

# Asian Development Bank & Pakistan

## FACT SHEET

**Table 1. Pakistan: Development Indicators**

Non-MDG	
Population in millions	162.58 (2008)
Annual population growth rate (%)	1.8 (2006–2008)
Adult literacy rate (%)	54.9 (2007)
Percent of population in urban areas	35.7 (2007)
MDG	
Percent of population living on less than \$1.25 a day	22.6 (2005)
Percent of population living below the national poverty line	22.3 (2005)
Under-5 mortality rate per 1,000 live births	90 (2007)
Percent of population using an improved drinking water source	90 (2006)

MDG = Millennium Development Goal.

Sources: ADB. 2009. *Basic Statistics 2009*. Manila.  
UNESCO. 2009. Institute for Statistics Data Centre.  
World Bank. 2009. World Development Indicators Online.

Pakistan is an important partner of the Asian Development Bank (ADB) in its pursuit of fighting poverty in Asia. Over the years, Pakistan has undertaken important economic and governance reforms that resulted in steady economic growth, allowing it to boost spending on poverty reduction programs.

Recently, however, the global economic recession that followed a rapid increase in prices of food and other commodities worldwide, coupled with an array of domestic challenges, have impacted Pakistan's economic outlook negatively. The immediate challenge to Pakistan's economic stability has been overcome with the help of an International Monetary Fund (IMF)-backed stabilization program.

Stabilizing macroeconomic fundamentals in view of the recent weakening of some indicators, implementing a second generation of reforms, addressing the infrastructure deficit, and improving implementation of development projects are the key challenges to the Government going forward.

Pakistan's poverty reduction strategy is encompassed in the Poverty Reduction Strategy Paper (PRSP) and the Medium-Term Development Framework for 2005–2010.

### Relationship with ADB

Pakistan has received about \$19.8 billion in loans since joining ADB in 1966, with about \$14 billion disbursed as of the end of 2008. A total of 284 loans were provided through the highly concessional Asian Development Fund window and the Ordinary Capital Resources window with \$188 million provided in grants for 325 technical assistance (TA) projects.

A record lending program in 2008 included a \$1.87 billion disbursement and \$1.2 billion in newly approved assistance. As of December 2008, there were 62 ongoing sovereign loans amounting to \$5.08 billion in net loan amount for infrastructure, social sectors, governance, and earthquake rehabilitation in the four provinces and at the national level. Under implementation were 31 ongoing TA projects worth \$61.93 million.

ADB is working with the Government and the private sector to improve the country's infrastructure, energy security, and basic public services. Aligned with national development objectives, ADB's partnership priorities aim to attract investment, create industries and jobs, and improve the quality of life of citizens.

A new Country Partnership Strategy (CPS) for Pakistan, approved by ADB's Board of Directors in March 2009, aims to support Pakistan's strategic objectives of prosperity and poverty reduction.

### Portfolio Performance

In 2008, ADB's operations in Pakistan remained robust with record disbursements of \$1.87 billion, and a majority of currently active loans are expected to meet their respective development objectives.

## Impact of Assistance

ADB's support to Pakistan in recent years has helped the Government implement its reform agenda, while contributing to macroeconomic stability and revived economic growth, as well as reduced poverty levels.

This support was premised on the following three cornerstones of ADB's strategy:

- sustainable economic growth,
- inclusive social delivery, and
- pro-poor governance policies.

To support sustainable growth, ADB is providing substantial levels of assistance to bridge the infrastructure gap in the country, particularly in the areas of transport and energy. In this regard, a multitranches financing facility (MFF) to support the Government's flagship National Trade Corridor Highway Investment Program is helping Pakistan improve key sections of the motorway and expressway and cope with the infrastructure deficit in this vital sector.

Likewise, a facility to strengthen the power transmission network is helping to improve the efficiency of the system and will lead to reduced lines losses and improve availability of electricity.

To help support social development, ADB provided assistance to improve delivery of social services at the local government levels through a series of devolved social service programs. Support for governance reforms was centered at the provincial levels of government to improve fiscal and financial management and was instrumentalized through resource management programs.

To help bring justice to the poor, the Access to Justice Program, closed in 2008, was designed to achieve greater civil society engagement for improved justice delivery, strengthened public oversight of the police, and the establishment of specialized and independent prosecution services.

Responding to the earthquake of 8 October 2005, ADB is implementing the Earthquake Emergency Assistance Project (EEAP). The project supports Government's efforts to rehabilitate earthquake-hit areas. ADB has committed about \$870 million in the form of loans and grants and arranged another \$97 million in bilateral grant cofinancing for the ADB-funded Pakistan Earthquake Fund. Under EEAP, 71% of the targeted destroyed houses have been reconstructed, ensuring peoples'

Table 2. Pakistan: Economic Indicators, 2004–2008

Economic Indicator	2004	2005	2006	2007	2008
Per capita GNI, Atlas method (\$)	640	730	800	870	...
GDP growth (% change per year)	7.5	9.0	5.8	6.8	5.8
CPI (% change per year)	4.6	9.3	7.9	7.8	12.0
Unemployment rate (%)	7.7	7.7	6.2	5.3	...
Fiscal balance (% of GDP)	-2.9	-3.3	-4.3	-4.3	-7.4
Export growth (% change per year)	13.8	16.2	14.9	4.4	16.5
Import growth (% change per year)	20.0	37.8	33.3	8.0	31.2
Current account balance (% of GDP)	1.3	-1.6	-4.0	-4.8	-8.4
External debt (% of GNI)	35.5	29.7	27.7	27.8	...

... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

Sources: ADB. 2009. *Asian Development Outlook 2009*. Manila.

ADB staff estimates.

World Bank. 2009. World Development Indicators Online.

Table 3. Pakistan: 2008 Loan, TA, and Grant Approvals (\$ million)

Loans		TA	Grants	Total
Sovereign	Nonsovereign			
1,171.0	–	7.9	–	1,178.9

– = nil.

Cumulative Lending (as of 31 Dec 2008) : \$19,761.8 million  
Cumulative Disbursements (as of 31 Dec 2008) : \$14,234.6 million

access to shelters. In addition, uninterrupted power supply stand to be restored in affected areas through rehabilitation of 9 hydropower stations and 10 grid stations.

In addition, ADB placed strong emphasis on strengthening social safeguards in Pakistan by providing technical guidance and improved monitoring and resettlement actions, which together significantly improved safeguard compliance and accelerated physical progress of ADB-assisted projects in the country.

## Other major projects/programs approved in 2008 include

- Accelerating Economic Transformation Program (\$500 million)
- Sindh Rural Growth and Revitalization Program (\$100 million)
- Sindh Cities Improvement Program (\$38 million; MFF: \$300 million)
- Second Balochistan Resource Management Program (\$100 million)
- Punjab Millennium Development Goals Program (\$100 million)
- Power Distribution Facility (\$252 million; MFF: \$810 million)
- Barani Integrated Water Resource Project (\$75 million)
- Technical assistance loan for the Lahore Rapid Mass Transit System (\$6 million)

## Future Directions

ADB's CPS projects have planned assistance of \$4.4 billion during 2009–2011 and an annual average lending of almost \$1.5 billion. The focal areas delineated in the CPS 2009–2013 focuses on reforms and investment in energy and infrastructure. The CPS provides the framework for ADB's partnership priorities and the future direction of its assistance strategy in Pakistan.

Table 4. Pakistan: Cumulative ADB Lending as of 31 December 2008

Sector	Loans (no.)	Amount (\$ million)	% <sup>a</sup>
Agriculture and Natural Resources	53	3,277.91	16.59
Education	12	501.11	2.54
Energy	55	4,072.32	20.61
Finance	28	2,598.00	13.15
Health, Nutrition, and Social Protection	8	329.40	1.67
Industry and Trade	40	1,295.40	6.56
Law, Economic Management, and Public Policy	20	2,145.80	10.86
Multisector	33	2,710.50	13.72
Transport and Communications	24	2,348.90	11.89
Water Supply, Sanitation, and Waste Management	11	482.50	2.44
<b>Total</b>	<b>284</b>	<b>19,761.84</b>	<b>100.00</b>

<sup>a</sup> Total may not add up because of rounding.

Table 5. Pakistan: Project Success Rates

By Sector	Percentage <sup>a</sup>	No. of Rated Projects/Programs
Agriculture and Natural Resources	55.6	36
Education	37.5	8
Energy	81.5	27
Finance	21.4	14
Health, Nutrition, and Social Protection	50.0	6
Industry and Trade	54.5	11
Law, Economic Management, and Public Policy	0.0	1
Multisector	54.5	11
Transport and Communications	90.0	10
Water Supply, Sanitation, and Waste Management	33.3	6
<b>Total</b>	<b>56.9</b>	<b>130</b>
By Year of Approval		
1960s	0.0	1
1970s	57.7	26
1980s	59.3	54
1990s	60.5	38
2000s	36.4	11

<sup>a</sup> Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PCRVRs), and project/program evaluation reports (PPERs) using PCRVR or PPER ratings in all cases where PCR and PCRVR/PPER ratings are available.

Sources: PCRs, PCRVRs, and PPERs containing a rating circulated as of 31 December 2008.

The CPS prioritizes the following four key focal areas for ADB's development support to Pakistan.

**Reforms and investments in key energy and infrastructure sectors**, including support for power and energy, transport and the National Trade Corridor, and water resources. Planned assistance in these sectors will reduce the cost of doing business and strengthen the underlying competitiveness of the economy.

**Support for a new generation of reforms** to catalyze structural transformation of the economy through reducing distortions, accelerating market creation, and addressing governance and institutional bottlenecks. In parallel, policy and institutional reforms would also target strengthening fiscal and financial management systems in the provinces, and a stronger enabling environment for private sector investments, including through public-private partnerships.

**Development of urban services** through pivotal interventions in Pakistani cities and secondary towns to help unleash their economic potential while improving the quality of life of poor urban citizens.

**Effective implementation of projects and programs and capacity building** for greater aid effectiveness and sustainable development results.

## Operational Challenges

Key challenges include averting economic meltdown by promoting structural change in the economy, and accelerating implementation of the reform program and second-generation reforms.

There is a need to ensure continued improvement in macroeconomic fundamentals, particularly with regard to containing inflation and the large external current account and fiscal imbalance that had emerged as a result of strong aggregate demand. These imbalances deteriorated further because of increase in international commodity prices, followed by decline in foreign direct investment and portfolio investment owing to the global financial crisis.

**Table 6. Pakistan: Portfolio Performance Quality Indicators for Sovereign Lending, 2007–2008**

	2007 (\$ million)	2008 (\$ million)
Number of Ongoing Loans (as of 31 Dec 2008)		62
Contract Awards/Commitments	1,117.5	1,799.7
Disbursements	990.5	1,873.2
Loans at Risk (%)	6.1	16.1

**Table 7. Pakistan: Contractors/suppliers involved in ADB loan projects, 1 January 2004–31 December 2008**

Contractor/Supplier	Sector	Contract Amount (\$ million)
Husnain Cotex, Ltd.	Transport and Communications	133.92
Saadullah Khan and Bros. (SKB)	Transport and Communications	25.56
Xinjiang Beixin-Matracon Joint Venture	Multisector	19.37
Ghulam Rasul and Company (Pvt.) Limited	Agriculture and Natural Resources	15.58
Alkhan Construction Co.	Multisector	15.52
Niaz Muhammad Khan and Brothers	Transport and Communications	13.08
Sardar Muhammad Ashraf D. Baloch	Agriculture and Natural Resources	12.07
SMC-SKB Joint Venture	Transport and Communications	9.89
Interconstruct Pvt., Ltd.	Transport and Communications	9.82
Muhammad Ramzan and Co.	Transport and Communications	9.40

To improve the economic situation, the Government of Pakistan will have to stay the course of macroeconomic reform, including reducing the fiscal and current account deficits, containing inflation, and building up the level of foreign reserves. In the circumstances, ADB's assistance will need to be geared toward promoting economic stability and creating enabling conditions for sustainable growth and poverty reduction.

The Government and ADB will need to continue to work together to streamline project implementation and improve portfolio performance to achieve targeted development objectives.

To cut down on ADB's response time and provide "one-window" support to the Government on portfolio implementation, ADB's Central and West Asia Department initiated a new "joint venture" approach in April 2008, under which Pakistan Resident Mission staff will function as sector focal points and serve as the primary contact for the Government in key sectors.

A key challenge in 2009 is to further streamline and improve portfolio performance to ensure greater effectiveness of interventions to deliver on the targeted development objectives.

## Partnership

In 2008, ADB led a working group on Capacity Development, established by the Government, which supported Pakistan's efforts to strengthen its aid effectiveness agenda and to implement the Paris Declaration.

In the coming years, ADB will seek strategic partnerships with development partners in selected areas. Efforts will be made to strengthen partnerships on governance reform programs and programs to improve social service delivery, as well as the achievement of the Millennium Development Goals. In the infrastructure development sector, ADB will work closely with development partners to provide coordinated assistance.

**Table 8. Pakistan: Top consultants (individual consultants and consulting firms) involved in ADB loan projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual Consultants from Pakistan*	505	16.93
Indus Associated Consultants (Pvt.) Ltd.	3	7.03
National Engineering Services Pakistan (Pvt.)	1	7.03
Osmani and Company (Pvt.) Ltd.	2	2.47
Rabo International Advisory Services	2	2.30
Ace Pvt., Ltd.	3	1.81
Engineering Consultants International (Pvt.) Ltd.	1	1.80
Socio Engineering Consultants	2	1.68
Landell Mills Limited	3	1.67
Fincon Consultants	1	1.08
Cab International Regional Bioscience Center	1	0.78

\* Consultant may have one or more contracts within the period covered.

**Table 9. Pakistan: Top consultants (individual consultants and consulting firms) involved in ADB technical assistance projects, 1 January 2004–31 December 2008**

Consultant	Number of Times Contracted	Contract Amount (\$ million)
Individual Consultants from Pakistan*	470	12.47
Halcrow Pakistan (Pvt.) Ltd.	4	2.49
Hagler Bailly Pakistan (Pvt.) Ltd.	2	1.15
Financial Consultants, The (Fincon)	3	0.98
Resource Monitoring and Development Group	2	0.80
Shelter for Life International, Pakistan	1	0.60
Sossec Consulting Services	2	0.55
Rural Support Programmes Network	1	0.51
Engineering Consultants International (Pvt.)	1	0.46
Society for Promoting Education, Health	1	0.25
Anjum Asim Shahid and Company	1	0.20

\* Consultant may have one or more contracts within the period covered.

ADB cooperates extensively with civil society organizations in Pakistan to strengthen the effectiveness, quality, and sustainability of the services it provides. In 2008, ADB collaborated with a number of civil society organizations to help implement projects. For example, in the Sindh Road Sector Development Project, a nongovernment organization (Sindh Rural Support Program) has been engaged to help implement a Poverty Reduction Pilot Project. The Pakistan Resident Mission organized training on economic reporting for journalists from the print and electronic media.

Pakistan is one of the largest recipients of ADB's private sector development assistance, with almost \$720 million of equity investment, loans, and guarantees. The ongoing private sector portfolio includes two thermal independent power producers, a hydro independent power producer, a privatized electric utility, an equity fund, and a partial credit guarantee for small and medium-sized enterprises.

## Cofinancing and Procurement

Cofinancing operations enable ADB's financing partners—government or their agencies, multilateral financing institutions, and commercial organizations—to participate in financing ADB projects. The additional

funds are provided in the form of grants, official loans, or credit enhancement products.

As of year-end 2008, cumulative direct value-added cofinancing for Pakistan since 1973 amounted to \$898.6 million for 38 investment projects, and \$56.11 million for 41 TA projects.

A summary of projects with cofinancing from 1 January 2004 to 31 December 2008 is available at [www.adb.org/Documents/Fact\\_Sheets/Pakistan/cofinancing.asp](http://www.adb.org/Documents/Fact_Sheets/Pakistan/cofinancing.asp).

As of 31 December 2008, 10,330 consultant contracts were awarded under ADB loan projects worth \$4.17 billion, of which 896 contracts were awarded to consultants from Pakistan worth \$127.1 million.

From 1 January 1985 to 31 December 2008, 18,104 consultant contracts were awarded under ADB TA projects worth \$2.33 billion, of which 759 contracts were awarded to consultants from Pakistan worth \$32.0 million.

A summary of procurement contracts awarded to companies and consultants from Pakistan for goods and works, and consulting services can be found at [www.adb.org/Documents/Fact\\_Sheets/Pakistan/procurement.asp](http://www.adb.org/Documents/Fact_Sheets/Pakistan/procurement.asp).

## About Pakistan and ADB

Pakistan is the ninth largest shareholder in ADB among its regional members. Overall, Pakistan is the 13<sup>th</sup> largest shareholder.

### ADB Membership

Joined	1966
Shares held	77,080 (2.17%)
Votes	90,312 (2.04%)

**Marita Magpili-Jimenez** is the Executive Director and **Siraj S. Shamsuddin** is the Alternate Executive Director representing Pakistan on the ADB Board of Directors.

**Rune Stroem** is the ADB Country Director for Pakistan. The Pakistan Resident Mission (PRM) was opened in 1989 and provides the primary operational link between ADB and the government, private-sector, and civil-society stakeholders in its activities. PRM engages in policy dialogue and acts as a knowledge base on development issues in Pakistan.

The Pakistan government agencies handling ADB affairs are the Ministry of Finance and the Ministry of Economic Affairs and Statistics.

## About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2008, lending volume was \$10.49 billion (86 projects), with TA at \$274.5 million (299 projects) and grant-financed projects at \$811.4 million (49 projects). This also generated \$1.65 billion in direct value-added cofinancing from financing partnerships operations. Over the last 5 years (2004–2008), ADB's annual lending volume averaged \$7.70 billion, with TA averaging \$231.5 million and grant-financed projects \$655.1 million. As of 31 December 2008, the cumulative totals were \$143.53 billion in loans for 2,147 projects in 41 countries, \$4.08 billion for 263 grant projects, and \$3.55 billion for 6,599 TA projects.

## Contacts

### Pakistan Resident Mission

Overseas Pakistanis Foundation Building  
Sharah-e-Jamhuriyat, G-5/2 Islamabad  
GPO Box 1863, Islamabad, Pakistan  
Tel +92 51 282 5011 to 5016/208 7300  
Fax +92 51 282 3324/227 4718  
[adbprm@adb.org](mailto:adbprm@adb.org)  
[www.adb.org/PRM](http://www.adb.org/PRM)

### ADB Headquarters

6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Tel +63 2 632 4444  
Fax +63 2 636 2444  
[information@adb.org](mailto:information@adb.org)

### Minister of State for Finance

Pakistan Secretariat, Block Q  
Islamabad, Pakistan  
Tel/Fax +92 51 920 2640/922 2465

### Useful ADB websites

Asian Development Bank  
[www.adb.org](http://www.adb.org)

Country website  
[www.adb.org/pakistan](http://www.adb.org/pakistan)

Asian Development Outlook  
[www.adb.org/Documents/Books/ADO/2009/PAK.pdf](http://www.adb.org/Documents/Books/ADO/2009/PAK.pdf)

Annual Report  
[www.adb.org/Documents/reports/annual\\_report/2008/](http://www.adb.org/Documents/reports/annual_report/2008/)

Depository Libraries  
[www.adb.org/Publications/Depositories/pak.asp](http://www.adb.org/Publications/Depositories/pak.asp)