

Introducing ADB's Program to the New Government in 2003

In January 2003, PRM prepared and circulated a detailed briefing paper to the Federal and Provincial governments, outlining ADB's perspective on the Government's reform agenda, highlighted the need for continuity in the reforms process, and described the country strategy and program for 2004-2006.

The circulation of the briefing paper was followed by a series of briefing sessions on ADB's Role as Development Partner to the Government, conducted by ADB staff, led by the Country Director, Mr. M. Ali Shah, for the newly elected Chief Ministers and their Cabinets in each province. The first in the series of presentations/briefings was for the Government of Punjab and was held at Lahore on 11 March. This was followed by a session with the Government of Sindh at Karachi on 21 March, with the Government of Balochistan at Quetta on 24 March and with the Government of NWFP at Peshawar on 27 March.

During the course of his presentations in each province, CD PRM highlighted ADB's and the provincial Government's long-standing development partnership and provided a summary of development projects in each particular province. All the provincial Cabinets appreciated the role of ADB in the development of their provinces, and stressed the need for continued ADB assistance to support their medium term development objectives.

In Punjab, the Chief Minister articulated his Government's commitment to the reform process, and assured ADB of full cooperation to further the process. Similarly, in Sindh and NWFP where significant progress has been made on the reform agenda, the Chief Ministers reaffirmed their Government's commitment to further reform.

In Balochistan the Chief Minister and his Cabinet expressed their interest in deepening ties with ADB, particularly through the proposed Balochistan Resource Management Program to be processed in the medium term. A similar presentation to the Federal Government is envisaged in May 2003.

Earlier, the briefing paper provided to the Government had highlighted ADB's role as one of Pakistan's most important development partners. Since its first loan to Pakistan in 1967, ADB had provided over \$12 billion in development assistance to Pakistan by end-December 2002.

Until the 1990s, Pakistan was one of the high performers among the developing countries in the world, with strong economic growth and declining poverty. Pakistan's economic performance deteriorated sharply during the 1990s and the declining trend in poverty was reversed. Key factors in this reversal were deterioration in governance, imprudent macroeconomic management, and lack of continuity in economic policies.

Over the last three years, the Government has tried to reverse the decline by resolutely implementing a comprehensive program of macroeconomic stabilization, and governance and economic reforms. As a result of the Government's policies, as well as the post-September 11 developments, there has been a substantial improvement in Pakistan's macroeconomic fundamentals. With significantly reduced overall fiscal deficit, comfortable balance of payments position, an all-time high level of foreign exchange reserves, low inflation, and falling interest rates, the country's economy is now in a position to move on to a high growth path.

The paper presented ADB's view that the macroeconomic stabilization policies, and the economic and governance reforms implemented in the last three years need to be continued. The country has already borne most of the initial pains usually entailed by such reforms, and the positive effects on investment, growth and employment are beginning to be felt and will continue to increase provided the Government stays the course. The paper also provided an account of the support provided by ADB during the last three years to Pakistan's reform and poverty reduction efforts, and ADB's strategy and planned program of assistance for Pakistan.

Chief Minister Punjab, Ch. Pervez Ilahi with Country Director PRM, Mr. M. Ali Shah and other officials during the briefing for the Government of Punjab

