-8.8	5,409.8
FY09	-9,261	-5.5	-12,627	-7.5	3,719.9
FY10	-3,946	-2.2	-11,536	-6.4	2,150.8
FY11	214	0.1	-10,516	-4.9	1,634.7
FY12	-4,658	-2.1	-15,765	-7.1	820.6
FY13	-2,496	-1.1	-15,431	-6.8	1,456.5
FY14	-2,925	-1.2	-16,624	-6.8	1,631.3

Public Debt

Here again the White Paper has misreported the actual numbers relating to public debt. First, it is misleading to quote nominal debt numbers and cause sensation about increases thereof.

The debt burden is only understood in comparison to its relation with the GDP. The Debt to GDP ratio the Government inherited stood at 63.9% in 2012-13. The Government has brought it down to 62.7% in the first year and in the next two years it is projected to come close to or less than 60%. This has been made possible by frugal fiscal policy adopted by the government, which saw a reduction in fiscal deficit from 8.2% in 2012-13 to 5.7% in 2013-14, and that too without cutting the development expenditure, as had been the practice in the past.

Amusingly, the White Paper claims that the Government has slashed development expenditure from the budgeted amount of Rs.540 billion to Rs.350 billion. The fact is that the development expenditure was actually budgeted at Rs.425 billion, while a block allocation of Rs.115 billion was made subject to the tax collection target of Rs.2475 billion. However, before the start of the fiscal year, the actual collection for 2012-13 turned out to be only Rs.1946 billion compared to Rs.2050 billion assumed while setting the tax collection target of Rs.2475 billion. With this change in the base, tax collection was adjusted to Rs.2345 billion, against which the actual receipt turned out to be Rs.2266 billion, the shortfall being the result of rupee appreciation that negatively affected the tax receipts from trade related taxes. Accordingly, from start the development-spending target was Rs.425 billion, against which the actual expenditure has been Rs.441 billion.

Even when one considers the July-March FY14 figures as reported in Figure 13A of the PTI document, the Public Debt to GDP ratio is incorrect due to the fact that while public debt numbers are reported correctly, GDP number in the denominator is not authentic as per the provisional national accounts. The correct position is presented below:

Public Debt to GDP (July - March)				
Year	**Public Debt (Rs. in Billion)**	**GDP (Rs. in Billion)**	**CorrectNumber Public Debt to GDP(%)**	**PTI White Paper Number Public Debt to GDP(%)**
2008-09	7,268	13,200	55.1	55.5
2009-10	8,160	14,867	54.9	55.6
2010-11	10,020	18,276	54.8	55.5
2011-12	12,025	20,047	60.0	58.2
2012-13	13,626	22,489	60.6	59.5
2013-14	15,534	25,402	61.2	61.2

From the above, it is evident that threshold of public debt to GDP was not only breached in 2013-14 but was also breached in 2012-13 and 2011-12.

The White Paper erroneously mentions increase in domestic debt as Rs.2000 billion in one year, whereas the correct figure is 1,375 billion. But the real burden is understood only in comparison with GDP, which has already been clarified.

The paper further misrepresented facts by stating that an amount of over $10 billion will be obtained in 2014-15 from World Bank and Asian Development Bank. These loans will be disbursed over the next 5 years and definitely not in 2014-15. The paper further claims that the government has signed/agreed to loan agreements worth $52 billion from different sources including $32 billion from China, $11 billion from World Bank, $6.64 billion from IMF and $2 billion from Eurobonds. This is a highly misleading claim. First, except for a broader strategy level agreement with IFIs, none of the above amounts have been contracted or agreed for borrowing. Second, an overwhelming majority of loans will be for productive purposes that will generate sufficient revenues and facilitate export earnings (such as by relaxing the energy constraint for whose resolution much of these loans will be directed) capable to service these loans. Third, even if one assumes that such amounts will actually be borrowed over the next 5 years, adding all these over without taking into account the repayments during the period is fallacious. Finally, the new borrowings will conform to the requirement of following a declining path for Debt/GDP ratio, and hence there should be no concern as to how these borrowings will affect the debt burden in the country.

Euro Bond

The authors of White Paper have shown poor understanding of the mechanism through which Euro Bond is floated, pricing achieved and its significance for the economy. To say that Euro Bond has been oversubscribed because of over-pricing reflects poor understanding. Subscription is a bidding process through which pricing is determined. On the given credit ratings by S&P/Moody's of B-/Caa1for Pakistan, which were inherited by the Government, compared to Sri-Lanka higher ratings of B+/B1, the final pricing achieved by Pakistan is considered by the market as most competitive and current trading premiums of 4-5% on both bonds reflect continued confidence of investors on Pakistan's economy as managed by the Government. Also, this pricing is a huge improvement over the local cost of borrowings of 12.30% (versus 7.75% average for Euro Bonds, a difference of 4.55%) for Pakistan Investment Bonds (PIBs) of comparable maturities. The Euro Bond fares better than the 2007 Bond when compared on this basis as the difference then amounted to less than 3%. The Euro Bond has great significance for Pakistan, as it not only introduced Pakistan back in the international capital market but also allowed access to cheaper foreign resources for building country's reserves, which have paved the way for exchange rate stability and appreciation.

The resources mobilized through the Euro Bond have not been used to satisfy the PML (N)'s lust for cash, as claimed by the White Paper. The proceeds have gone to retire the domestic debt, as reflected in the massive decline in government borrowings from SBP that come down from Rs.1446 billion in 2012-13 to Rs.303 billion in 2013-14, a mere 21% of the borrowing level of last year.

Energy Sector

Circular Debt

As a consequence of poor policy planning and bad governance by successive Governments in the past, the current Government inherited protracted and deepening energy crisis. The liabilities on account of energy purchase and fuel supply were accumulating and could not be fully settled. The newly elected government soon after coming into power, committed to settle the issue of power sector circular debt within 60 days. In this regard an extensive exercise of reconciliation of payables to power producers and fuel suppliers was carried out. After completion of reconciliation exercise, a plan for settlement of circular debt was placed and approved by the ECC of the Cabinet on 27th June 2013.

Accordingly GoP completed settlement of power sector circular debt in two phases. In the first phase Rs.342 billion was settled on 28th June 2013. In the second phase, a non-cash settlement of Rs.138 billion was completed on 21st July 2013.

Details of payment to power producers were made public on the website of Finance Division. Not a single rupee was withdrawn from Universal Services Fund (USF) for the said payment. It may further be highlighted that all payments to Power Producers on account of Power purchase bills are subject to commercial audit by the Auditor General of Pakistan. A draft audit report commissioned by the Ministry of Water and Power of the payment of circular debt sanctioned by the government to a reputable audit firm has found no discrepancy in payments of the outstanding circular debt.

It is further clarified that the office of Controller General of Accounts (CGA) in 2008 has authorized Finance Division to make cash release of funds without pre-audit checks under urgent circumstances. The PAC recently appreciated this viewpoint of Government of Pakistan and advised to carry out amendments in the CGA Act to provide a clear legal cover for the same. Accordingly, the CGA Act has since been amended through the Finance Act 2014-15.

Current build-up of Circular Debt

The Circular debt build up has been curtailed by the Government by improving recoveries to 89.1%, bringing down line losses to 18.6%, at source deduction by budget adjustor office and improving monitoring of feeders. The buildup has thus been restricted to Rs244 billion as opposed to misleading reporting of emergence of Rs. 300 billion circular debt in the White Paper. The total receivables currently stand at Rs 513 billion.

Tariff Rationalization

The Government continues to undertake various reform initiatives including unpopular decision of slight adjustments in the tariff to ensure sustainability and viability of power sector in the long run. Contrary to reporting of 78% increase in tariff, the Government has increased tariff in two rounds of adjustments leading to a 31.2% cumulative increase in average notified tariff. Lower and middle-income groups consuming upto 200 units per months were exempted from the tariff increase.

Line Losses and Shortfall

Contrary to false reporting of increase in transmission and distribution losses, the Government has successfully managed to bring the losses down. The losses have been reduced from 19% to 18.6% in one year. Recovery of power sector has increased from 87.2% to 89.1%

while it was falsely highlighted in the White paper that recovery has deteriorated.With load shedding reducing gradually, the current demand-supply gap stands at around 4500 MW as opposed to White Paper's assertion of 6000 MW, which is not correct.

Response on RPPs

After Supreme Court judgment, all RPP contracts were suspended or terminated.The Government proposed immediate utilization of plant and machinery of power generation equipment, which had been imported under a different scheme as short tenure IPPs.

The Economic Coordination Committee (ECC) of the Cabinet considered the Summary on " Utilization of the existing available generation capacity – short term IPPS"and approved in principle for formulation of a policy subject to the condition that the policy should not contravene Supreme Court judgment dated 30th March 2012 in RPPs case.

This is an effort to utilize available capacity within the constraints imposed by Supreme Court judgment and as such there is no truth in saying that the old RRPs are revived is disguise. NEPRA will determine the applicable tariff for when in operation the electricity will be sought subject to economic dispatch.

Nandipur Power Project

425 MW Combined Cycle Power Project at Nandipur was approved by the ECC of the Cabinet on 27 December 2007 at an agreed EPC price of US$ 329 million. However, foreign loan could not be availed within the validity period of up to 31 August 2011 due to pending legal opinion of the Ministry of Law and Justice. The work on the project commenced in October 2008 with the scheduled completion date of April 16, 2011. Subsequently, the Chinese Contractor was demobilized from the site and served Termination Notice, shipments were stuck at Karachi Port and work stopped. Accordingly revision of PC-I was initiated and negotiation with the contractor for remobilization. The revised PC-I of the project was approved by the ECNEC.

It may be highlighted that selection of contractor and award of contract was completed by the previous Government. It may further be highlighted that the previous Government had also initiated the revision of PC-I. The present Government implemented the project on fast track basis in order to provide additional power generation.In view of the energy shortages, first turbine was commissioned on HSD on May 31, 2014. The entire project is yet to be commissioned.

Guddu 747 MW

Guddu 747 MW first turbine was commissioned with about 250 MW capacity. With rest of the system under the process of commissioning, there is no truth to the recorded fact in the paper that the contractor has refused to prematurely commission the project. All units have been tested and the complete unit is going through the startup sequences.

The 410 MW Uch II plant has been commissioned. The plant is delivering power to national grid through the existing transmission lines. The existing transmission lines have capacity to deliver power to the national grid.

Unemployment

Here again the White Paper has made white lies. The data presented for 2013-14 and criticized is not available yet. The Labor Force Surveyfieldwork was completed in June 2014 and the data is under process. There is no way any one can even guess what the number is, as PBS has not yet released the figure of unemployment for 2013-14.

(%)

Year	White Paper Figures	PBS Figures
2008-09	5.5	5.5
2009-10	5.6	5.6
2010-11	6.0	6.0
2012-13	6.2	6.2
2013-14	6.2	-

Privatization

With regard to the charges regarding UBL capital market transaction, here are the facts:

- The objection on selling UBL shares at a discount and terming it as loot-sale of public assets is the result of poor understanding of divestment of public assets through capital market transaction. Every transaction of this nature in Pakistan and around the globe is mostly sold at a discount. For example a similar UBL transaction done in 2006 by the then privatization commission headed by HafeezShaikh had given a discount of 10% to the prevailing market price. Compare this with only 7% given in this particular transaction. When deciding on the level of discount, we also look at all banking capital market transactions in Asia during the last several years. On average during the period 2008-2014, the average discount given was 7.9 % in various Asian countries, which include Malaysia, Indonesia, India, Sri Lanka, and Thailand etc.
- According to the white paper, Government of Pakistan lost approximatelyRs 9 billion as a result of selling it cheap. This is the most outrageous charge and is based on sheer ignorance or simply to malign the government. The market price on the date of the transaction was Rs.170 and the white paper is proposing that the government should have sold it for Rs.195. Would anyone in the world buy it at 195 when the market price is much lower? Why would anyone not buy it at 170 from the market?
- The reason that subsequent to the transaction, the market price rose to Rs 195 is simply because when the additional number of shares come in the market the total shares increase giving opportunity to the buyers to come and bid for additional shares available

in the market. It is a standard process that market price increases after such a transaction. It has directly contributed to increase in market capitalization benefiting Pakistan's economy.

- No near and dear ones were rewarded with the share transaction as the white paper outrageously mentions. We can challenge if anyone got any favor during this transaction.
- The white paper says that it was sold to unidentified buyers. This is again a blatant lie. All buyers are identified and the information is available with the Karachi Stock Exchange, State Bank of Pakistan and the Securities & Exchange Commission of Pakistan. There are more than 30 international equity funds, which bought the shares plus more than 200 domestic equity funds and high net worth individuals. All names are available and is public information.
- No Pakistani investor was squeezed out, as the white paper wrongly assets. It was done through what is called the 'book building process', which takes order from the international and domestic investors at the same time. No one could interfere in this process.
- The transaction was first approved by an independent Board of the Commission and subsequently approved by the Cabinet Committee on Privatization where senior federal ministers and secretaries are present. The two forums also approve award of shares, after the completion of the bidding.
- The UBL transaction was the first capital market transaction conducted by the privatization commission after 8 years and was participated by the world's best known equity funds from around the globe plus all major equity funds within Pakistan. Every major institution such as Credit Suisse, Citi Corp, Merrly lynch, London Stock Exchange and the management of all the stock exchanges in Pakistan have highly appreciated this transaction. Every major forum such as Pakistan Business Council, OICCI and top business executives have appreciated this transaction.

PM’s Youth Business Loan Scheme

The appointment of Maryam Nawaz Sharif as Chairperson of Prime Minister’s Youth Program is in an honorary capacity, without any compensation. She is coordinating and guiding the implementation of the program. All schemes under the program are based entirely on merit and distribution of funds through loans, reimbursement of fee and financing of computers is effected after adopting transparent procedures of qualification and eligibility.

More importantly, almost all programs follow distribution of resources across provinces on the basis of the same formula that is followed for distributing of taxes under the National Finance Award. The Youth Loan program is gradually picking up and so far 53,000 applications have been received out of which 12,647 have been approved (23.86%). The loans are sanctioned and disbursed after proper appraisal and ensuring security of bank resources.

Auction of 3G-4G Licenses

The PTI's effort to discredit and malign the immensely successful Next Generation Spectrum Auction through their White Paper is no more than baseless propaganda. The entire report of Reuters is not based on facts and as such has been strongly contradicted by the auction results. The spectrum auction has been an unqualified success both in terms of the yields and the transparency of the process based on sealed bids through which it was conducted. Both domestic and international forums have lauded the process.

The aim of the spectrum auction for was to optimize the revenues from the auction and to make available the latest technologies to the people of Pakistan. The auction was therefore designed after thorough deliberations and due diligence in order to achieve the above mentioned objectives. Both the objectives have been achieved. The Auction exceeded its targeted goals and brought to the exchequer over and above US$ 1.2 Billion. Throughout the auction process Supreme Court of Pakistan was hearing the case related to 3G and expressed satisfaction on transparency and professional handling of the spectrum auction process whilst concluding the 3G case in its final hearing held a month after the conclusion of the 3G/4G auction.

Referral to the Moody's report is also presenting twisted facts. The Moody's only refer to Mobilink's planned spending on spectrum acquisition and has nothing to do with value or price of the spectrum. The wrong conclusions drawn by some media reports have been negated by the fact that the auction reaped over and above the targets set by the Finance Bill 2013-14.

As far as participation of bidders in the auction is concerned, four out of five mobile operators which are currently operating in Pakistan and that are owned by top rated international operators having global presence bid for the available spectrum. It is a market fact that the operators who have existing 2G operations and coverage are the ones who are best geared to offer "Next Generation" services and results of the auction are consistent with this.

On the monetary side, the base price and payment terms were set to ensure optimal revenues for the Government of Pakistan. The payments terms for this auction winners have no precedence in Pakistan- the winners had to pay 50% upfront while remaining in 5 equal installments in next five years at markup of 3% + LIBOR or 100% upfront. Previously (2004 auction), the operators were allowed to pay in 15 years without any markup. However, due to the thorough process we are able to fetch a price of US$ 1.22 billion (including taxes), which is approximately 3 times from 2004 benchmark. It is pertinent to mention that this entire monetary yield has accrued for just leasing out of "Right to Use" the frequency spectrum for 15 years rather than sale of the state asset, signifying a historically profitable transaction for the people of Pakistan who will be the beneficiaries in all terms.

In the previous years, much lower targets were set for this auction (tabulated below). However, this time (budget 2013-14) a target of US$ 1.2 billion was set for this auction, which is achieved and Government will receive US$ 1.2241 billion with tax.

Sr.	Year	**Budget Amount** (Billion Pak Rupees)	**Budget Amount** (Million US$)
1	2010-11	50	577.36
2	2011-12	75	793.31
3	2012-13	80	803.61
4	2013-14	120	1,210.00

The availability of the technology, its usage and the economic benefits, which far exceeds the one-time payments achieved through the auction. The approximate opportunity cost of not auctioning 3G services in Pakistan was about US$ 500 million per annum since 2008 (**a total loss of more than US$ 3 Billion**).

Foreign junkets

- All together Prime Minister has paid 15 visits abroad – 8 bilateral while others were to attend international/regional Conferences and Summits.

- The Prime Minister's visits abroad are purposeful and result oriented especially in terms of promoting economic, commercial and investment aspects.

- Prime Minister has cut down drastically the number of people accompanying him on foreign trips. Consequently, only the most needed persons accompany him. Prime Minister Sharif is using the small 12-seater Gulf Stream aircraft.

- His first two bilateral foreign visits were to China and Turkey, which are Pakistan's closest friends and development and investment partners.

- He visited New York to attend the UN General Assembly Session, which has been a tradition since many years, and the most prominent international forum to project Pakistan's perspectives.

- His bilateral visit to Washington was the first official visit by a Pakistan Prime Minister in over a decade. He met senior US government leaders, including President Obama, leading to a robust bilateral engagement in various fields of interest to Pakistan.

- The Prime Minister visited Colombo, Sri Lanka, to attend the Summit of the Commonwealth countries, to strengthen Pakistan's substantive cooperation with Commonwealth countries.

- He visited The Hague, Netherlands, to attend the important Nuclear Security Summit to project Pakistan as a responsible nuclear weapon state and to plead our case for access to civil nuclear energy.

- His first bilateral visit to UK was important in the context of cementing bilateral relationship. The two sides agreed on a roadmap on trade, culture, and security.

- His first bilateral visit to Iran was also vital for giving substance to our bilateral relations and to discuss important bilateral issues including gas pipeline and import of electricity.

- His visit to India to attend the oath taking ceremony of Prime Minister Modi has been hailed by the international community and has laid the foundation for resuming the stalled dialogue for peace and cooperation between the two countries.

Destruction of state-owned enterprises

Govt violating SC verdict in public sector appointments

It is incorrect to state that Govt is violating the SC verdict. Pursuant to Honourable Supreme Court of Pakistan's order dated 12th June, 2013, Federal Government constituted Federal Commission for selection of Heads of Public Sector Organizations (FCHPSO) on 22nd July, 2013 in accordance with the aforesaid order of the apex court.

Appointments to the posts of heads of public sector organizations falling in the purview of FCHPSO have been advertised in the print media from time to time and applications received in response thereof have been processed by the FCHPSO.

One year gone, 80 percent SEO and companies are being run on adhoc basis

Once again, this is not correct. The fact is that most of the state-run enterprises have been revived after appointment on merit and in transparent manner and became productive as compared to previous performance.

Federal Government fulfilled its commitment by constituting FCHPSO on 22nd July, 2013 who held six (6) meetings till the month of July, 2014 and submitted its recommendations. On resignation of a private member, FCHPSO became dysfunctional on 7th March, 2014. However, in order to avoid delay in such appointments, short listing reports delivered by the HR Consultant have been forwarded to concerned Ministry/Divisions for further processing in accordance with the Law/Rules on the subject.

Acting arrangement have been made as these public sector companies registered under the Companies Ordinance, 1984 were excluded from the purview of FCHPSO in terms of provisions of the Companies Ordinance, 1984 and Public Sector Companies (Corporate Governance Rules), 2013, as the heads of these entities were required to be nominated by the respective Board of Directors and approved by the Federal Government. However, this action has been challenged before the Honourable Islamabad High Court in Writ Petition No.1817/2014 and the Honourable court vide its order dated 20th June, 2014 has restrained the Federal Government from taking any conclusive steps regarding these entities.

Power of Commission to appoint heads of SOE cut drastically

The reason for exclusion of Public Sector Companies registered under the Companies Ordinance, 1984 from the purview of FCHPSO was that in terms of provisions of the Companies Ordinance, 1984 and Public Sector Companies (Corporate Governance Rules), 2013, heads of these entities were required to be nominated by the respective Board of Directors and approved by the Federal Government.

Federal Government decided not to process appointment by the FCHPSO of the heads of those entities which are governed under their specific acts, articles of associations, or other legal instruments to avoid legal implications.

Necessary guidance is being sought from the Honourable Supreme Court of Pakistan in pursuance of Islamabad High Court's order dated 20th June, 2014 in Writ Petitions No.1512/2014 and No.1817/2014 on this point of Law.

Commission tasked with appointing State Own Enterprises Heads "made" dysfunctional

Before the resignation, of one of it's Member, Federal Commission for Selection of Heads of Public Sector Organizations (FCHPSO) held six meetings from time to time to interview the candidates shortlisted by the HR Consultant and sent its recommendations to the Prime Minister and on the recommendations of the FCHPSO Member (Technical) PTA, Member (Finance) PTA and MD PTVC were appointed.

Dr. IjazNabi tendered resignation from the position on 7th March, 2014. However, before his resignation, FCHPSO held six meetings from time to time to interview the candidates short-listed by the HR Consultant and sent its recommendations to the Prime Minister and on the recommendations of the FCHPSO Member (Technical) PTA, Member (Finance) PTA and MD PTVC were appointed. Due to resignation of one of its Member, the Commission could not hold its meetings but in order to avoid delay in appointments of Heads of various Organizations, short listing reports delivered by HR Consultant in respects of Public Sector Companies were sent to the concerned Ministries/Divisions for further necessary action at their end in accordance with the provisions of Companies Ordinance, 1984 and Public Sector Companies (Corporate Governance) Rules, 2013. In this regard, it is also clarified that no summary regarding appointment of a private member of the FCHPSO is pending with the Prime Minister's Office.