January 2017

NEWS COVERAGE PERIOD FROM JANUARY 23RD TO JANUARY 29TH 2017

WB SHOWS INTEREST IN HOUSING FINANCE

Dawn, January 25th, 2017

ISLAMABAD: The World Bank on Tuesday expressed interest in initiating projects facilitating long-term financing in Pakistan, including housing finance.

During a meeting with Finance Minister Ishaq Dar, a World Bank delegation led by Country Director, Patchamuthu Illangovan reviewed the bank's portfolio in the country.

The World Bank delegation also included Mr Sebastian A Molineus, WB's Director of Finance and Markets Global Practice, who is presently visiting Pakistan.

Mr Illangovan briefed the meeting on the status of various ongoing development projects.

Mr Molineus said economic reforms that have been implemented during the present government have been strategic, relevant and sustainable. He congratulated the finance minister on the successful implementation of reforms and the resultant economic turnaround. He also highlighted that the government's reforms have also played a major role in increasing financial inclusion in the country.

Mr Dar expressed satisfaction on the progress made so far on various ongoing development projects being undertaken in Pakistan with World Bank's support.

The meeting was attended by senior officials of the ministries of finance and commerce, SECP and World Bank.
Privatisation efforts: Finance Minister Ishaq Dar also reviewed matters relating to privatisation at a meeting held on Tuesday.
The Cabinet Committee on Privatisation is scheduled to meet this week to approve the transaction structure of Pakistan Steel Mills.

Chairman Privatisation Commission (PC) Mohammad Zubair briefed Mr Dar on the status of ongoing privatisation transactions. He apprised the finance minister on the status of various state-owned entities including Pakistan Steel Mills and SME Bank.

Mr Dar urged the commission to complete ongoing transactions in a timely manner whilst ensuring full compliance with the applicable laws and regulations.

Mr Dar emphasised that the government's utmost priority with respect to privatisation is to ensure that transactions are conducted in an open, fair and transparent manner. The government is actively working to resolve the financial bleeding caused to the national exchequer by loss-making state-owned enterprises, he said.

https://www.dawn.com/news/1310512/wb-shows-interest-in-housing-finance

NEWS COVERAGE PERIOD FROM JANUARY 16TH TO JANUARY 22 ND 2017
WORLD BANK, AIIB TO GIVE $720M FOR POWER AND GOVERNANCE PROJECTS
The Express Tribune, January 19th, 2017.

Islamabad: Pakistan, the World Bank and the Asian Infrastructure Investment Bank (AIIB) on Wednesday inked loan and grant agreements worth $720 million that will provide vital support to a hydroelectric power project as well as governance and policy programmes for sustainable development in the country.
Economic Affairs Division Secretary Tariq Bajwa signed the agreements on behalf of the government of Pakistan.
Of the $720-million assistance, $690 million will go to the 1,410-megawatt Tarbela 5th Extension Hydroelectric Power Project. The World Bank will provide a credit of $390 million whereas AIIB will give $300 million for the project.

Total cost of the project is estimated at $823.5 million. The remaining $133.5 million will come from two state-owned companies.

The hydroelectric power project will facilitate sustainable expansion of Pakistan's electricity generation capacity with the installation of three new units of 470MW each on tunnel-5. It will not affect the capacity for water releases for agricultural crops.

After the completion of fifth extension, total installed power production capacity of the Tarbela Dam will rise to 6,298MW.

Pakistan Water and Power Development Authority (Wapda) will contribute $124.5 million whereas the National Transmission and Despatch Company will provide $9 million for an additional transmission line from Tarbela.

The project is believed to help in further development of Pakistan's hydroelectric power potential along the Indus River cascade, which is a cornerstone of the World Bank's strategy and Pakistan's energy policy to reduce outages, cut cost of electricity production and improve financial sustainability of the power sector.

The Tarbela fifth extension will continue to support a number of community schemes initiated by Wapda for local communities under the fourth extension programme.

Out of the assistance of $720 million, the governance and policy programme for Balochistan will receive a grant of $16 million and the same programme for the Federally Administered Tribal Areas (Fata) under the Multi-Donor Trust Fund (MDTF-II) will get another grant of $14 million.

The programmes will strengthen capacity for the collection of sales tax on services and improve accountability in public financial management and public service delivery in the education and irrigation sectors in Balochistan.
They have also been designed to increase transparency and effectiveness in public resource management and strengthen accountability of public service delivery in the agriculture sector of Fata.
The projects will strengthen upstream (planning and financial) and downstream (service delivery) government systems.

Speaking on the occasion, Finance Minister Ishaq Dar said the government was focused on economic growth and was making huge investments in energy, infrastructure and social protection.

Owing to these efforts, he said, the government had succeeded in overcoming the energy shortage to a large extent. As a result, the duration of load-shedding has been curtailed for domestic consumers and electricity was being supplied to industries without any interruption.

The minister emphasised that keeping in view the future demand in the wake of greater economic activity, the government was enhancing the electricity production capacity of the country.

http://tribune.com.pk/story/1299893/assistance-world-bank-aiib-give-720m-projects/

ADB PROVIDES $15M TECHNICAL ASSISTANCE FOR ROAD ACCIDENT REPORTING
The Express Tribune, January 21st, 2017.
Sehrish Wasif
Islamabad: The Asian Development Bank (ADB) has provided technical assistance to Pakistan amounting to $15 million for establishing a centralised road accident reporting system across the country.

A team of foreign experts will help the transport sector in this regard.

A senior official of the ministry of communication, who wished not to be named, said that the accident reporting system would be set up under a road safety programme to be executed by the ministry.

He said that the road safety programme would be part of a four-year plan and ADB had already sent experts to Pakistan.

“The ADB will not provide any cash for this purpose but will assist by providing consultancy service for improving road safety measures via creation of this centralised system and public awareness,” he said.

“Currently, Pakistan lacks a centralised system for consolidated data on the number of accidents on highways and motorways across the country,” said the official.

“Due to the absence of background information on road accidents across the country, there are many loopholes which need to be addressed,” he said.

The official said that under this programme, road safety awareness campaigns would also be run on public and private media.

“Hopefully, the Road Safety Plan will help reduce the number of road accidents in the country,” said the official.

According to him, accidents caused annual losses of Rs100 billion to the national exchequer. Meanwhile, referring to a National Road Safety Programme, which is altogether separate from the above mentioned plan, meant for motorways and highways under federal jurisdiction, he claimed that it was already implemented.

"However, the Ministry of Communication is short of funds to organise a ceremony to publicly announce its implementation," he said.

The official launching ceremony was planned to be held in January this year but then postponed. It is now planned to be launched in February, said the official.

According to the Grievance Commissioner Hafiz Ahsan Ahmad Khokhar, who is also the Senior Advisor Law/Registrar at the Federal Ombudsman's secretariat, the National Road Safety Plan for ICT would soon be approved by the law division."

This plan would not only ensure safer roads but also offer a platform for introducing modern technology in domestic public transport manufacturing.

http://tribune.com.pk/story/1302303/adb-provides-15m-technical-assistance-road-accident-reporting/

February 2017

NEWS COVERAGE PERIOD FROM FEBRUARY 6TH TO FEBRUARY 12TH 2017

GOVT TO LAUNCH $130M FINANCIAL INCLUSION PROJECT

Dawn February 7th, 2017
Amin Ahmed

ISLAMABAD: The government is embarking on the Pakistan Financial Inclusion and Infrastructure Project aimed at increasing access to financial services for households and businesses by improving usage of digital payments in the country.

Two World Bank institutions — International Bank for the Reconstruction and Development and the International Development Association — will jointly provide $130 million finance for the project. The project will be implemented by the recently-established Pakistan Microfinance Investment Company, the Central Directorate of National Savings and the State Bank's development finance group.

Requesting assistance for the project, the government has informed the World Bank that the project will support a holistic national financial inclusion strategy (NFIS).

It will focus on the development of market infrastructure and the ecosystem that will facilitate access and usage of digital payments and financial services.

Access to credit for micro, small and medium enterprises will be supported by a line of credit that will catalyse private sector financing and focused interventions including technical assistance in line with the NFIS.

In 2015, the government launched the National Financial Inclusion Strategy (NFIS) with a vision to allow individuals and firms access to a range of quality payments, savings, credit and insurance services which meet their needs with dignity and fairness.

In the last 25 years, Pakistan's financial sector has gone from one dominated by underperforming state-owned banks to a modern and sound financial sector dominated by private banks. The banking sector accounts for 75 per cent of financial sector assets, with the balance in the National Savings Scheme (16.5pc); insurance companies (5pc); non-bank financial institutions (4.0pc); and microfinance institutions (0.5pc).

The microfinance sector is small in terms of assets, but is significant in terms of financial access. Financial soundness indicators indicate that the banking sector is generally sound, liquid and profitable. Islamic finance is growing rapidly, and currently accounts for 11pc of sector assets.

As a result, Pakistan has the highest penetration of mobile money accounts in South Asia at 5.8pc of the adult population, compared to the South Asian average of 1.9pc.

The gender gap on mobile accounts is much narrower than the overall gap for accounts. Despite these achievements, financial access remains low.

According to World Bank Global Financial Inclusion Database (FINDEX), only 13pc of adults in Pakistan had access to a formal account in 2014, far behind Sri Lanka at 83pc, India at 53pc and Bangladesh at 31pc.

http://www.dawn.com/news/1313172

$325M CLEAN ENERGY LOAN AGREEMENT SIGNED WITH ADB
Business Recorder, February 7th, 2017

ISLAMABAD: Federal Minister for Finance, Revenue, Economic Affairs, Statistics & Privatization Senator Ishaq Dar witnessed the signing ceremony of the agreement for the loan between the government of Pakistan and the Asian Development Bank (ADB) amounting to $325 million for the Access to Clean Energy Investment Programme.

On this occasion, the Finance Minister stated that ADB along with other development partners had contributed significantly for economic development in Pakistan. He appreciated ADB's continued support, especially for energy and infrastructure sectors which are the top most priority of the government.

The minister, on the occasion, referred to the Fitch report which reaffirmed Pakistan's rating at 'B' with a 'Stable' outlook. He also mentioned about the Bloomberg report which stated that most of Pakistan's developments are fairly positive. He stated all this bears testimony to the economic achievements of the present government through a concerted reforms agenda.

Country Director, ADB, Werner Liepach, in his brief comments, stated that the most significant aspect of the project being undertaken is that it is people centric and as many as 2.6 million students will benefit from it, of which 1.2 million are girls.

The project will target off-grid areas of Khyber Pakhtunkhwa and Punjab and will contribute to Pakistan's national goal of enhanced energy security. Of the $325 million loan, $237.3 will be utilized for projects in KP, while the remaining $87.6 million will be used for projects in Punjab. The KP component of the project will entail installation of around 1,000 micro-hydropower plants in off-grid locations, and installation of solar facilities in around 8,187 schools and public health facilities. In Punjab, solar facilities will be installed in around 17,400 schools and public health facilities, with at least 30 percent of the said schools being girls-only schools.

The programme will be implemented over a period of five years (2017-2021). It includes provision of training to women to equip them to use the benefits resulting from the availability of electricity in each province. The project will also provide for strengthening of the procurement, monitoring and internal audit functions of KP & Punjab including the establishment of an information and communications technology driven Program performance monitoring system.
Additional Secretary, Economic Affairs Division (EAD) signed the Loan Agreement with Country Director, ADB. Finance Secretary, as well as senior officials of the Economic Affairs Division, Finance Division and ADB were also present.—PR

http://epaper.brecorder.com/2017/02/08/5-page/847574-news.html

A GREEN THUMB: WB, PUNJAB AGREE TO SPEED UP AGRICULTURAL DEVELOPMENT
The Express Tribune, February 10th, 2017.

LAHORE: Punjab Chief Minister Shehbaz Sharif presided over the first meeting of a joint steering committee to review a roadmap for development of the agriculture sector.

The objective of the committee, set up with the help of the World Bank, is to ensure enduring prosperity in rural areas.

Recommendations about the improvement of the agriculture sector were given a formal approval in the meeting. Besides, the World Bank and Punjab government agreed to join hands and speedup agriculture and rural development programmes.

While addressing the meeting, Shehbaz said such initiatives were the need of hour and technical assistance of the World Bank to boost yields and stabilise economics was highly welcomed. He also appreciated its suggestions for the best use of water resources.

He hoped the project would equip the agriculture sector with the latest trends to bring reforms in wheat purchase and prevent annual losses. The CM stated smart market reforms and amalgamated services for cultivators will produce positive results. He added the training of women and the youth will also help promote the agro business.

Shehbaz continued that cooperation with international and local seed companies will be expanded to increase the involvement of the private sector in agricultural research. He believed such a step would provide cultivators with state-of-the-art seed technology.
The CM said the latest barns will be setup to store wheat crops and the World Bank will technically assist the promotion of agriculture and accurate usage of water resources.

He claimed that the federal and Punjab governments initiated billion rupee projects for the progress of agriculture and welfare of small cultivators.

https://tribune.com.pk/story/1321986/green-thumb-wb-punjab-agree-speed-agricultural-development/

NEWS COVERAGE PERIOD FROM JANUARY 30TH TO FEBRUARY 5TH 2017
COUNTRY RECEIVES $27.76BN IN LOANS, GRANTS IN 3 YEARS
Business Recorder, 4 February 2017

Aamir Saeed

ISLAMABAD: The government received $27.76 billion in loans and grants from 12 countries and 16 organisations, including $6.4 billion from the International Monetary Fund (IMF), during the last three years (01-12-2013 to 30-11-2016).

Minister for Finance, Revenue and Economic Affairs Ishaq Dar informed this to National Assembly on Friday during the Question Hour.

According to details placed before the House, the government received a total of $4.342 billion from 12 different countries, including China, Germany, Oman, United Kingdom and USA. Out of the total sum, $1.449 billion were in form of grants while $2.893 billion were loans.

Likewise, the government received a total of $17.019 billion from 15 different organisations, including Asian Development Bank, OPEC Fund, Dubai Bank and Bond Holders, and out of the total sum, $16.83 billion were loans and $188.48 million were grants.
The government has also obtained $6.4 billion from the IMF under a programme that was spread over three years.

Parliamentary Secretary for Finance Rana Muhammad Afzal Khan informed the House that there is no need to seek new loans from the IMF since the country has stable economic conditions.

He said when the present government took over, the debt was 63 per cent of the GDP – three percent more than the limit described in Fiscal Responsibility and Debt Limitation Act.

The present government has brought it below the 63 per cent, he said adding the country's GDP has now been improved and its payback capacity has increased.

To another question, the parliamentary secretary said that out of $46 billion under China-Pakistan Economic Corridor project, $35 billion are private investments which are being extended by Chinese government to its companies for energy projects and Pakistan will buy electricity from these companies.

He said the remaining $11 billion are soft loans having interest rate of about 2 per cent and these loans will be spent on roads and railway projects.

To a question regarding tax collection, he said the tax collection has increased by 62 per cent during the last three years and transparency is being brought into property transactions by adopting latest technologies and principles to further increase the tax ratio.

The parliamentary secretary also informed the House that all arrangements have been made to conduct new population and housing census from 15th of next month and the process will begin at the same time across the country.

The provincial governments have appointed their representatives as focal persons for census activities and Rs14.5 billion have been allocated for the exercise.
To a supplementary question that some departments covering the National Assembly's budget sessions have not received honorarium announced by the finance minister, the speaker NA directed the parliamentary secretary to ensure payment of the honorarium to the relevant departments.

Parliamentary Secretary for Interior Muhammad Afzal Khan Dhandla informed the House that Federal Investigation Agency has launched a countrywide crackdown on human smugglers and traffickers and 3,009 accused have been arrested so far.

He said that a total of 8,645 human traffickers and smugglers have been convicted by the courts during the last two years, including 3,953 in 2015 and 4,692 in 2016.

The parliamentary secretary also informed the House about different punitive measures taken against the human traffickers and human smugglers including temporary blockage of their identity cards, cancellation of passports, placement of their names and particulars on Exit Control List and temporary blockage of their bank accounts.

http://epaper.brecorder.com/2017/02/04/1-page/846600-news.html

March 2017

NEWS COVERAGE PERIOD FROM MARCH 27TH TO APRIL 2 ND 2017

WB TO GIVE $433M FOR FINANCIAL, SOCIAL SECTORS

Dawn, March 31st, 2017

ISLAMABAD: The World Bank will provide $433 million to Pakistan under three separate heads to support the financial sector, social protection and community development.
The agreements were formally signed on Thursday. Secretary Economic Affairs Division Tariq Mahmood Pasha signed the Loans and Grants Agreements on behalf of government. Project agreements were signed by the representatives of Khyber Pakhtunkhwa government and Fata Secretariat. Acting Country Director Anthony Cholst signed the agreements on behalf of the World Bank.

Mr Cholst said the agreements would strengthen the financial sector, bring about improvements in the income support programme and contribute to economic development in KP and Fata.

Under the agreements, $301.6m is earmarked for meeting objectives of 'Growth Development Policy Financing'. Likewise, the Benazir Income Support Programme has been provided $100m to strengthen the social safety net systems for the poor.

Similarly, under the medium-term grant assistance agreements worth $31.1m for KP, Fata and Balochistan will be delivered through three projects.

https://www.dawn.com/news/1323926/wb-to-give-433m-for-financial-social-sectors

NEWS COVERAGE PERIOD FROM MARCH 13TH TO MARCH 19TH 2017

SACKING OF WB-FUNDED PROJECT EMPLOYEES SET ASIDE
Dawn, March 14th, 2017

PESHAWAR: A Peshawar High Court bench on Monday declared illegal the Fata Secretariat's act of terminating 52 employees of a World Bank-funded Rural Livelihood and Community Infrastructure Project (RLCIP) from Dec 31, 2016.

While accepting a joint petition of those employees, Justice Qaiser Rasheed Khan and Justice Qalandar Ali Khan announced the setting aside of the Dec 29, 2016, impugned notification for the job termination.

Mohammad Asif Yousafzai, lawyer for the petitioners, said the RLCIP was funded by the Multi Donor Trust Fund (MDTF) through the World Bank for the betterment of certain areas in Fata. He added that the petitioners were employees of the said project and were functioning against different posts in different areas.

The lawyer said the contracts of the employees were extended from time to time after obtaining a no objection letter from the World Bank.

He added that the last extension was given up to Dec 31, 2016, and that a further extension was later approved until March 31, 2017, whereas the project would continue until 2018.

The lawyer said under the agreement, the relevant quarters had to give a 30 days prior notice for the termination of contracts but in that case, none of the petitioners was given such notice.

He said though work on the project was under way, the director general (projects) wrote to the economic affairs secretary on Dec 26 for relieving the project staff members and appointing new ones.

The lawyer said just three days later, the DG issued the impugned notification stating the project staff members' contracts won't be extended beyond Dec 31.

He said the impugned notification was against the law, facts and norms of justice and therefore, it was not tenable and liable to be set aside.

The lawyer said the respondents had violated the clause of the contracts by virtue of which they were under legal obligation to give the one month prior notice.

He requested the bench to direct the respondents not to terminate the services of the petitioners until the completion of the RLCIP.

The lawyer said it was an injustice to terminate the services of the petitioners and to recruit other persons in their place.
Last month, the World Bank warned Khyber Pakhtunkhwa Governor Iqbal Zafar Jhagra that the province would lose at least $27 million meant for its and Fata's economic revitalisation if the government didn't approve PC-1s of the two key donor-funded projects, including the RLCIP.

A letter written by World Bank country director Patchamuthu Illangovan to the KP governor said the World Bank as the administrator of the MDTF for KP, Fata and Balochistan supported by 13 donor countries had the privilege of supporting the development of tribal areas over the last five years.

It added that if the PC-1s of the Economic Revitalisation of KP and Fata and RLCIP were not approved immediately, the staff members and resources would be given the one-month termination notices on Feb 28 in anticipation of the projects' closure on March 31.

The governor was requested to step in for the approval of the PC-1s for the speedy processing of the World Bank funds earmarked for them.

https://www.dawn.com/news/1320423

ADB AGREES TO FINANCE RED LINE BRT PROJECT
Dawn, March 14th, 2017

KARACHI: The Asian Development Bank (ADB) has agreed to finance and support the Red Line Bus Rapid Transit (BRT) project starting from Manghopir to Numaish areas.

A committee has been constituted to shape up the financial and technical support in this regard.

Sindh Chief Minister Syed Murad Ali Shah on Monday met an ADB delegation led by its Country Director Werner E. Liepach, and discussed enhancement of public-private partnership (PPP) on different projects.
Mr Shah said that with ADB's support the Sindh government launched the PPP mode of procurement to ensure private sector's participation in public sector projects.
To address the significant infrastructure requirements in an efficient, cost-effective manner and to enable further private partnership in delivering infrastructure services, the Sindh government has requested the ADB to help expand and improve PPP in the province.

Under the project, the ADB would support the provincial government to develop a more financially sustainable and fiscally responsible PPP project portfolio.

The chief minister and the ADB country director also discussed the $197.85 million Sindh Provincial Road Improvement Project under which six roads of 328 kilometres would be rehabilitated.

The ADB delegation comprised its Deputy Country Director Sunil Mitra, head of Portfolio Donneth Walton, and Head of Urban Unit Shaukat Shafi, said a statement issued on Monday.

The chief minister was assisted by Chief Secretary Rizwan Memon, and P&D Chairman M. Waseem, Secretary Finance Hassan Naqvi.

https://www.dawn.com/news/1320295

$200M WORLD BANK LOAN FOR RENEWABLE ENERGY PROJECT
Dawn, March 16th, 2017

Amin Ahmed

ISLAMABAD: The World Bank has initiated the process to approve a credit of $200 million for increasing the installed generation capacity of renewable energy and enhance its development in Pakistan.

The project, which will cost $300m, will also receive a loan of $100m from the Green Climate Fund.

Renewable energy generation in Pakistan falls far short of realising its potential despite the country's considerable resources.

The proposed project, to be implemented by Sindh Department of Energy in association with the Ministry of Water and Power and Water and Power Development Authority (Wapda), is being designed to demonstrate that solar photovoltaic (PV) technology can operate in conjunction with hydropower and wind-based power generation.

According to the project document, the major funding of $260m will be spent on a series of grid-connected sub-projects, all of which will add to the PV capacity, and may include investments in related infrastructure for evacuation or system dispatch.

The World Bank and the Asian Infrastructure Investment Bank (AIIB) are engaged with the expansion of Tarbela hydropower facility operated by Wapda. Tarbela has a current built capacity of 3478MW which will be increased to 6298MW under the Tarbela Additional Financing Project.

Land availability and evacuation constraints are two key barriers to the smooth execution of solar PV projects — both of which are available at the Tarbela site. This project would therefore seek to build at least 100MW of land-based, grid connected solar PV capacity.

The solar panels could be located on the south facing surface of the dam, other Wapda land at Tarbela, and alongside the extensive canal system already built from Tarbela to Ghazi Barotha hydroelectric plant.

The evacuation of solar power will be through the same transmission lines that are in operation for the hydroelectric plant.

The document states that Wapda has expressed an interest in owning and operating a blend of "green" hydro-plus-solar energy.

The second component of the project relates to Sindh solar PV demonstration power plant along wind corridor.

This sub-component of the project will finance one or more ground mounted solar PV power plants cumulatively sized at about 50MW. The power plants will be appropriately located on land near transmission evacuation infrastructure, and in Pakistan's best wind resource corridor.

The Sindh government will use appropriately established special purpose vehicles (SPVs) for the realisation of these investments.

In addition, this component will finance grid extension and enhancements to evacuate power to the nearest grid station.

At a maximum cost of about $1.5 per watt, the total cost of this component is estimated at about $75m.

If the realised costs for the project are lower, the savings will be either reallocated to enhance other project components or to increase the size of the demonstration plant itself.

A component of the project will finance grid-connected, distributed, solar PV systems for small publicly owned land parcels, public sector buildings including schools, hospitals, water pumping and purification stations and other office buildings in Karachi and Hyderabad.

The Sindh government would establish an appropriate SPV for the implementation of this component.

The solar PV system will compromise photovoltaic panels and the balance of plant. The system will be connected to the nearby grid under National Electric and Power Regulatory Authority's net-metering policy.

Another component of the project would finance off-grid solar PV technologies, especially suitable where loads are too small to justify large transmission and distribution expansion.
https://www.dawn.com/news/1320735/200m-world-bank-loan-for-renewable-energy-project

NEWS COVERAGE PERIOD FROM MARCH 6TH TO MARCH 12 TH 2017
PUNJAB SEEKS $130M FOR IMPROVING WATERCOURSES
Dawn, March 12th, 2017

Amin Ahmed

ISLAMABAD: The Punjab government is seeking additional financing of $130 million from the World Bank to improve 5,500 watercourses under the Punjab Irrigated Agricultural Productivity Programme.

The bank is scheduled to approve Punjab government's request later this month.

Out of the total 59,500 watercourses, about 43,700 have been improved in various projects and government's national programme for improvement of watercourses. Still, 10,300 watercourses need to be improved in the province.

The total cost of the project is $200m. The beneficiary local farmer organisations will contribute $70m towards the project.

An estimated 40 per cent of water is lost in the unlined watercourses due to seepage, spillage, side leakage and evapotranspiration. Agriculture in Punjab is affected by water-logging and salinity. In central and southern Punjab, rainfall is more sporadic and agriculture is entirely irrigation dependent.

The new World Bank financing would support installation of high efficiency irrigation systems, introduction of modern technologies and methods in irrigated agriculture, assistance in crop diversification and training.

The project will lead to improving productivity of water use in irrigation agriculture. This will be achieved through improved physical delivery efficiency and irrigation practices, crop diversification and effective application of inputs that will translate into greater agricultural output per unit of water used.

Analysis concluded that high efficiency irrigation results in reduced need of farm inputs such as fertilisers, pesticides, fungicides, and herbicides, as well as reduced vulnerability of crops to pest attacks and proliferation of weeds, leading to less use of pesticides and herbicides.

In addition, fertigation (application of fertilisers or other soil additives through the irrigation system) is done through drip and sprinkler, which results in increased effectiveness of fertilisers with reduced quantities needed.

Similarly, through high efficiency irrigation systems, chemigation (application of pesticides, fungicides, and herbicides) is also done through drip and sprinklers, resulting in effective use of chemicals with reduced quantities needed.

Pakistan's agriculture sector is heavily depends on irrigation — more than 90 per cent of production is from irrigated lands. However, per capita availability of useable water is decreasing with population growth, pollution and inefficient use of water.

The Director-General Agriculture (Water Management) will continue to be responsible for the implementation of the project, while the Directorate of On-Farm Water Management has demonstrated that it has the capacity to implement such programmes in the Punjab, World Bank says.

https://www.dawn.com/news/1319929

April 2017

NEWS COVERAGE PERIOD FROM APRIL 24TH TO APRIL 30TH 2017

WORLD BANK TO HELP BUILD PESHAWAR-KABUL HIGHWAY

Dawn, April 24th, 2017

Anwar Iqbal

WASHINGTON: Finance Minister Ishaq Dar has urged the World Bank to finance a major project in the Pak-Afghan region, which could greatly enhance intra-regional trade.

The project — Peshawar-Kabul highway — would not only link Peshawar with the Afghan capital but would also be a major commercial link between the South and Central Asian regions.

The finance minister discussed this and other projects with senior officials of the World Bank group in Washington last week on the sidelines of the group's spring meetings.

The Pakistan Embassy, which released the details of these meetings, said the World Bank had agreed in principle to finance the Peshawar-Kabul highway project. Mr Dar also asked the World Bank to consider leading a consortium to finance the Diamer-Bhasha dam project.

In his talks with officials of the World Bank group, the minister underlined the structural changes the government had introduced to encourage sustainable economic development in the country. He pointed out that the changes enabled the country's stock market to become one of the top five stock markets in the world.

The government was also trying to strengthen the role of the private sector in China-Pakistan Economic Corridor, giving it an opportunity to select projects of its choice, he added.

CPEC focuses heavily on the energy sector. So far projects worth $34 billion have gone to this sector. Projects for around 25,000MW have been identified and are at different stages of implementation. Out of this, 10,000MW will be added to the system by March 2018.

Mr Dar claimed that because of these measures there had been no loadshedding in the industrial sector for three years and the government hoped to completely end loadshedding by early 2018.

The minister also discussed with the World Bank officials the government's master plan for the energy sector which, he claimed, would give the economy the much-needed jump-start by taking care of the future demands.

For an inclusive and sustainable high growth, the government is also reaching out to the poorer segments of society by extending microfinance facilities to them. This includes tripling the allocation for the Benazir Income Support Programme, which has increased the number of beneficiaries to 5.4 million.

Mr Dar told the World Bank officials that parliament had already passed 24 laws to encourage growth and investment and was working on 10 more.

The World Bank mostly agrees with this upbeat assessment of the Pakistani economy and recently revised the country's growth rate to 5.2 per cent for 2017 and 5.5pc for 2018. Its previous estimate was 5pc for 2017 and 5.4pc for 2018.

But the bank has warned that the upcoming national elections may force the government to opt for populist policies, which can hurt Pakistan's economy. The World Bank also identified various risks to the projected positive outlook for Pakistan: slower progress on much-needed structural reforms, lingering uncertainty about the US economic policy, a strong rupee and protracted global economic weakness.

Earlier this year, the International Monetary Fund and the Asian Development Bank had also expressed similar concerns.

Experts warn that slower progress on the structural reforms could weaken growth prospects. They also noted that in early 2017, a stable nominal exchange rate of the rupee versus the US dollar resulted in appreciation of the real effective exchange rate, which was hurting exports.

The World Bank pointed out that Pakistan was also vulnerable to any significant decline in remittance flows, particularly from oil-rich countries that contributed about two-thirds of all remittances. The bank advised the government to take effective measures to reverse imbalances and continue implementing structural reforms to ensure a sustainable growth.

In Washington, Finance Minister Dar also met his Afghan counterpart Eklil Ahmed Hakimi and the two talked about coordinating their policies to enhance bilateral trade and economic ties. They agreed to hold the next meeting of the Pakistan-Afghanistan Joint Economic Commission as soon as possible, said an official statement issued after the meeting.

https://www.dawn.com/news/1328851

PAKISTAN REFUSES ADB LOAN FOR RAILWAY AS CHINA BECOMES SOLE FINANCIER
Dawn, April 28th, 2017

Khaleeq Kiani

ISLAMABAD: Pakistan has refused part financing from the Asian Development Bank (ADB) for the $8 billion Karachi-Peshawar Railway Line (ML-1) after China said it wanted to fund the project single-handedly.

"China strongly argued that two-sourced financing would create problems and the project would suffer," Minister for Planning and Development Ahsan Iqbal told a news conference on Thursday.

The minister said he would not comment whether the Ministry of Railways has resisted the Chinese request for fears of monopoly, but said the entire financing would now come from China. The project was originally planned to be partly funded by the Manila-based ADB.
He said the ADB would be accommodated in some other projects, such as those under the Central Asian Regional Economic Cooperation programme.

Under the original plan, the ADB had to provide $3.5bn for the 1,700-kilometre-long line considered the backbone of the country's logistics connecting two major ports with the rest of the country for transporting goods and passengers.

The minister said the Chinese government therefore wanted that the project financing should be kept single-sourced. Pakistan and China are expected to sign a formal agreement in this regard next month.

Mr Iqbal said the Planning Commission was making efforts to maximise allocation of funds for the next year's development programme as it would be the final year of the current government. Therefore, the government would like to complete maximum number of projects during this period so as to support the growth momentum.

He said it was also important to have larger development portfolio for the next year because it would trigger activity in the construction industry on which a number of other growth-oriented industries were dependent because of its potential to create jobs.

"But we also have to balance ways and means," he said, adding that the Planning Commission demanded Rs1 trillion for the of next year's public sector development programme (PSDP), but the finance ministry has put a ceiling of Rs700bn.

He said the finance minister and the prime minister would be requested to increase development allocations. The minister said the annual plan coordination committee would meet on May 17 to finalise next year's development programme. And for a formal approval, the Planning Commission has proposed a meeting of the National Economic Council on May 21 or 22, depending on prime minister's availability.

Mr Iqbal said that since the current government came to power in 2013, the commission has saved Rs560bn by cutting project costs, transparency and scrutiny.

This included $1.6bn saving in highway projects under the China-Pakistan Economic Corridor (CPEC) and Rs70bn in Jamshoro Coal Power Project. He said another $1bn saving has been secured from three liquefied natural gas–based power projects through competitive bidding by the executing agencies.

He said the increased development portfolio has exposed the capacity of the various ministries and executing agencies to process a massive workload. Also, these agencies have formulated their project papers on the basis of feasibility studies prepared by international consultants.

Mr Iqbal said the government has decided not to include any major project in the PSDP without completion of technical designs and financial closures. Previous governments included thousands of projects through "token allocations" without protecting major ongoing projects, he added.

He said it was observed that 70pc of cost overruns were resulting because of inadequate financing in the PSDP. For example, the Bolan Medical College was started by former prime minister Zulfikar Ali Bhutto at an estimated cost of Rs7.5 million, but it was finally completed at a cost of Rs130m due to inadequate funding.

This also inflates projects' cost, delays implementation, and results in hundreds of white elephants like Neelum-Jhelum Hydropower Project, which was started at cost of Rs80bn but ended up costing more than Rs500bn because the project's design kept changing as the implementation progressed.

He said the government also revived some of the dead projects which had already consumed a lot of funds. Some of these included Quetta-Gwadar Highway (N-85) that was under suspension and was revived by the current government and made a connection under the western route of the CPEC.

Lowari Tunnel, Islamabad International Airport, Katchhi Canal and Chitral Hydropower Project were some other important projects that became a subject of neglect, corruption and mismanagement, but they have been revived and would be completed during the current fiscal year, he said.

Responding to a question, the minister said the current development portfolio involved 752 projects of Rs7.3tr.

https://www.dawn.com/news/1329651/pakistan-refuses-adb-loan-for-railway-as-china-becomes-sole-financier

NEWS COVERAGE PERIOD FROM APRIL 17TH TO APRIL 23RD 2017
ADB PROJECTS RATED UNSUCCESSFUL
Business Recorder, 17 April 2017

In a very disturbing revelation, Asian Development Bank's (ADB) Independent Evaluation Department (IED) in its Annual Evaluation Review concluded that projects evaluated in Pakistan have consistently underperformed; and, particularly damning for the Sharif administration, was the unsuccessful rating of the three projects undertaken during 2014-16 prompting IED to state that the success rate of ADB projects for Pakistan declined from 36 percent in 2012-14 to zero percent in 2014-16.

This assessment is naturally not shared by the regional department that undertook the design and implementation of the projects though one would sincerely hope that the lessons learned from the IED report would be entertained in subsequent ADB lending to Pakistan.

The question that arises is why has the success rate of ADB projects fallen so dramatically during 2014-16? And who is to blame for this decline? Is the blame to be laid at the doorstep of ADB staff of regional departments (as well as the country office led by a senior ADB official) who, like their counterparts in other multilateral institutions, are focused on overall lending to a country, (especially lending at market as opposed to concessional rates which infrastructure projects typically attract) as that determines the department's success and/or project/programme officer's promotion.

Or is the Sharif administration responsible for possibly resisting measures to either improve governance or accountability of project/programme directors appointed to implement them? The incumbent government has been at great pains to inform the public that it is focused on infrastructure development that, due to paucity of funds, requires borrowing from external sources. The overall success of infrastructure projects in Pakistan as determined by IED is only 53 percent compared to 46 percent for non-infrastructure sectors.

The report highlights one loan extended to Punjab titled Punjab Efficiency Improvement Programme with its phase I closed in December 2007 and phase II in 2009 and rates it unsuccessful as it was relevant during approval but not at completion. The rationale provided: a change in government and worsening security situation that prompted the government to ignore high-impact reforms.

Be that as it may, high impact reforms defined as improving governance and accountability in any sector or ministry/department – critical for a general improvement in project/programme success rate – have rarely been successful in this country. Examples abound, including the World Bank-sponsored Tax Administration Reform Programme, Access to Justice Programme, etc.

There is clearly a resistance to changing the status quo through implementing reforms in this country. One would urge the government to legislate exemplary punishment for those who are accused of resisting or violating the reforms that have been formulated after months, if not years, of study and consultations with all the stakeholders.

Pakistan, the IED report notes, brought the overall performance of projects/programmes down together with Armenia, Papua New Guinea and Timor Leste. Being lumped with countries that have serious issues of resources and governance/accountability well below that of other developing countries has become nothing new for Pakistan unfortunately.

One can only hope that the governments, federal and provincial, begin to focus on strengthening institutions by implementing high impact reforms in all sectors, infrastructure and social, rather than keeping them under the control of the Executive – a fact which is having serious implications on their overall performance.

Additionally, Pakistan has a low absorption capacity and with the incumbent government increasingly relying on borrowing for budget support without taking note of how much of the approved money can be absorbed in any given year, the country's indebtedness has been rising.

http://fp.brecorder.com/2017/04/20170417169312/

IMF PROJECTS STABLE GROWTH IN PAKISTAN
Dawn, April 19th, 2017
Anwar Iqbal

WASHINGTON: The International Monetary Fund (IMF) projected on Tuesday that Pakistan's economy will continue to grow at a healthy pace in 2017 and 2018.

The World Economic Outlook, which precedes this week's annual spring meeting of the IMF and the World Bank, also predicted a noticeable growth in the global economy in 2017, linked to an upsurge in investment, manufacturing and trade activities. The report projects that the world growth is expected to rise to 3.5 per cent this year and 3.6pc in 2018, from 3.1pc last year.

"In Pakistan, a broad-based recovery is expected to continue at a healthy pace, with growth forecast at 5pc in 2017 and 5.2pc in 2018, supported by ramped-up infrastructure investment," the report added.

The report points out a weak growth in the near-term outlook for the Middle East, North Africa, Afghanistan, and Pakistan

region, with growth forecast to be 2.6pc in 2017, 0.8 percentage point lower than projected in the October 2016 report.

The fund attributes this subdued pace of expansion to lower headline growth in the region's oil exporters, driven by the November 2016 Opec agreement to cut oil production. This weakness overshadows the expected pickup in non-oil growth as the pace of fiscal adjustment to structurally lower oil revenues slows.

"Continued strife and conflict in many countries in the region also detract from economic activity," the report warns.

Growth in Saudi Arabia, the region's largest economy, is expected to slow to 0.4pc in 2017 because of lower oil production and ongoing fiscal consolidation, before picking up to 1.3pc in 2018.

Growth rates in most other countries in the Cooperation Council of the Arab States of the Gulf are similarly projected to dip in 2017.

By contrast, activity in most of the region's oil importers is expected to continue to accelerate, with growth rising from 3.7pc in 2016 to 4.0pc in 2017 and 4.4pc in 2018.

In Egypt, comprehensive reforms are expected to deliver sizable growth dividends, lifting growth from 3.5pc in 2017 to 4.5pc in 2018. The report trims India's annual growth forecast by 0.4 percentage points to 7.2pc for 2017, citing the impact of recent demonetisation.

"In India, the growth forecast for 2017 has been trimmed by 0.4 percentage point to 7.2pc, primarily because of the temporary negative consumption shock induced by cash shortages and payment disruptions from the recent currency exchange initiative," says the report.

"Medium-term growth prospects are favourable, with growth forecast to rise to about 8pc over the medium term due to the implementation of key reforms, loosening of supply-side bottlenecks, and appropriate fiscal and monetary policies," it adds.

In its review of the globally economy, the IMF notes that stronger activity and expectations of more robust global demand, coupled with agreed restrictions on oil supply, have helped commodity prices recover from their troughs in early 2016.

The IMF's October forecast was more pessimistic, cutting its growth forecast for the US and other advanced economies, the IMF said then that the global economy would grow 3.4pc this year versus 3.1pc in 2016.

But in Tuesday's report, the IMF notes that higher commodity prices have provided some relief to commodity exporters and helped lift global headline inflation and reduce deflationary pressures.
"Financial markets are buoyant and expect continued policy support in China and fiscal expansion and deregulation in the United States. If confidence and market sentiment remain strong, short-term growth could indeed surprise on the upside," it adds.
But the report warns that "structural impediments," such as low productivity growth and high income inequality, will likely persist and could stall a stronger recovery.

The report also criticises "nationalistic" economic policies of the United States and other European Union, and calls them "inward-looking policies" that "threaten global economic integration and the cooperative global economic order, which have served the world economy, especially emerging market and developing economies, well."

The report notes that against this backdrop, economic policies have "an important role to play in staving off downside risks and securing the recovery, and a renewed multilateral effort is also needed to tackle common challenges in an integrated global economy."

The IMF points out that emerging market and developing economies have become increasingly important in the global economy in recent years. They now account for more than 75pc of global growth in output and consumption, almost double the share of just two decades ago.

"These economies can still get the most out of a weaker growth impulse from external conditions by strengthening their institutional frameworks, protecting trade integration, permitting exchange rate flexibility, and containing vulnerabilities arising from high current account deficits and external borrowing, as well as large public debt," the World Economic Outlook projects.

https://www.dawn.com/news/1327829

NEWS COVERAGE PERIOD FROM APRIL 10TH TO APRIL 16TH 2017
AUSTRALIA PLEDGES $1M FOR 'FOOD FORTIFICATION' IN PAKISTAN
Dawn, April 14th, 2017

ISLAMABAD: In alliance with the UN's World Food Programme (WFP), the Australian government announced on Thursday an additional support of $1 million to Pakistan to improve nutrition, eliminate hunger and attain food security by fortifying food.

Speaking at the launching of the National Food Fortification Strategy, Australia's acting higher commissioner Jurek Juszczyk said the Australian government had supported national and provincial fortification alliances in all four provinces of Pakistan since June 2015 and was now extending the initiative for another year.

The strategy aims to lay out key steps for overcoming the micronutrient deficiencies in the country, known as "hidden hunger".

The strategy is supported by the WFP Pakistan, the National Fortification Alliance (NFA) and the Ministry of National Health Services, Regulations and Coordination.

According to the National Nutrition Survey of 2011, more than half of women and two-thirds of children in Pakistan are suffering from micronutrient deficiencies. The problem imposes on Pakistan an annual economic burden of around $3.5 billion, equivalent to around two per cent of the GDP, according to the survey report.

Minister of State for National Health Services Saira Afzal Tarar endorsed the National Fortification Strategy and acknowledged the efforts of the Australian government, the NFA and the WFP Pakistan in this regard.

The ministry was working in close liaison with its valued partners to eliminate hunger, attain food security and improved nutrition by achieving the goals of the Sustainable Development Goal, she said.

The WFP's Country Director, Finbarr Curran, said the Australian government had been a proactive partner in working with the UN agency and the Pakistan government in addressing issues of food security and nutrition in the country.

https://www.dawn.com/news/1326859

NEWS COVERAGE PERIOD FROM APRIL 3 RD TO APRIL 9 TH 2017
ADB PROJECTS 5.2PC GDP GROWTH
Business Recorder, 7 April 2017

Tahir Amin

ISLAMABAD: Asian Development Bank (ADB) has projected GDP growth for Pakistan at 5.2 percent in fiscal year 2017, a rate that has been downgraded by Finance Minister Ishaq Dar to five percent, and 5.5 percent in 2018 against six percent projected in the budget, but maintained that regulation remains burdensome, requiring more reform to provide an enabling environment that facilitates business and fosters investment.

In its latest Asian Development Outlook (ADO) 2017, ADB forecasts higher growth, with inflation and current account deficit edging up on higher oil prices and substantial imports for a major investment project. Continued economic reform is essential to reach a high growth trajectory.

A third consecutive year of falling exports reflects weak global demand and low international commodity prices but also domestic structural issues such as power outages, scant investment in modernization, and currency appreciation in real effective terms, all of which hamper competitiveness. Exports continued to decline, but by only 1.3 percent, which was much smaller than the 11.7% plunge in the same period of fiscal year 2016.

The current account deficit is projected to widen to equal 2.1% of GDP in fiscal year 2017. The deficit increased to $4.7 billion in the first seven months of fiscal year 2017, almost double the $2.5 billion deficit in the same period of fiscal year 2016. Services and income account deficits worsened as receipts under the Coalition Support Fund were delayed.

ADB states that domestic security has improved significantly in recent years, but consolidating these gains will take continued efforts. Reform to boost exports by diversifying products and markets and by adopting more flexible exchange rate policies are needed to maintain external stability. Further, structural reform to the energy sector and state-owned enterprises are required to fully realize investments' productive potential.

The report states that GDP growth is expected to edge up to 5.2 percent in fiscal year 2017 and 5.5 percent in fiscal year 2018, underpinned by higher growth in the major industrial economies. This outlook is supported by better security, macroeconomic stability, and improved economic fundamentals resulting from the continued implementation of government reform under three-year International Monetary Fund programme completed in September 2016, as well as ongoing and planned infrastructure and other investments under an economic corridor project – CPEC.

Moreover, the Pakistan Stock Exchange scored the highest price increase in Asia in 2016. Pakistan's re-entry into the MSCI Emerging Market Index, scheduled for May 2017 after a nine-year hiatus, further underlines investor confidence in the economy. In this connection, a consortium of three PRC stock exchanges invested $85 million in December 2016 to acquire 40% of strategic shares in the Pakistan Stock Exchange.

Higher growth in fiscal year 2018 reflects accelerated infrastructure investment through CPEC, which is steadily lifting consumer and investor confidence and thereby further catalyzing economic activity.

ADB report further states that the government can lend policy support by maintaining macroeconomic stability and addressing structural issues that continue to inhibit exports despite the easing of regulatory constraints on doing business. With national elections scheduled for 2018, the budget to be announced in June 2017 will likely prioritize measures to foster economic expansion.

The forecast for growth in fiscal year 2017 envisages revived agriculture as recovery in cotton and sugarcane off set a forecast decline in the rice crop. The revival is underpinned by special credit facilities, subsidized fertilizer, and improved global commodity prices.

Favourable weather, including timely rains in January 2017, augurs a strong winter wheat crop. Prevailing low interest rates, improved electricity supply, and government budgetary incentives announced in June 2016 should boost large-scale manufacturing.

The government announced in January 2017 a support package worth $17 billion for exports of textiles, clothing, and related raw materials. It is expected to revitalize the textile industry, which suffered from a weak cotton crop and frail global demand last year. Stronger growth in industry and agriculture will catalyze activity in the service sector.

According to the report average consumer inflation is expected to accelerate to 4.0% in fiscal year 2017 on a rebound in oil prices, higher domestic demand, and expanded government borrowing from the central bank. Headline inflation averaged 3.8% in the first seven months of fiscal year 2017, up from 2.3% in the same period last year, with increases for food and other goods. Core inflation, which excludes food and energy, followed the trend and rose by 1.1 percentage points to 5.0%.

The government passed the global oil price increases on to domestic consumers by raising domestic oil prices three times from December 2016 to February 2017, after having kept them low for several months, ADO maintained.

A continued recovery in oil prices will likely accelerate inflation, which is projected to reach 4.8% in fiscal year 2018. The central bank will need to be vigilant and readjust its accommodative monetary policy if inflationary pressures intensify.

The general government budget deficit is projected to shrink to the equivalent of 3.8% of GDP in fiscal year 2017. This assumes total revenue equaling 15.8% of GDP, based on Federal Board of Revenue tax collection at 10.8% of GDP, and continued expenditure rationalization.

The Bank further states that to achieve the lower deficit, additional measures may be needed in the remaining months of fiscal year 2017 to bridge a revenue shortfall in the first half of the year, though higher imports and the pass-through of higher oil prices to consumers may be sufficient to boost indirect tax revenue. A shortfall in non-tax revenue poses an additional challenge, but it should be mitigated somewhat by expected inflows under the Coalition Support Fund and, if accomplished, the budgeted sale of the 3G spectrum.

Targeted expenditures in fiscal year 2017 equal to 19.6% of GDP. Expenditures in the first half were, at 8.3% of GDP, about the same as last year because the government was able to contain current expenditure by curtailing domestic interest payments and spending on other categories including subsidies.

Consolidated federal and provincial development spending was also low in this period at 1.5% of GDP, less than a third of the fiscal year 2017 full year target of 4.7%. Any provincial overspending in the full year, especially infrastructure development that looks ahead to the election, may challenge a key budgetary assumption that the provinces will record a cash surplus of Rs339 billion, equal to 1.0% of GDP.

According to the ADO, the workers' remittances that critically offset the large trade deficit fell for the first time in 10 years, by 1.9% to $10.9 billion, because of declining expenditures and income in oil-dependent Gulf economies. The trade deficit widened in the first seven months of fiscal year 2017 by 21.1% to $13 billion as imports accelerated by 9.2%, driven by an 18% increase in investment goods and a 12% rise in oil import payments as prices recovered. Investment goods accounted for 40% of the increase in imports, and oil nearly 30%.

The nominal exchange rate was stable at Rs104.7 to the US dollar in the first seven months of fiscal year 2017, but the Pakistan rupee continued to appreciate in real effective terms, undermining export competitiveness. The current account balance will likely deteriorate further in fiscal year 2018 to 2.5% of GDP with somewhat higher global oil prices and accelerating infrastructure investments connected with CPEC.

Revived oil prices are likely to improve the prospects for remittances in the medium term as Gulf countries may relax their efforts to consolidate their finances. A significant increase in the current account deficit could pose a risk to official exchange reserves, which peaked at $18.9 billion in October 2016 and then slid by $1.3 billion by February 2017, maintained in the ADB report.

The increased inflows in the financial account from multilateral and bilateral disbursements, along with non-debt inflows in the first 7 months of fiscal year 2017 are providing a cushion for the widening current account deficit. Portfolio investment jumped by more than fourfold to $670 million and foreign direct investment increased to $1.2 billion with investments into dairy, consumer electronics, electric power, and oil and gas.

However, amortization payments on long-term government debt also increased markedly. Expected disbursements from multilateral development partners in the remaining months of the fiscal year will be needed to reverse contraction in the official reserves as of February 2017.

The report further states that economic corridor project CPEC, announced in April 2015 as a $46 billion project, but subsequently increased to $55 billion, it provides for major investments in energy and transport infrastructure.
The project will significantly address Pakistan's infrastructure deficit caused by annual spending on infrastructure at only 2%–3% of GDP in the past four decades.

The government has identified "early harvest" infrastructure projects that will be completed in the next few years. Of these, $21 billion will be on energy projects. These will be financed by foreign direct investment from the PRC supported by borrowing from banks there.

Independent electricity-generating firms will be offered guaranteed tariffs for their sales to distribution companies that will ensure at least 17% return on equity. About $10 billion in investments in transport infrastructure will be financed by a combination of concessional and commercial loans from the Government of the PRC.

The ADO maintained that for Pakistan, CPEC is expected to be a major opportunity to boost growth and development. CPEC is expected to provide many benefits, especially eliminating the power shortages that have held down economic growth in recent years. It will improve connectivity to domestic and international markets and so benefit Pakistan's lagging regions.

http://epaper.brecorder.com/2017/04/07/1-page/865229-news.html

May 2017

NEWS COVERAGE PERIOD FROM MAY 29TH TO JUNE 4TH 2017

RAILWAYS EYING $2.5B ADB LOAN FOR IMPROVING SERVICE

The Express Tribune, May 30th, 2017.

LAHORE: The China-Pakistan Economic Corridor (CPEC) is a long-term strategic investment and partnership, which should not be made controversial at all, said Federal Minister for Railways Khawaja Saad Rafique.
Speaking at a seminar on the "Future of Pakistan Railways and Logistics in the light of CPEC" at the University of Management and Technology, he said CPEC was a game changer for the country and a number of projects were being carried out, which would help strengthen the country.

The minister said there should be no politics on CPEC, adding the upgrade of Main Line-1 (ML-1) rail track between Karachi and Peshawar would be carried out under the mega project.

He recalled that recently chief ministers of the four provinces attended the One Belt, One Road (OBOR) forum, which was aimed at regional development, adding the presence of the chief ministers highlighted the positive image of the country at the international level.

Rafique emphasised that the continuity of democratic process was of high importance.

"We cannot depend on one opportunity and all best offers in the interest of the railways must be considered. Railways might get a concessionary loan of $2.5 billion from the Asian Development Bank (ADB), which will be utilised for strengthening different areas of the railways."

A number of steps had been taken for bringing improvement in the department, the minister said, adding there was no political interference in the working of railways and the recruitment process had been made transparent.

He said pensioners had been facilitated by introducing the automated pension system, railways now had 20-day fuel stock, train punctuality had improved to 80%, the IT and legal affairs directorate had been set up and almost 96% railway land had been computerised.

He pointed out that rehabilitation work on the Pakistan Railways had started, which would later be upgraded, modernised and expanded, and all these steps needed time.

https://tribune.com.pk/story/1422582/railways-eying-2-5b-adb-loan-improving-service/

NEWS COVERAGE PERIOD FROM MAY 22ND TO MAY 28TH 2017
ADB APPROVES $20M LOAN FOR MICRO, SMALL AND MEDIUM ENTERPRISES
The Express Tribune, May 23rd, 2017.

KARACHI: The Asian Development Bank (ADB) has approved a $20 million loan to help Khushhali Microfinance Bank Limited (KMBL) expand access to credit for agriculture-related borrowers and small businesses in Pakistan.

The assistance will help KMBL increase the provision of financial services to micro, small, and medium-sized enterprises from 5,700 at present to over 30,000 by 2020.

"Agriculture and small business are critical sectors in Pakistan's economy that play a significant role in job creation and poverty reduction," said ADB Private Sector Financial Institutions Division Director Christine Engstrom. "ADB's assistance will help support KMBL's goal to improve financial inclusion to these sectors through their extensive expertise and outreach to under-served populations."

Additionally, women are expected to comprise up to 25% of the loan recipients. Also, a separate technical assistance program will support the establishment of a training academy as well as investments in KMBL's technology up gradation program.

ADB's support will deepen the market penetration of KMBL into the rural economy and enhance access to small businesses vital to economic growth and prosperity," KMBL President Ghalib Nishtar.

"In the past 16 years, KMBL has led the way towards financial inclusion by offering loans and savings products tailored to the low-income segment of the market, and empowering women entrepreneurs belonging to the marginalized communities by creating awareness and providing opportunities of financial access through its value propositions," he added.

Currently, access to finance in the country is limited, with only 24% of the adult population having a bank account with a formal financial institution.

Meanwhile, KMBL has a nationwide presence in Pakistan with a network of 144 branches and the largest client base among microfinance banks in the country.

https://tribune.com.pk/story/1416543/adb-approves-20m-loan-micro-small-medium-enterprises/

GOVT RELIES HEAVILY ON FOREIGN LOANS
Dawn, May 27th, 2017

Kalbe Ali

ISLAMABAD: The government relied heavily on obtaining loans to bridge the gap between resource generation and expenditure, with the United States of America being the biggest aid giver to Pakistan in the outgoing fiscal year.

A huge amount of Rs971.60 billion in terms of foreign loans was acquired in 2016-17, exceeding the estimate sum of Rs796.78bn set at the beginning of the fiscal year by 22 per cent.

The government has set the target of obtaining foreign loans worth Rs810.74bn for fiscal year 2017-18. This includes Rs374.52bn under the head of 'Other Loans'. However, no further details were provided in this regard.

In the federal development budget, Rs329.63bn worth of loans have been estimated for various projects. The government will obtain Rs95.57bn worth of foreign loans for various programmes.

The biggest chunk – Rs117.10bn worth of foreign loans – will be obtained by Punjab, followed by Rs37.31bn for Sindh, Rs20.79bn for Khyber Pakhtunkhwa and Rs2.62bn for Balochistan.

The country is also set to receive Rs26.81 billion foreign grants for development projects

Among federal government's autonomous bodies, the National Highway Authority is estimated to obtain foreign loans worth Rs86.15bn for its development projects, followed by Rs34.98bn for Pepco and Rs17.29bn for Wapda. Other federal bodies are also set to receive foreign loans worth Rs138.43bn.

Pakistan is also set to receive Rs26.81bn foreign grants for various development projects. Wapda and Pepco will receive a grant of Rs13.10bn for next fiscal year. Amongst provinces, Balochistan and Khyber Pakhtunkhwa will receive Rs11.72bn, whereas Punjab and Sindh will not get any foreign grants in 2017-18.

The key loaning agencies and countries for Pakistan include the Asian Development Bank which is set to give a loan of Rs118.83bn in 2017-18, followed by Rs166.98bn from China, Rs164.57bn from the Islamic Development Bank and Rs102.42bn from IDA (World Bank).

The government is also set to obtain foreign loans worth Rs105.50bn from commercial banks and Rs105.50 billion are likely to be raised from Sukuk bonds.

Pakistan is also set to take loans worth Rs4.68bn from Korea, Rs3.60bn from Japan, Rs16.46bn from France and Rs6.39bn from the IBRD-World Bank.

The Pakistan Poverty Alleviation Fund (PPAF) is set to receive Rs1.20bn loan and Rs270 million grants for 2017-18. During the outgoing fiscal year, PPAF got Rs2.46bn in loans and Rs452.25bn in grants.

Key foreign funded projects in Sindh include the Rs2.52bn Sindh Basic Education Project, Rs1.80bn Sindh Municipal Service Delivery funded by the USA, Rs381.32m Sindh Elementary Schools Upgradation Project funded by Japan and Rs37m Sustainable Land Management to Combat Desertification Project.

Major projects in KP include the Rs179.22m Social Health Protection Programme funded by Germany, Rs215.71m KP Immunisation Support Programme and Rs1.19bn Gomal Zam Command Area Development Project worth funded by USA, and Rs772m Rule of Law and Counter Terrorism Projects funded by the European Union.

The key loaning agencies and countries include the ADB which is set to give Rs118.83bn in 2017-18, China Rs166.98bn, Islamic Development Bank Rs164.57bn and IDA Rs102.42bn

Major projects for Balochistan include the Rs105m Sustainable Development Goals (SDGs), Rs106m Sustainable Land Management Project, Rs1.52bn Global Partnership for Education, Rs389m National

Immunisation Support Programme and Enhanced Nutrition for Mother and Children Project and Rs420m Governance and Policy Reforms.

Among the projects outside the Public Sector Development Programme, an allocation of Rs15m has been made for the displaced persons of Fata and Rs9.60bn for the Benazir Income Support Programme (BISP).

Wapda will get Rs64m for the Glacier Monitoring Network – a project related to climate change.

During the outgoing fiscal year 2016-17, the government obtained Rs389.13bn from commercial banks, Rs132.60bn from China, and Rs126.32bn from the ADB while Rs105bn were raised through Sukuk bonds. While Pakistan exceeded its target in obtaining loans, the grants fell short of estimates in the outgoing fiscal year — out of Rs21.42bn, the country received Rs12.56bn only.

In 2016-17, Pakistan received the biggest grant of Rs5.53bn from USA, followed by Rs3.43bn from the donor agencies.

Oman gave a grant of Rs1.05bn, followed by the European Union with Rs562m, China with Rs200 million, the UK with Rs179m and Saudi Arabia with Rs50m.

https://www.dawn.com/news/1335630

NEWS COVERAGE PERIOD FROM MAY 15 TH TO MAY 21ST 2017
SINDH, WB AGREE TO REHABILITATE OLD CITY AREAS
Dawn, May 18th, 2017
Habib Khan Ghori

KARACHI: The Sindh government and the World Bank have agreed to rehabilitate and renovate the old city areas from Pakistan Chowk to Empress Market and make the Karachi Water and Sewerage Board (KWSB) a self-sufficient organisation.

The city rehabilitation project, which was conceived in August last year during a meeting between Sindh Chief Minister Syed Murad Ali Shah and World Bank's Country Director Patchamuthu Illangovan, got the green signal on Wednesday when the latter called on the former at the CM House, it is reliably learnt.

Sources privy to the meeting told Dawn that work on the rehabilitation project was likely to begin during the next financial year for which the World Bank had agreed to arrange financial assistance of $80 million.

The rehabilitation work includes removing encroachments from the area, renovating old landmark buildings, replacing old water and sewerage lines with new ones, developing parks and rebuilding roads and installing new poles for street lights to give it a beautiful look like the renovated KPT area.

Besides rehabilitation of old city areas, according to the sources, the two sides also discussed the Sindh neighbourhood project, establishment of solar power stations in different districts of the province, the Sindh nutrition programme and major reforms in the KWSB to make it a self-sufficient organisation.

Under the neighbourhood programme, certain rural areas will also be developed, including villages in Malir within the vicinity of old areas, by laying water pipelines up to Dhabeji, improving infrastructure so that local cultivators could have access to markets for their vegetables and fruits without the help of middlemen.

The sources said the KWSB reforms included improving billing, water distribution system and pumping stations. They said that at present the Sindh government provided the KWSB Rs40 million per month to pay its electricity bills, which could only be overcome by installing solar energy power plants.

In order to improve collection of water bills and water distribution, it was decided to acquire services of the private sector for enlisting all those who had water connection and preventing water theft from direct lines.

According to the sources, the issue of over-employment in the water board also came under discussion. The organisation has about 9,000 employees on its payroll, instead of the required 4,500.

It was decided that there would be no further employment and only seats falling vacant after retirement of employees would be filled. The chief minister, according to the sources, informed the WB official that the Sukkur Barrage was one of the unique barrages in the world but now it had completed its life. “We know that construction of such a state-of-the-art barrage is … difficult … therefore, a consensus has been developed to rehabilitate the barrage,” he said.

The chief minister and Mr Illangovan agreed to seek the help of the same British firm that had constructed the Sukkur Barrage, for rehabilitation. Mr Illangovan said he would also invite some independent experts to seek second opinion.

They decided to have another meeting in Islamabad soon to further discuss and review these projects.

https://www.dawn.com/news/1333789

NEWS COVERAGE PERIOD FROM MAY 8TH TO MAY 14TH 2017
WORLD BANK TO FINANCE SOLAR POWER PROJECTS IN PAKISTAN
The Express Tribune, May 12th, 2017.

Zafar Bhutta

ISLAMABAD: The World Bank has agreed to finance solar power projects from its Green Fund in an effort to improve the energy mix in Pakistan.
At present, because of the poor energy mix, the entire chain has been affected, which is pushing energy companies towards financial collapse.

Sources said Finance Minister Ishaq Dar had visited the US where he held a meeting with the World Bank on the possibility of funding solar power plants in Pakistan. The bank expressed its willingness, saying it was ready to finance the development of solar projects with a tariff of 3 to 3.5 cents per unit, which was quite attractive.

Sources said the government was now working on the possibility of availing itself of the financing from the World Bank's Green Fund that would go to renewable energy projects to be set up in far-off areas of Pakistan.

In order to secure the proposed funding, the Ministry of Water and Power will engage an international panel of experts, who would develop a road map for the induction of renewable energy and identify the sites keeping in view the grid stability as well as overall modernisation of the national grid.

According to an official, the Ministry of Finance wants the power ministry to tap financing from the Green Fund immediately. However, the government would have to select land for the proposed projects.

Officials were of the view that off-grid areas of Balochistan would be suitable places for the proposed solar plants of 50-100 megawatts capacity each.

Apart from this, the water and power ministry was also discussing another proposal to select sites for small solar power plants of 1-2MW that would be more feasible in the areas of Balochistan and other provinces where the population was scattered.

However, the renewable energy would be useful when the base load capacity has been sufficiently developed to cater for projected demand.

The Ministry of Water and Power was of the view that a reasonable amount of electricity could be generated through the solar system in buildings of big cities as had been done in the parliament building in Islamabad.

The ministry was informed that grid stability would have to be ensured by increasing the base load capacity of projects. Such plants would be more useful for off-grid use. There was a need to mobilise experts from across the world to identify the ways and solutions for absorbing this energy source in the system. For this purpose, a panel of international experts would be engaged.

Among varying sources of electricity, hydroelectric power has a share of 34% in the existing power generation capacity, furnace oil 29%, locally produced natural gas 19%, liquefied natural gas (LNG) 8%, renewable and nuclear energy 5% each.

In 2018, when power production is expected to go up to 33,124MW, the share of hydroelectric power will be 30%, furnace oil 18%, LNG 16%, local natural gas 12%, imported coal 10%, renewable energy 8%, nuclear power 4% and local coal 2%.

However, in 2022, hydroelectric power will have a share of 36%, followed by 12% for furnace oil, 10% for LNG, 9% for nuclear energy, 9% for renewable energy, 8% for local natural gas, 8% for local coal and 8% for imported coal.

https://tribune.com.pk/story/1407582/world-bank-finance-solar-power-projects-pakistan/

NEWS COVERAGE PERIOD FROM MAY 1ST TO MAY 7TH 2017
PAKISTAN EYES $2.5 BILLION A YEAR FROM ADB
The Express Tribune, May 5 2017

Pakistan is looking at greater financial assistance from the Asian Development Bank (ADB), said the country's finance minister, as it hopes to achieve 7% economic growth by fiscal year 2018-19.

Annual allocation for Pakistan, under the ADB's infrastructural financing package, is currently $2 billion a year, which Finance Minister Ishaq Dar said was requested to be enhanced, keeping in view the country's increasing needs.

"I have asked them to reconsider the package, keeping in view the infrastructure needs of the country," Dar told The Express Tribune on the sidelines of the ADB Board's 50th Annual Meeting in Yokohama, Japan. "This will significantly help boost the country's gross domestic product and help us achieve our FY19 target of 7%."

Dar said he had convinced ADB officials to increase Pakistan's annual allotment to $2 billion last year in Frankfurt, and voiced confidence that the package would be enhanced by another $500 million.

"There have been several productive meetings with ADB President Takehiko Nakao, and Pakistan's annual fund allowance could increase to $2.5 billion."

The finance minister revealed that he will be engaging in several meetings for the next three days and these will mostly be of bilateral and multilateral nature.

"Pakistan's association with the ADB has been a fruitful one and it will continue to bear benefits for the country in light of its big plans for our infrastructural growth."

Dar also revealed he will be meeting the finance ministers of Maldives, Indonesia and the Philippines.

"In terms of multilateral meetings the Pakistan team will be sitting down with representatives from the ADB, Asian Infrastructure Investment Bank (AIIB) and Japan International Cooperation Agency (JICA)."

In a bid to prepare for contingencies, Dar said that the ADB had committed $1.2 billion to the National Disaster Risk Management Fund, out of which $200 million had already been awarded.

https://tribune.com.pk/story/1401380/pakistan-eyes-2-5-billion-year-adb/
ADB AIMS TO RAISE $1.7TR ANNUALLY FOR REGION
The Express Tribune, May 7th, 2017.

Yokohama: Asian Development Bank (ADB) President Takehiko Nakao said on Saturday that the region will require $1.7 trillion per year in investments in power, transport, telecommunications and water till 2030.

During his speech at the Annual Meeting of ADB Board of Governors in Yokohama, Japan, Nakao said that the figure is more than double of the previous estimate, reflecting additional investments which are required to support the continued growth.

The ADB president also listed five chief priorities of the bank and said that supporting infrastructure development would remain the top priority.

“We will incorporate more advanced technologies since our developing member countries care about maintenance costs and the resilience of infrastructure,” he said.

He added that member countries aspire for innovative technologies for their projects. And many innovative companies across the world, including in emerging economies, are keen to contribute to Asia’s development.

“We have already initiated reforms in our business processes for project preparation and procurement to promote greater use of advanced technologies.”

On the other hand, the ADB president said that social sectors would be another priority, especially in matters of health. “The bank will support universal healthcare systems and cross-border initiatives to combat communicable diseases such as malaria, tuberculosis and HIV,” he said.

Meanwhile, ADB will continue to support Technical and Vocational Education and Training and help improve the quality of secondary education in member countries.
“We will further promote gender equality which has been a key area of ADB operations for many years,” he said, adding that gender inequality was a cross-cutting issue that influences all social and economic processes. “We will design projects that help women and girls to secure higher skills, better health, more jobs and a larger voice in decision making.”

https://tribune.com.pk/story/1403253/adb-aims-raise-1-7tr-annually-region/

June 2017

NEWS COVERAGE PERIOD FROM JUNE 19TH TO JUNE 25 TH 2017

STABILITY GAINS HAVE BEGUN TO ERODE: IMF

Dawn, June 18th, 2017

Anwar Iqbal

WASHINGTON: The International Monetary Fund (IMF) has described Pakistan’s outlook for economic growth as favourable, but warned that recent stability gains have begun to erode.

In a report released on Friday afternoon, the IMF estimates the country’s real GDP growth rate for the current fiscal year at 5.3 per cent and notes that it will strengthen to 6pc over the medium term.

The IMF said last year that Pakistan had emerged from the crisis and stabilised its economy after completing a three-year bailout programme with the fund.

The report credits the “stepped-up” China-Pakistan Economic Corridor (CPEC) investments, better availability of energy and growth-supporting structural reforms for this improvement.

The report notes that inflation remains contained despite a gradual increase while the financial sector is sound.

With reference to the election-year budget, the IMF points out some negative trends that, it says, can harm the positive trajectory.

Says fiscal consolidation has slowed, with the 2016-17 budget deficit target likely to be exceeded

“Macroeconomic stability gains made under the 2013-16 Extended Fund Facility-supported programme have begun to erode and could pose risks to the economic outlook,” the IMF said.

Under the 36-month extended arrangement, the IMF provided Pakistan with $6.15 billion to improve its economy. On the completion of the facility, the IMF observed that Pakistan was committed to pursuing reforms in the post-programme period. It also noted energy sector reforms allowed a reduction of power outages and power subsidies.

The IMF notes that “fiscal consolidation has slowed, with the 2016-17 budget deficit target of 4.2pc of GDP likely to be exceeded. The current account deficit has widened and is expected at 3pc of GDP in 2016-17, driven by quickly rising imports of capital goods and energy”.

The IMF also notes that the country’s foreign exchange reserves have declined in the context of a stable rupee-dollar exchange rate.

On the structural front, while the successful implementation of business climate and financial inclusion reforms has continued, “some renewed accumulation of arrears in the power sector has been observed, and financial losses of ailing public-sector enterprises continue to weigh on scarce fiscal resources”.

The IMF also identifies key external risks, including lower trading partner growth, tighter international financial conditions, faster rise in international oil prices and, over the medium term, failure to generate sufficient exports to meet rising external obligations from large-scale foreign-financed investments.

Executive Board Assessment: The report includes an assessment of the progress made under the 2013-16 economic reforms programme. It quotes IMF directors as commending Pakistani authorities for strengthening macroeconomic resilience in the 2013-16 period. The directors agreed that the growth outlook remained favourable, but noted that policy implementation weakened recently and macroeconomic vulnerabilities were remerging.

Against this backdrop, the directors called on the authorities to safeguard the macroeconomic gains of recent years “through continued implementation of sound policies, and to continue with structural reforms to achieve higher and more inclusive growth”.

They also encouraged the authorities to strengthen fiscal consolidation. They noted that the 2017-18 budget aims at further gradual consolidation, albeit at a slower pace than targeted under the Fiscal Responsibility and Debt Limitation (FRDL) Act, and will likely require additional revenue measures in light of recent revenue underperformance.

The directors emphasised that sustained fiscal consolidation over the medium term was critical to strengthen economic resilience, safeguard fiscal sustainability and limit pressures on the current account and international reserves.

To this end, the directors recommended mobilising additional tax revenues by broadening the tax base and strengthening tax administration while enhancing the composition of public spending by containing the wage bill's growth and electricity subsidies. They also recommended strengthening the national fiscal federalism framework and public debt management.

https://www.dawn.com/news/1340179

July 2017

NEWS COVERAGE PERIOD FROM JULY 24TH TO JULY 31ST 2017

IMF TO LAUNCH NEW FORM OF AID—WITH NO MONEY

Dawn, July 27th, 2017

WASHINGTON: The International Monetary Fund (IMF) announced on Wednesday it will launch a new tool to support governments in financial trouble — but one that involves no money — formalising a step it took last week for Greece.

Instead of providing cheap loans to member countries, the new IMF tool will serve as a good housekeeping seal of approval for a government's reform program.

With that approval in hand governments would be more likely to be able to access other forms of financing from banks and bond markets, the IMF said in a statement.

"The new instrument is designed to help countries unlock financing from official and private donors and creditors," the IMF said.

"It enables them to signal commitment to reforms and catalyse financing from other sources." The IMF last week revived a rarely-used mechanism under which it approved a one-year loan to Greece but withheld the disbursement of funds until the country receives significant debt relief from its eurozone partners.

That had a similar effect as the new tool: allowing Greece to return to markets this week to issue three billion euros ($3.5bn) worth of five-year bonds, and removing a major roadblock in the negotiations with the euro area.

The IMF board this month approved the new non-financing Policy Coordination Instrument (PCI), which unlike traditional fund programs will not have any eligibility criteria, as long as the country is not delinquent in payments to the IMF.
Rather than providing loans in exchange for strict adherence to an agreed program of economic and financial reforms — with performance targets reviewed quarterly — the IMF will focus only on the government's policy package.

But the IMF stressed that “policies supported under the instrument would be required to meet the same standard as those required under a standard IMF loan.” Fund staff would provide periodic reviews under the PCI, every six months or so, but the schedule would be flexible as would the duration of the program.

The IMF has always provided policy advice to member countries on a variety of topics including design of reforms for tax, pension or labor policies.

It also offers a program called a Flexible Credit Line which is similar to the PCI in that it provides an IMF stamp of approval on a country’s economic policies, but also makes available a line of credit that would only be tapped if the country faces dire circumstances beyond its control, like a severe drop in commodity prices or a global financial crisis.

Some economists have expressed concern, however, about the potential stigma associated with a country that goes to the IMF for financial assistance.

https://www.dawn.com/news/1347821

RS134.4BN DEVELOPMENT SCHEMES APPROVED
Dawn, July 27th, 2017

Khaleeq Kiani

ISLAMABAD: The Executive Committee of the National Economic Council (Ecnec) approved on Wednesday seven development projects at an estimated cost of Rs134.4 billion.

Presided over by Finance Minister Ishaq Dar, the body approved the projects that included an Rs8bn road launched by former PPP Prime Minister Raja Pervez Ashraf.

The project envisaged the dualisation and improvement of Sohawa-Chakwal Road at an estimated cost of Rs7.98bn involving a 66.4-kilometre-long existing road to a width of 7.3 metres (two-lane carriage way) and the construction of additional 7.3-metre-wide road (two-lane carriageway) to make it a dual carriageway besides the provision of allied facilities and structures.

Ecnec also approved the controversial Extension of Right Bank Outfall Drain from Sehwan to Sea (RBOD-II) at a cost of Rs61.98bn.

The project had been stalled for years because of the Sindh government’s refusal to finance its major part. The Central Development Working Party (CDWP) had deferred the project repeatedly as its demand for Rs15bn financing from Sindh was not forthcoming.

Finally, it has been decided that the Sindh government will provide Rs7bn to the project and the total cost will remain capped at Rs61.98bn.

The federal government will now provide Rs55bn to the project, which will be executed by the provincial irrigation department.

The project has been a subject of repeated cost overruns and allegations of corruption. Its cost increased from Rs14bn in 2001 to Rs65bn last year. It was then rationalised to Rs61.98bn.

Likewise, it also approved the Lower Indus Right Bank Irrigation and Drainage Project at a cost of Rs17.5bn. RBOD-I is part of the master plan and aims to dispose of effluents from the right bank of Sukkur and Guddu Barrage commands in Sindh.

Ecnec also approved a project of Balochistan Effluent Disposal into RBOD-III at Nasirabad, Jaffarabad (Balochistan) and Jacobabad, Kambir, Shahdad Kot (Sindh) at a cost of Rs10.8bn billion.

The project aims to provide disposal facilities for waterlogged areas in Sindh and Balochistan to increase agricultural production

The meeting also approved a Rs5.77bn Punjab Tourism for Economic Growth Project.

It aims to promote religious and domestic tourism by providing infrastructure facilities like wide access roads, tourism facilitation, provision of rest areas and other public convenience facilities along with providing training to tourism-related people in various cities of Punjab, including Lahore, Gujranwala, Taxila, Nankana, Sheikhupura, Narowal, Bahawalpur, Chakwal, Mithan Kot etc.

The committee also approved the Central Asia Regional Economic Cooperation (CAREC) Corridor Development Investment Programme at a cost of Rs21.04bn. The project aims to dualise and rehabilitate 208km of three road sections on the National Highway (N-55) in Sindh and Khyber Pakhtunkhwa.

The meeting also approved the construction of Shaheed Benazir Bhutto Bridge over Indus river in Rahim Yar Khan and Rajanpur with guide banks linking N-5 with N-55, including the approach road at a cost of Rs9.3bn.

https://www.dawn.com/news/1347819/rs1344bn-development-schemes-approved

NEWS COVERAGE PERIOD FROM JULY 17TH TO JULY 23RD 2017

HOUSING FINANCE PROJECT: GOVT TO APPROACH WB FOR $150M LOAN

Business Recorder, 17 July 2017

FAISALABAD: Pakistan Government is approaching World Bank for a loan of US $150 million for Pakistan Housing Finance Project for increasing access to affordable housing finance in the country.

Update Project Report of World Bank disclosed that the estimated housing shortage in Pakistan is up to 10 million units and the deficit continues to grow, particularly in the urban areas. While data to capture the existing stock and flux of housing units are limited, existing evidence suggests an existing backlog in housing units that is raising rapidly as the annual number of new adequate units cover less than half of the annual new demand. Estimates of annual new demand range between 400,000 and 700,000 units with only about 100,000 to 350,000 formal units being built annually. While the magnitude varies, all estimates indicate that formal supply covers less than 50 percent of new demand. Various estimates place the total housing backlog at 9 to 10 million units (of which 3.5 to 4 million units in urban areas), increasing approximately 400,000 units per annum), report added.

WB report mentioned that the housing needs are projected to increase considerably and necessitate large volumes of investment to meet the demand. The country's population of 200 million is expected to reach between 270 and 300 million by 2050. Despite the lack of current demographic data from the census, evidence suggests a large increase in the demand for urban housing over the last decades that is likely to persist at similar levels in coming decades. Over the next 20 years, annual urban population increase is expected to be about 2.3 million per year (around 360,000 households if they remain at 6.5 individuals per household). The demand for urban housing is particularly strong in the largest urban agglomerations such as Karachi that concentrate a large share of the population. A decline in household size and the aging of a large cohort of young individuals who form their own households are expected to further increase the demand for housing, report added.

WB report stated that the Low and Stagnant Investment Rate, however, continues to pose significant challenges to economic growth. After strong growth in FY15 of 13 percent, investment grew by only 5.7 percent in FY16. The ratio of investment to GDP is 15.6 percent-compared with an average rate in South Asia of 34 percent between 2010 and 2015. Pakistan's much lower rate of investment is driven by its volatile security situation, energy shortages and poor business regulatory environment (now ranked 144 of 190 countries), despite recent progress. The implementation of the federal and provincial governments' joint action plan to improve the investment climate will be one important step towards reversing this long-term trend. Pakistan also has very low levels of financial intermediation, which contributes to this situation and hinders its progress towards more inclusive and higher growth, report added.

In 2015, WB report pointed out that the financial sector assets stood at about 68.5 percent of GDP, below that of other relevant emerging markets. Private sector credit to GDP, which declined significantly from 2008-2015, was just 15.4 percent, significantly below the regional average of 47.6 percent.

In the last 25 years, WB report stated that Pakistan's financial sector went from being dominated by underperforming state-owned banks to a modern and sound financial sector dominated by private banks. The banking sector, consisting of 36 commercial banks and 10 microfinance banks, accounts for about 74.7 percent of total assets in the entire financial sector, while the remaining is held by 45 non bank finance corporations (NBFCs), including insurance companies, stock exchanges, pension funds, development banks and a public specialized housing lender House Building Finance Company Limited (HBFCL), a non-deposit taking Development Finance Institution (DFI). The microfinance sector is still relatively small, holding about 0.5 percent of the total financial sector assets, although it has considerable significance from the lens of financial access.

The financial soundness indicators show that the banking sector remains profitable with the return on asset ratio and the return on equity ratio, respectively, at 1.5 percent and 15.6 percent for 2015. Banks are also well capitalized with an overall capital adequacy ratio of 17 percent, well above the minimum regulatory requirement of 10 percent. A notable feature of the Pakistani banking sector is the relative importance of Islamic banks. Islamic finance is growing rapidly, and currently accounts for 11 percent of sector assets. However, overall financial intermediation levels are very modest leading to a limited role in contributing to sustained and inclusive growth. According to World Bank Global Financial Inclusion Database (FINDEX), only 13 percent of adults had access to a formal account in 2014, far behind Sri Lanka at 83 percent, India at 53 percent and Bangladesh at 31 percent, report added.

WB report mentioned that Pakistan's mortgage finance to GDP ratio of 0.5 percent is extremely low compared to the South Asia average of 3.4 percent. At the end of 2015, there were only approximately 60,000 residential mortgage loans outstanding for a consolidated amount of PKR 66 billion (US$660 million).

The average for mortgage lending to GDP is 4 percent for comparable countries with neighboring India standing at a relatively healthy 10 percent.

At present, only 1,500 new mortgage credits are extended annually in Pakistan. Thus, there is a significant market gap across all segments with the largest market gap for mortgages between PKR 0.5 (US$5,000) and 3 million (US$30,000), i.e., between micro credit for housing and mainstream mortgage.

WB report mentioned that the quantitative housing gap is exacerbated by qualitative deficits of the existing stock, such as overcrowding, and the low quality and continuous deterioration of existing stock. Overall, as of 2009, it was estimated that 46.6 percent of the urban population was living in slums or Katchi Abadis, representing 29 million people or 4.3 million households. The share of the population living in housing units classified as slum is therefore well above the poverty rate (36%), reflecting that due to constraint on formal housing supply and the lack of housing finance, the housing shortage is not only affecting poor households but also low and moderate income households.

Roughly 200,000 low-cost units are needed annually to stem the growth of Katchi Abadis. For instance in Karachi, a growing number of people – not always poor – do not have other options than live in illegal and substandard slum settlements that now house more than half the population of Karachi today (compared to less than 20 percent in the mid-seventies). Many settlements have structural deficiencies, lack access to basic infrastructure, and lack title or permit. More than 40 percent of the population of Karachi, for instance, is not connected to the main water or sewerage network.

The housing shortage dis-proportionally affects low-income segments. Several elements explain why this is so. First, current housing supply mostly covers price ranges that exclude these categories. Second, the lack of decent housing and financial options for urban dwellers results in low housing quality standards with a proliferation of slums (Katchi Abadis). Third, there is an inverse relationship between household size and income: the lowest 2 income quintiles average (nationwide) 8.2 and 7.4 people per household respectively, while the upper quintile averages 4.8. As a result, low-income households need larger housing units, which increase the challenge of providing them with affordable and quality solutions.

There is an acute need to increase the supply of housing in the range of PKR 1 to 3 million (US$10,000 to US$30,000) in the main urban centers, which the population earning between PKR 30,000 and 100,000 (US$ 300 – US$1,000) monthly could afford. Hence, increasing the housing stock will require a supply side policy including better urban planning, land value capture instruments, mobilization of resources for infrastructure, and support for large-scale, mixed-use developments, which would help increase incentives for developers to supply affordable housing for lower income groups, report added.

WB report stated that the Housing finance is crucial for developing a stock of affordable housing. Lack of housing finance instruments offered by the formal financial sector is an important factor behind the low coverage of housing needs. As discussed above, housing finance remains severely underdeveloped in Pakistan relative to the size of the population and economy. This is despite significant progress in the financial sector under the committed leadership of the central bank, the State Bank of Pakistan (SBP), which has been championing reforms for financial inclusion for over a decade with significant milestones achieved, including on the regulatory framework, credit information, payment and settlement systems and financial literacy. These reforms are inscribed in the National Financial Inclusion Strategy (NFIS) which identifies housing finance as a priority area for government intervention to address the country's housing shortage.

Until 2003, WB report stated that the provision of housing finance in Pakistan was limited to the state-owned specialized House Building Finance Company Limited (HBFCL). Stimulating policy measures, abundant liquidity and declining mark-up rates led to the entry of commercial banks and the market grew rapidly until 2008. But lending for housing was hard hit by the economic crisis in 2007-2008, which resulted in a surge of unemployment and a mark-up rate hike. Some of the major banks withdrew from the market, which has been shrinking since (with the exception of Shariah-compliant home finance). Currently, 25 financial institutions (24 commercial banks, one microfinance bank) and HBFCL, are providing housing finance although relative to needs the volume of financing is substantially inadequate.

There are no specialized, non-bank finance companies (NBFCs) operating as mortgage lenders for the time being, as was the case in the early-mid 2000s, with the last surviving housing NBFC being acquired by a local bank in 2007. The market share of private sector banks decreased from 33 percent to 30 percent between June 2015 and June 2016. However, the share of Islamic banks increased from 32 percent to 38 percent during the same period. In fact, the market share of Islamic banks since 2013 almost doubled to 40 percent with the aggregate Shariah- compliant mortgage portfolio of almost PKR 28 billion as at mid-2016.

The few mortgages that are made are largely extended to formally salaried middle class and above borrowers (60% of aggregate portfolio) with the rest of originations going to the borrowers with a business income (non-salaried). Average loan term is around 13 years, average loan to value (LTV) ratio is quite low at 48 percent, average annual interest rate of around 10 percent. National portfolio average loan size is PKR 5 million (US$50,000); the Islamic loan average is twice as much and HBFCL average is PKR 1.8 million (US$18,000). Variable rates, non-standardized underwriting practices, and significant maturity mismatch expose primary mortgage lenders (PMLs) to higher credit and liquidity risks which are reflected in higher spreads charged on mortgage loans, and higher non-performing loan (NPL) ratios. The rate of NPLs, although decreasing, remains abnormally high despite the small size of the market – over 13 percent for the industry in terms of amounts outstanding, with a higher figure for HBFCL (28.5 percent) despite a sharp decline in the recent years, and a much better performance of Islamic banking (7 percent).

http://epaper.brecorder.com/2017/07/17/5-page/890003-news.html
AGRICULTURAL DEVELOPMENT: WORLD BANK TO GIVE RS 39.2 BILLION LOAN TO PUNJAB
Business Recorder, 18 July 2017

The World Bank would give a Rs 39.2 billion loan to the Punjab government for ""'Punjab Irrigated-Agriculture Productivity Improvement Project""' to improve irrigation technologies at the grassroot level for farmers. According to documents available with Business Recorder, the total cost of the project is Rs 67.5 billion including a Rs 39.2 billion (58.08%) loan from the World Bank, a Rs 2.6 billion (3.8%) contribution of Punjab government and Rs 25.7 billion (38.13%) farmers”” contributions.

The Executive Committee of National Economic Council (ECNEC) has approved the ””Punjab Irrigated-Agriculture Productivity Improvement Project””.

The total surface water allocation for Punjab as per Provincial Water Accord of 1991 is 55.94 Million Acre-Feet (MAF). However, Punjab is receiving about 50 MAF due to huge water losses in the distribution network comprising main/branch canals, distributaries, minors, and tertiary conveyance systems of about 59,000 watercourses that have been documented/estimated. In addition, a substantial amount of irrigation water (21 MAF) is also lost during its application due to uneven fields and poor farm designs.

This deficiency is, however, compensated to a great extent by groundwater abstractions of almost 33 MAF, which is in reality over exploitation of this vital resource, as recharge to fresh groundwater areas is only 23 MAF. In a nutshell, about 53 MAF water remains available for use against 65 MAF of actual crop water requirements. As such, there exists a gap of nearly 12 MAF to meet irrigation requirements for present cropping intensity of 150 percent.

According to documents, the project envisages rehabilitation/ completion of improvement works on 6,000 canal irrigated watercourses, development/ rehabilitation of 4,000 irrigation schemes outside the canal commands and provision of 6,000 additional LASER Land Levelling units to the farmers / service providers to precisely level their fields and completion of installation of drip/sprinkler irrigation systems on 120,000 acres. These would further strengthen the ongoing efforts of upgrading the farm level water conveyance infrastructure and make the farmers well equipped with improved irrigation technologies together by creating an enabling environment for sustained technology transfer at the grassroots level for optimal and efficient management of available water resources as well as providing support for processing and marketing of the agricultural produce to get better returns.

The document further revealed that through implementation of the project, 40 per cent losses will be averted in irrigation channels. Accordingly, the cropping intensity will increase by 9 per cent and enhancement in crop yield will be 31 per cent.
The project would increase 50 per cent in crop yields, reduce input expenditures of farmers and enhance their income. The project would increase water application efficiency (10 per cent) and enhance crop yields by up to 20 per cent. The project would also reduce water losses through saving of 119 acre feet of water on new watercourses and 229 acre feet on additional watercourses.

http://fp.brecorder.com/2017/07/20170718199191/

EU GIVES SINDH €60M TO IMPROVE NUTRITION
Dawn, July 22nd, 2017

Amin Ahmed

ISLAMABAD: The European Union (EU) will provide €60 million for improving nutrition in Sindh. The EU assistance will also align and actively support the ongoing ‘Accelerated Action Plan for the Reduction of Stunting and Malnutrition’ in the province.

An agreement to this effect was signed on Friday by the EU Ambassador in Pakistan, Jean-Francois Cautain, and Economic Affairs Division Secretary Shahid Mahmood. Finance Minister Ishaq Dar was also present at the event.

Speaking on the occasion, Mr Dar appreciated the EU's assistance for improving nutrition in Sindh. He said that Pakistan and the EU shared a long history of cooperation in a wide range of areas. He added that he appreciated the EU's support as a development partner of the country.

Ambassador Cautain said that the project would help overcome the problem of malnutrition in Sindh.

The scope and objective of the agreement is primarily to increase the capacity of the Sindh government so that it may efficiently implement its multi-sectoral nutrition policy — while providing direct assistance to significantly and rapidly reduce malnutrition in the province.
Under the programme, various activities will be carried out such as policy and advocacy efforts, support in improving national procedures, capacity building of local stakeholders, strengthening the provincial government's nutrition-specific information management systems and creating awareness about the significance of nutrition-related issues.

The provincial government has developed a priority action framework for nutrition to reduce stunting from 48 per cent in 2016 to 30pc in 2021. It has allocated Rs1 billion during the previous fiscal year and committed more funds in subsequent years to facilitate the implementation of the priority action framework.

The World Bank (WB) is also providing assistance worth $61.6m to the provincial government to support the expansion of measures to improve the nutrition status of mothers and children in 23 districts of Sindh.

According to WB, Sindh's nutrition indicators were among the worst in the country. In the recent Multiple Indicator Cluster Survey (MICS), Sindh's malnutrition and micronutrient deficiency levels were above the cut-off for a serious public health problem with wasting at 15.4pc, and stunting at 48pc.

Vitamin A deficiency and anaemia among children under the age of five was recorded at 53pc and 73pc, with the latter about 10 points above the national average.

A number of factors have contributed to these trends over the past decade, including worsening household food insecurity, poor water quality and limited water availability, low literacy rates, early and frequent childbearing, suboptimal sanitation and hygiene practices such as open defecation.

https://www.dawn.com/news/1346855/eu-gives-sindh-60m-to-improve-nutrition

DON'T LET THIS MOMENT OF OPPORTUNITY SLIP AWAY, IMF WARNS PAKISTAN
Dawn, July 22nd, 2017

KARACHI: In a wide-ranging conversation with Dawn, the Resident Representative of the IMF to Pakistan followed up on the fund's warning that the macroeconomic stability earned through stabilisation in the past three years needs to be used to make these gains more permanent.

“The moment of opportunity earned through the stabilisation programme is a hard-earned opportunity to advance deeper structural transformation of the economy to ensure future stability,” Tokhir Mirzoev said, cautioning that present trends could undermine macroeconomic stability “if the reforms do not continue”.

Key trends he pointed towards were widening of the current account deficit and a still vulnerable fiscal framework. “Realising the budgeted revenue will require significant effort,” he emphasised, while the decline in reserves and the growing current account deficit were sources of concern

“Currently the economy is flying on one engine,” he says, “and that engine is importing sectors, while the second engine —exports — is lagging. Greater exchange rate flexibility will help rectify this imbalance, but beyond that, the government will need to engage with the exporter community more proactively to develop the plans with which to revive exports.”

“Adding more generation capacity to the system is crucial,” he agreed when asked about the nature of the reforms that need to be undertaken, “but more generation without reforming a leaky distribution system could add to the circular debt and may compromise long-term sustainability of new energy projects. In this context, finding a permanent solution to power sector arrears will be critical in the period ahead.”

Mr Mirzoev is currently on rounds meeting with business and opinion leaders around the country following the latest Article IV report released by the fund this week. “One important message of the report” he says, “is the need to rebalance the federal-provincial fiscal relations. There are important gaps in the devolution of resources and responsibilities to the provinces under the last NFC award”. That accord has created a mismatch between provincial government incentives and responsibilities, he emphasised. “The provincial governments should be empowered, but the devolution of powers needs to be better aligned with the devolution of resources; and the interests of the provinces could be better aligned with those of the centre and the broader national objectives.”

The outcome of this mismatch, he points out, is a fiscal system that is unbalanced, insufficiently flexible, and less prepared to absorb large shocks. In addition, provinces have a say in key national policy decisions, but often do not bear the equal obligation when it comes to funding such policies.

It is important to take appropriate steps to address the growing imbalances early on, he said, and not allow the economy to come back full circle to where it was before the “moment of opportunity” was attained. He refrained from speaking of or pointing towards a potential balance of payments crisis in the future, preferring to say that a “soft adjustment can be engineered given the right reforms”. He declined to get specific about the implications such an adjustment could have on the growth rate.

“Reserves are still adequate for the foreseeable future, and there is still some debt carrying capacity, so the situation is not exactly dire. But its recent trend is worrisome and to reverse this will require some concerted effort.”

https://www.dawn.com/news/1346748

FISH EXPORTS UP BY 21PC
Dawn, July 22nd, 2017

Aamir Shafaat Khan

KARACHI: Pakistan's fish and fish preparation exports went up by 20 per cent in quantity and 21.35pc in value during 2016-17 due to price increase in world markets and higher landing of the catch.

However, the Marine Fisheries Department (MFD) fears that following the suspension of seafood exports to the United States after an inspection visit, other countries may follow suit. Pakistan's fish and seafood products are already banned in the European Union and Saudi Arabia.

The average per tonne price of fish rose to $2,616 in 2016-17 from $2,539 in 2015-16.

Data released by the Pakistan Bureau of Statistics (PBS) shows that fish exports reached $394 million (152,858 tonnes) in 2016-17 as compared to $325m (127,910 tonnes) in 2015-16.

Seafood exports had shown a declining trend during the past three years – from $370m in 2013-14 to $325m in 2015-16. A decrease in the quantity of fish exports was also noticed in the same period, dropping from 151,000 tonnes in 2013-14 to 127,910 tonnes in 2015-16.

Technical Advisor (Marine Fisheries) WWF-Pakistan, Muhammad Moazzam Khan attributed the increase in export and landing of some pelagic species including kingfish, and increased export of shellfish (shrimp razor clam, other clams) and fishmeal export to improved harvesting.

He said fish meal production in Pakistan has substantially increased, particularly from Balochistan where five new fish meals plants on modern lines have been established, making a total of 15 plants in Windar and Sonmiani area.

New fishing grounds for razor clams are located in Miani Hor where mass scale harvesting has been done during the current year.

Mr Moazzam said demersal resources are heavily exploited. Because of effective implementation of close season in 2016, unprecedented increase in shrimp production especially of kalri was observed during Aug-Sept 2016 and Jan-Feb 2017.

During the current year, a two month ban on fish catch during June-July has also been implemented for the protection of migrating progeny of shrimp from creek areas and shallow coastal waters to deep oceanic waters, he explained.

He stressed for the regular implementation on the close season rather than extending it to three months from May-July as originally proposed by the federal government in 1983.

During 2016, an increase in production of large pelagic species including tuna, mackerel, queen fish, kingfish and billfish was observed, reaching a level of 100,219 tonnes in 2016 as compared to 82,281 tonnes in 2015. This included 69,536 tonnes of tuna in 2016 as compared to 53,637 tonnes.

The WWF official said tuna, kingfish and billfish are transported to Iran through Gwadar and as such these exports are not reflected in Pakistani export figures. If the trade of tuna and other species which is sent to Iran is done through legal export channel, Pakistan's seafood export would have crossed $500m, he added.

He stressed the need for regularisation of the export that is presently being done through traditional channels and as causing a major loss to the national exchequers.

Syed Akhlaq Hussain Abidi, the owner of Akhlaq Enterprise – the only seafood exporter from Pakistan to the European Union – said his exports to Europe increased to 75pc from 30pc last fiscal year and also fetched better prices.

He said overall prices of fish in world markets remained high in the last one year which also benefited Pakistani exporters.

Mr Abidi said the United States has imposed a ban on the export of wild-caught shrimps directly and indirectly to the USA with effect from May 1, 2017.

The ban was imposed after a recent visit of an inspection team from the USA which came to oversee the implementation of shrimp harvesting regulations imposed on exporting countries, including the mandatory turtle excluder device (TED) on trawlers. The US inspection team visited the country in April 2017.

Meanwhile, the MFD has decided that no certificate of quality and origin would be issued from Aug 1, 2017 for any consignment of shrimp until exporters submit an undertaking that the shrimps were purchased from a trawler that has TED in its trawl net.

Pakistan Fisheries Exporters Association Chairman Mohammad Zafar Kundi in a letter to the Ministry of Commerce on July 11, 2017 said it was totally a mishandling by various government departments and also the lack of communication between them.

He said exporters would not able to gain full advantage of the season starting from Aug 1, 2017 which would result in digress purchases in the market besides dropping prices. The issue of TED should be solved before start of August season, he added.

https://www.dawn.com/news/1346749

NEWS COVERAGE PERIOD FROM JULY 10TH TO JULY 16TH 2017
IMF PROJECTS PAKISTAN’S EXTERNAL FINANCING REQUIREMENTS AT $16.2B
The Express Tribune, July 15th, 2017.

ISLAMABAD: The International Monetary Fund (IMF) has said that Pakistan’s gross external financing requirements would amount to $16.2 billion in the new fiscal year – a projection that does not fully reflect implications of external vulnerabilities the global lender itself mentioned in the same report.

A critical review of the IMF’s Article-IV report on the state of Pakistan’s economy reveals fundamental contradictions and formal projections of the external sector. The estimates of gross external financing requirements, current account deficit, balance of trade and gross official foreign currency reserves do not match with the warnings that the IMF has given while discussing these issues in the report.

IMF released the report on Thursday – a month after its Executive Board gave its approval. Even optimistic projections of the external sector have shown the external debt at $87.1 billion including $67.3 billion external public debt.

“External vulnerabilities have increased with a widening current account deficit and rising medium-term external repayment obligations,” said the IMF in its report. It also noted that external financing needs are expected to pick up amid a widening current account deficit. Rising imports, stagnant remittances, and weakly recovering exports are weighing on the current account deficit.

However, when it came to translating these issues into formal projections, the IMF has somehow painted an optimistic picture.

The IMF has projected Pakistan’s gross external financing requirements for fiscal year 2017-18 at $16.2 billion, which is even a billion dollar less than the last fiscal year. The $16.2 billion figure has been worked out by assuming that the current account deficit will be equal to 3.2% of the Gross Domestic Product or $10.1 billion. The external debt payments including short-term have been estimated at $6.2 billion.

Although the final current account deficit figure for last fiscal year is not available yet, the central bank reported the eleven-month deficit at $10.6 billion or 3.8% of the GDP. The Planning Commission officials said that the current account deficit for the full year would be close to $11.5 billion or 4.1% of the GDP for last fiscal year. This will be 250% more than the official projection of the government.

For the new fiscal year, the government has pitched the current account deficit figure at roughly $9 billion or 2.6% of the GDP. The independent estimates show that the current account deficit would be close to $13.5 billion – $3.5 billion higher than the IMF’s projection, for the fiscal year 2017-18.

The gross external financing requirements would increase by the same amount to roughly $19.7 billion, said Dr Hafiz Pasha, the former finance minister. He said that the mismatch between the IMF analysis and its formal projection was primarily because the Fund did not want to scare investors in an election year.

Against the backdrop of a record trade deficit of $32.6 billion in the last fiscal year, the IMF has painted a rosy picture of the trade sector in the new fiscal year. This is despite the fact that government does not have a plan to address issues leading to constant reduction in exports and mushroom growth in imports.

The IMF has projected over 9% growth in exports in the new fiscal year as against 1.63% reduction in the last fiscal year. The Fund has advocated significant devaluation of Pak rupee against the US dollar to make Pakistani exports competitive in the global market. Contrary to this, Finance Minister Ishaq Dar has formally launched an inquiry to find out the reasons behind 3.1% deprecation of local currency on July 5 that he got reversed by influencing the market.

The IMF has projected almost 7% growth in imports in the new fiscal year, which is less than half of the growth rate that Pakistan witnessed in the last fiscal year. The IMF acknowledged surge in imports in the new fiscal year due to China-Pakistan Economic Corridor-related imports but it did not translate this surge into projections.

Against $16.2 billion gross external financing requirements, the indicated inflows in the IMF report totalled to roughly $11 billion, leaving a financing gap of $5.2 billion even after taking an optimistic view. Yet, the IMF has shown the gross official foreign currency reserves at $18.9 billion by end of the new fiscal year, higher than last fiscal year's reserves of $16.1 billion.

After taking into account the $19.7 billion gross external financing requirements by assuming relatively realistic current account deficit, the financing gap will be close to $9 billion, which will either have direct bearing on the official foreign currency reserves or the external borrowings will significantly increase.

"My professional estimates suggest that Pakistan's gross official foreign currency reserves will slip below $10 billion," said Dr Pasha. He said that the IMF report showed the reserves at $18.5 billion by June 30 of this year, which actually were $16.1 billion.

The IMF has shown the gross external debt of Pakistan at $87 billion in the new fiscal year by taking a relatively optimistic view of the current account deficit and official foreign currency reserves.
https://tribune.com.pk/story/1458250/imf-projects-pakistans-external-financing-requirements-16-2b/

August 2017

NEWS COVERAGE PERIOD FROM AUGUST 21ST TO AUGUST 27 Th 2017

PAKISTAN ON THE VERGE OF SEEKING IMF BAILOUT, EXPERTS CLAIM

The Express Tribune, August 23, 2017

Salman Siddiqui

KARACHI: Pakistan's economy is once again fading due to endemic issues on the external front including a high current account deficit (CAD) that has ballooned three times to $2.05 billion in the single month of July 2017 year-on-year.

The widening deficit is fast eating up foreign exchange reserves and the time may not be far when economic managers of the country shall be negotiating a new bailout package with the International Monetary Fund (IMF) if the situation persists.

The fault-line in the economy, CAD, has badly shaken the Pakistan Stock Exchange (PSX) – a barometer which reflects economic performance on a day-to-day basis.

Many seasoned economists and analysts strongly believe devaluation of the overvalued rupee against the dollar and other major world currencies is one workable solution to containing the deficit.

On different occasions during 2016, the IMF said Pakistan's currency is overvalued by as much as 20%.

Dollar trading closed at Rs105.36 per dollar in the interbank market on Tuesday, according to the State Bank of Pakistan (SBP).

A chief operating officer (COO) of a leading asset management company said devaluation of the rupee should be decided at the earliest since procrastinating would allow the rupee to get more overvalued with the subsequent depreciation being equally severe.

There is a sense in the market that the government will sooner or later devalue the currency. This perception has caused imports to increase with traders stocking up on imported items to safeguard themselves in the event of rupee devaluation, which would make the former more expensive to buy.

Increased imports due to this perception are further widening the CAD.
"In my opinion, 7%-8% devaluation in real term would be enough and it should be done in one-go instead of doing it gradually," the COO said.
Mirroring similar views, a former governor of SBP said the much-needed initiative would prove to be a short-term solution. He stressed on increasing value-added exports as well since the purpose of devaluing the currency is to make exports cheaper (hence attractive) and imports expensive (hence less desirable).

"4-5% devaluation is the immediate solution,"Arif Habib Limited Head of Research Shahbaz Ashraf opined, adding that this will address foreign investors' concerns at the PSX and allow them to stop selling and start buying.

"This may attract a few hundred million dollars in Pakistan and partially finance CAD," he claimed.

Topline Securities lists devaluation, regulatory duty on non-essential imports, export promotion, dollar bonds and bilateral borrowing as short-term measures for stabilising the economy.

Economist DrAshfaque Hasan Khan foresees the widening CAD to be creating a serious balance of payments crisis for Pakistan by March-April 2018 forcing the government to re-negotiating a bailout package with the IMF by that time.

He estimates CAD to be around $16-16.5 billion during fiscal year 2017-18 with another $7-7.5 billion needed for debt servicing, taking the total amount of foreign exchange required to $24 billion in FY18.

On the contrary, he estimates Pakistan's receivables to amount to $12.5 billion from several sources including the World Bank, Islamic Development Bank, Asian Development Bank, AIIB, bilateral grants, Chinese financing and Foreign Direct Investments, he said. "The finance minister should be asked how and who will fill the financing gap while reserves are drying up," he remarked.

He deplored that the current government's preoccupation with politicking will leave Pakistan with no other option than to go to the IMF.

https://tribune.com.pk/story/1488579/pakistan-verge-seeking-imf-bailout-experts-claim/

$3.4 BILLION ADB-FUNDED PROJECTS MIRED IN DELAYS
Shahbaz Rana

The Express Tribune, August 25, 2017

ISLAMABAD: Half of the Asian Development Bank (ADB) funded projects – worth $3.4 billion – have either become problematic or put on watch list due to implementation delays, reveals a latest portfolio review that has again highlighted governance issues in Pakistan.

Most of the troubled projects are in the areas of energy generation, transmission and distribution, which are the so-called priority sectors of the PML-N government during the past four years.

The other projects are in the water, agriculture, transport and social sectors, according to officials who attended the portfolio review meetings that continued for about one month.

As of end June 2017, the ADB-funded active public sector portfolio in Pakistan is made up of 37 projects with a total cost of $6.7 billion. Of the 37 investment projects, 32 valued at $5.83 billion are ongoing. About 18 of them worth $3.6 billion are facing problems.

The ADB has declared six projects worth $560 million 'actual problems' and eight schemes costing $1.2 billion 'potential problems'. There are four projects, which are on the watch list, having total cost of $1.7 billion and there are a total of seven projects on the watch list but three are already declared problematic.

Excluding the watch list projects, the ADB rated 60% or 21 projects on track. This ratio was 80% in December last year and the latest review indicates that the project implementation is getting from bad to worse.

The ADB underlined that the downward trend in the performance rating of the projects is due to the lag time in meeting contract award and disbursement targets for the first half [January-June] of 2017. From six months to one year is wasted in between project approval by the ADB and its effectiveness, largely because of bureaucratic inefficiencies.

The ADB monitors implementation performance of projects using projections of contract awards and disbursements and the status of implementation on them.

The high ratio of troubled projects underscores the challenges the country faces in improving governance, which has restricted socio-economic benefits of the schemes.

Pakistan's transmission network has outlived its life, creating problems in wheeling the electricity besides causing technical losses. Similarly, the distribution companies' network also requires upgrading and expansion.

Still, the execution agencies could not take appropriate actions to fast track development work on these schemes despite availability of funding.

The PML-N government's top most priority was to bring power outages to an end – a promise that it has yet to fulfill with only nine months remaining in the next general elections. It has focused on enhancing generation capacity but ignored the transmission and distribution issues.

The ADB-funded energy sector portfolio is worth $3 billion that represents 43% of the active portfolio of projects. The transport sector is the second major area representing almost 26% of the active projects. The energy and transport sectors together accounted for 69% of the active loan portfolio by end of June 2017.

The ADB has declared Public Sector Enterprise Reform Project as an actual problem. The bank had approved the project in 2014 to strengthen Pakistan's capacity to privatise and restructure its designated public sector enterprises.

A $42 million Fata Water Resources Development Project, which six months ago was on track, has been declared as actual problem. The Karachi Bus Rapid Transit design project is also declared as actual problem.

The $200 million worth National Disaster Risk Management Fund is also actual problem project. The post flood National Highways Rehabilitation project of $197 million and Sindh Cities Improvement investment programme worth $92 million have also been declared actual problems.

The ADB has also put $900 million Jamshoro Power Project on the watch list, cautioning about delays in implementation of the scheme. Despite lapse of over two and half years, the project execution agencies are still at the stage of finalising technical things and awarding the contracts.

Among the potential problem projects are $218 million Flood Emergency Reconstruction project, $278 million National Motorway project, $167 million Power Distribution Enhancement Programme tranche-4, and three tranches valuing $470 million of power transmission enhancement investment programme are facing delays. Similarly, Jalalpur Irrigation project and energy efficiency investment programme are among the potential problematic projects.

https://tribune.com.pk/story/1490364/3-4-billion-adb-funded-projects-mired-delays/

NEWS COVERAGE PERIOD FROM AUGUST 14TH TO AUGUST 20TH 2017
SINDH TO LAUNCH WB-FUNDED RS 10 BN CITY BEAUTIFICATION PLAN

Dawn, August 19, 2017

KARACHI: The Sindh government has chalked out short- and long-term plans to transform Karachi into a beautiful city by developing its roads, parks and evolving proper city management by launching the World Bank-funded Karachi Neighbourhood Improvement Project (KNIP) to give the metropolis a new face of peace and prosperity.

The Rs10 billion project consists of three components, which would be covered in the next 10 years.

Component-I includes Saddar downtown, Pakistan Chowk and adjoining areas; Malir public spaces enhancement and Korangineighbourhood where different roads would be made one-way for traffic so that footpaths and open green sitting places could be made available for students, visitors and people living in the vicinity.

The plan aims at enhancing public spaces, road infrastructure, inclusion and access to market

This was stated by Chief Minister Syed Murad Ali Shah while presiding over a meeting on the World Bank-assisted programme here at CM House on Friday.

He directed the Karachi commissioner to start removing encroachments from the entire project area — phase-I Saddar downtown — so that work could be started within a month.

“This is the most important project in terms of restoration of old city area, therefore, it must be supported not only by the agencies concerned and government departments but I would request each and every Karachiite to support and own it,” he said.

The CM said that the World Bank, on the request of the Sindh government, carried out the Karachi City Diagnostic (KCD) to support provincial government for implementation of the Karachi Transform Strategy (KTS) through short- and long-term engagements.

He added that the KCD estimated that at least Rs10bn would be required in the next 10 years to close the city’s infrastructure gaps.

He said the short- and long-term plans to transform Karachi into a beautiful city included development of roads, restoring old buildings, developing parks and evolving a proper traffic management system.

Planning and Development chairman Mohammad Waseem said that in short term the World Bank had agreed to support the KNIP focusing on fast, low-cost and high-impact interventions to respond to the emergent city needs and establish a building block for long-term partnership with the Sindh government to transform the city. “At present, the KNIP stands approved from the ECNEC and a loan agreement has already been signed by the WB and the government,” he said.

KNIP Project Director Khair Mohammad Kalwar in his presentation said that the project cost was $98 million while the Sindh government’s share was $12m. “It is aimed at enhancing public space in targeted neighbourhoods, improvement of urban roads’ infrastructure to enhance mobility, inclusion and access to market and improvement of the city’s capacity to provide selected administrative services.”

Talking about component-I of the selected interventions — Public Space and Mobility Improvements, the PD said it includes Saddar downtown area revitalisation; Malir area road public spaces enhancement and Korangineighbourhood mobility improvements.

He said old buildings declared as heritage sites would be restored. The roads would also be reconstructed with new water and sewerage lines and ducts for other cables while area from the DJ College up to the Arts Council would also be developed on the same pattern with one-way traffic route, construction/arrangement of parking lots, development of parks, open spaces for visitors with benches, Victorian streetlights, open-space coffee shops, bookstores, etc, he added.

The meeting decided that parking along the roads would strictly be prohibited. The entire area would be covered through CCTV cameras.

The chief minister directed the Karachi police chief to work together with the KNIP project director for making one-way traffic plans.

Component-II and III include design and implementation of a Provincial Electronic One-Stop Shop (PEOSS) for business licences and e-licensing by other provincial agencies to be hosted by the Sindh Board of Investment, and automation of construction permits by the Sindh Building Control Authority (SBCA).

An integrated financial management system for the Karachi Metropolitan Corporation, support KMC in improving its municipal utility tax revenues by financing a survey in the South and Central districts to assess the potential tax base, design and development of web-based platform for the KMC and parking management study are also part of the plan.

The meeting was attended by provincial ministers Mir Hazar Khan Bijarani, Jam Khan Shoro, Syed Nasir Shah, Syed Sardar Shah, Chief Secretary RizwanMemon, principal secretary to CM Sohail Rajput, finance secretary Hassan Naqvi, transport secretary Saeed Awan, local government Secretary RamzanAwan and others.

https://www.dawn.com/news/1352416

NEWS COVERAGE PERIOD FROM AUGUST 7TH TO AUGUST 14TH 2017
$15M WB FUND FOR SOCIAL SECURITY IN BALOCHISTAN
Amin Ahmed

Dawn, August 08, 2017

ISLAMABAD: The Balochistan government will launch a project to improve the livelihood of under-served communities in the province with the assistance of World Bank (WB).

It is expected that the WB will approve $15 million from Multi-Donor Trust Fund (MTDF) in March next year.

Created in 2010, the MTDF was aimed at building peace through restoration of trust between the state and citizens, improving employment and access to basic services, a WB document said.

The provincial government, through the Economic Affairs Division, requested the bank to support an integrated service delivery and growth project to stimulate development of rural areas.

The proposed operation was expected to contribute to the Eighteenth Replenishment of International Development Association (IDA-18) priorities of addressing issues related to refugees and host communities, gender mainstreaming, fragility and climate change.

The project will be implemented in eight districts of northern Balochistan — Killa Abdullah, Killa Saifullah, Nushki, Chagai, Sherani, Zhob, Pishin and Mastung.

Even though poverty in Balochistan reduced by 15 percentage points since 2001-02, it continued to remain high at 56.8 per cent at present.

The WB, in its project report, agreed to adopt a 'spread out' approach to ensure greater coverage of districts and maximum number of communities given the resource constrains.

According to the latest Public Expenditure and Financial Accountability Assessment, which is currently being prepared for Balochistan, capacity of the local government and rural development department was weak and the law was expected to undergo a number of revisions.

The assessment report would be published this year.

The provincial planning and development department said the WB would be the implementing agency of the project but it had limited experience of the WB's safeguard policies.

Extensive capacity-building of the key institutions involved in the project will be needed for effective management of safeguard requirements, the report suggested.

However, various provincial government departments, including irrigation, education and health, were implementing bank-funded projects with a varying degree of safeguard requirements.

https://www.dawn.com/news/1350283
NEWS COVERAGE PERIOD FROM AUGUST 1ST TO AUGUST 6TH 2017
WORLD BANK SHOWS INTEREST IN FINANCING BLUE LINE BUS PROJECT
Dawn, August 2nd, 2017

KARACHI: Sindh Chief Minister Syed Murad Ali Shah has said that his government has embarked on a comprehensive plan to introduce reforms in every sector to make Sindh a centre of prosperity and a hub of investment.

He said this while holding a luncheon meeting with a World Bank team led by its Country Director Pachamuthu Illangovan here on Tuesday at CM House.

The chief minister was assisted by provincial ministers Sohail Anwar Siyal, Jam Mehtab Dahar, Syed Nasir Shah, special assistant Shahid Thahim, chairman of planning and development Mohammed Waseem, provincial secretaries, chairmen of Board of Investment and Sindh Board of Revenue and other officers concerned.

During the meeting the participants discussed improvement for investment climate through reforms, launching e-government system, strengthening of government capacity for service delivery, access to European markets and problems being faced in ongoing five projects of the World Bank in Sindh.

The projects are: Sindh Public Sector Management Reform; Sindh Agriculture Growth Project, Sindh Barrage Improvement Project; Sindh Skills Development Project and Second Sindh Education project.

The meeting participants also discussed the bus rapid transit (BRT) system and in this connection the World Bank showed interest in Blue Line bus project to finance it.

The World Bank country chief gave a presentation on Sindh's growth strategy with the objectives to improve investment climate, rural service delivery, connectivity to markets and to strengthen government credibility.

Referring to improving investment climate, Mr Illangovan said that it could be achieved through reforms, regulations and launching e-government system.

He suggested stimulation of urban land markets through better regional planning and land regulations and improvement in rural service delivery through public-private partnership (PPP). "You [the government] would have to strengthen government capacity for service delivery oversight and to reduce gaps in health and education outcomes for women," he said.

The WB country director also stressed the need for connecting villages to cities, particularly the port cities and strengthening of government credibility by starting dialogue with private sector, improving budgeting and budget tracking system and receiving online citizen feedback.

The chief minister discussed programme for results (PR) with proposed interventions and expected results with the World Bank team, including automation of all business licences, strengthening of contract enforcement process, leverage to private sector to upgrade, develop and manage well-serviced industrial estates and zones, establishment of combined effluent treatment plant on PPP mode and reinforcement of Sindh Board of Investment for targeted and strategic investment promotion.

He said with implementation of the under-discussion interventions, the government approval time would be reduced with reduced compliance cost.

"There would be lower risk of doing business. It would achieve export competitiveness and access to European markets. Easier access to serviced industrial land and lower industrial pollution would lead to increased local and foreign investment."

It was also agreed that there was a need for digital and transport connectivity. Therefore, it was decided to develop and implement a comprehensive road map for provincial e-governance system for efficient service delivery. It was also discussed to explore avenues to develop and implement a strategic framework/fund for transport connectivity through PPP mode.

On BRT systems, a detailed discussion was held in the meeting.

Transport and Information Minister Syed Nasir Shah briefed them about the Orange and Blue Line projects.

The World Bank team showed interest in Blue Line to finance it and extend full technical support.

The World Bank experts were not in favour of elevated routes of the BRT.

The meeting participants also discussed problems in five ongoing projects of the World Bank in Sindh.
The meeting participants decided to hold strategic discussion on key issues identified in the five projects for which P&D chairman Mohammed Waseem would lead the Sindh team.

Mr Waseem, briefing about the reforms made so far, said that for ease of doing business (DB) a cell had been set up at Board of Investment to mobilise authorities relating to DB indicators such as business registration; dealing with construction permits, registering property; enforcing contracts.

The project would be made completely functional from next financial year. The chairperson of BoI also briefed the meeting participants on the DB cell.

Education Secretary Aziz Uqaili briefed the meeting on some of the achievements made in the education sector.

He said with the use of technology teachers had been brought back to classrooms, enrolment improved slightly and teachers' training programmes for capacity building had been launched.

CM Shah said that under reforms programme, Sindh Business Registration Portal would be launched by end of December 2017. It includes procurement of hardware and software and hiring of staff to manage the portal.

He added that one-window facility (OWF) for construction permits at the Sindh Building Authority would also be started for which a firm would be hired to design the OWF and related hardware and software.
https://www.dawn.com/news/1349004

September 2017

NEWS COVERAGE PERIOD FROM SEPTEMBER 25 TH TO SEPTEMBER 30 Th 2017

SHC SEEKS RECORD OF WORLD BANK-FUNDED AGRICULTURE PROJECTS

Dawn, September 30, 2017

HYDERABAD: A division bench of the Sindh High Court Hyderabad circuit comprising Justice Salahuddin Panhwar and Justice Fahim Ahmed Siddiqui has issued notices to Sindh agriculture department's functionaries to produce record of their World Bank funded projects as well as expenditures on Oct 3.

The order was passed on a constitutional petition filed by Sindh Agriculture Research Council (SARC) through its members, Mohammad Hayat Khan and six others.

The court has fixed the petition for hearing with an identical matter in which the project director for livestock component of the World Bank funded Sindh Agriculture Growth Project has been restrained from work.

They have cited secretary irrigation, additional secretary planning and development, secretaries agriculture and livestock, project director World Bank funded Sindh Agriculture Growth Project (livestock component), director general Agriculture (Extension) Sindh, director general Water & Engineering, who is also WB funded project director Sindh Irrigated Agriculture Productivity Enhancement Project (SIAPEP) and director general National Accountability Bureau Sindh.

According to petitioners, they are small growers and members of SARC and are aggrieved that respondents who are running different projects in livestock and agriculture sectors to develop small farmers through exposure visits at national and international level, are costing billions of rupees.

They said that the project being executed by respondent secretary livestock and fisheries has not delivered due to corruption. Small growers are neglected.

Billions of rupees are provided by WB under accelerated action plan for reducing malnutrition in livestock of Sindh, especially in Kohistan and Tharparkar.

Another WB funded project, Sindh Agriculture Growth Project (SAGP), involves expenditure of Rs6-8 billion for four crops of chilli, onion, dates and rice. They said that exposure visits are to be arranged for small growers who cultivate these crops.

The SAGP aims at improving productivity and ensuring access to market and establish value chains. They said that the project which started in 2014 would end in June 2019.

They added that ten project directors have so far been changed in SAGP due to political interference, favouritism and corruption which affected the project.

Delay in project’s execution had caused cost overruns.

The estimated number of targeted farmers to be benefited from the project is approximately 112,000 and around 66,000 hectares of the area would be covered in the project.

They said that the project aims to minimise losses in crops and ensure improved per acre productivity but these goals are eluding petitioners and small growers.

They said that this project covers women farmers but nothing is done in this regard.

The SIAPEP was being funded by the World Bank to improve irrigation water management at tertiary levels in Sindh. The project started in 2015 and would be completed by Dec 2021 at a cost of US187 million dollars. They said it aims to ensure modernization of irrigation system in the farm sector by introducing high efficiency irrigation system.

They further said that the DG agriculture engineering is project director of SIAPEP and he is already preoccupied with management of huge wing of agriculture sector thus he would not be able to supervise this WB funded project simultaneously.

They said that being small growers they are aware of the fact that these projects have not served the purpose as far as growers are concerned.

They added that field assistants of agriculture extension department are supposed to create awareness among growers about enhancement in productivity but they are not performing duties because agriculture extension department is performing poorly due to corruption and political interference.

They said that since these projects are in shape of loan, it is the Sindh government which has to pay back the loan money to World Bank and if these funds are not utilized properly, Sindh would suffer because federal government would deduct this amount from the National Finance Commission award.

They said that Sindh government has appointed those officers to deal these projects who are already at the helm of affairs but failed to bring about qualitative changes in their sectors. They prayed the court to direct secretary agriculture to appoint some dedicated and qualified project directors of SAGP and SIAPEP without any political consideration to meet the objectives of these projects.

They said that secretary agriculture should ensure that DGs agriculture extension and engineering wings should primarily focus on responsibilities of their departments. They said that both these DGs should be directed to furnish records of funds received and utilized alongwith list of beneficiaries to analyze current status of project and see whether small growers are indeed benefited.

They prayed the court to direct DGs to furnish list of national and international level exposure visits paid by growers and how many farmers are benefited. They said that secretary agriculture should explain frequent changes replacements of PDs between 2014 and 2017.

https://www.dawn.com/news/1360882

ADB APPROVES $800M TO IMPROVE CONNECTIVITY
Dawn, September 27, 2017

ISLAMABAD: The Asian Development Bank (ADB) approved on Tuesday $800 million multi-tranche financing facility to help enhance regional connectivity and trade in the Central Asia Regional Economic Cooperation (CAREC) corridors in Pakistan.

Under the CAREC corridor development investment programme, the National Highway Authority will rehabilitate and upgrade the road network of 747 kilometres, constituting the CAREC Corridors mainly in Sindh, Punjab, and Khyber Pakhtunkhwa (KP).

The investment programme will expand Pakistan’s regional connectivity links while helping to improve road traffic efficiency. Road networks in Sindh, Punjab, and KP will be rehabilitated and upgraded with the multi-tranche financing facility (MFF) first tranche, worth $180m in 2017. The second and third tranches, worth $260m and $360m, respectively, are expected to be approved in 2019 and 2021.

In 2013, the CAREC transport corridors were extended to Pakistan to provide Afghanistan, Central Asia, and China with connection to Gwadar and Karachi port at the Arabian Sea. The CAREC Transport and Trade Facilitation Strategy 2020 endorsed by the CAREC ministers at the ministerial conference in 2013 proposed $5.6 billion of investment projects to build the extended CAREC corridors.

The country’s national highway N-55 offers the shortest north-south bound CAREC spin-off transport corridor through Pakistan to link landlocked Afghanistan, Central Asia, and Xinjiang province of China with the Arabian Sea ports at Karachi and Gwadar.

ADB says that the upgrading of selected sections of N-55 into 4-lane dual carriageway through this MFF will be an important step to enhance national and regional connectivity and trade via the CAREC Corridors 5 and 6, by improving the efficiency for road traffic along the CAREC corridors in the country.

Highway N-55 starts at M-9 near Petaro in Sindh, traverses through southern part of Punjab and terminates at N-5 near Peshawar. Currently N-55 is mostly a two-lane single carriageway, which is in very poor condition and requires upgrading to 4-lane dual carriageway to sustain the presumed future traffic loads from CAREC countries.

"Pakistan's unique geographic location – at the crossroads of Central Asia, China, and South Asia – provides a unique potential and opportunity for the country to become a regional transport and trade hub," said Dong-Soo Pyo, ADB's Director, Transport and Communications Division, Central and West Asia Department.

"The investment programme will help the government realise this potential, improving trade and connectivity in the CAREC corridors with the long-term goal of achieving inclusive growth and sustainable development in mind," he said.

Pakistan joined the CAREC programme in 2011 and its transport corridors offer the shortest route to the sea for landlocked Afghanistan, Central Asia, and Xinjiang province. Pakistan's accession to the CAREC will enable sub-regions in Asia and Europe to be virtually integrated and seamlessly connected from East Asia through South Asia and Central Asia to Europe.

Pakistan's trade has been centered on sea traffic while transit trade through the country remains limited as poor and costly transport and cross-border infrastructure and services hinder the realisation of this untapped potential. Upgrading the country's current 263,000km of road, while ensuring transport safety, will be critical to the country's export competitiveness as well as overall economic growth.

In the context of Afghanistan's exploiting markets in South and Southeast Asia for their agricultural products, China's exploring access to the Arabian Sea, and India's pursuing connection to Central Asia, all through Pakistan, completing the CAREC corridors and serving the needs of surrounding countries will benefit Pakistan not only for the growth of the economy and trade but also for deepened regional integration and resultant stable geopolitics, and ultimately help achieve the vision of the CAREC, ADB says.
https://www.dawn.com/news/1360258

FUNDS FOR FATA
Dawn, September 25th, 2017

THE World Bank on Friday approved an additional $114m earmarked for Fata's 326,000 temporarily displaced families. This contribution to the tribal areas' ongoing emergency recovery project augments the bank's initial outlay of $75m in August 2015. Under the original project, funds were sufficient for 120,000 displaced families from North and South Waziristan, Orakzai, Kurram and Khyber agencies.

More funds should provide relief to the authorities that have before them the gargantuan task of repatriating and rehabilitating an estimated 3.2m people, half of whom are children in need of humanitarian assistance according to Unicef. While more money for services such as health, water and sanitation is an incentive for families to return, there are reports that monetary help is slow to get to those in need, if not irregular.

Aid for returnees includes an early recovery package with two cash grants and child wellness grants provided in three instalments of Rs2,500 each. While a one-time cash grant of Rs35,000 and livelihood support aid of Rs16,000 are attractive propositions in the present, limited educational and economic opportunities must be remedied with the future in mind.

Considering the colossal damage to infrastructure and livelihood in Fata, the IDPs' reluctance to return is not surprising. Even after the military operation, safety concerns had been cited as one reason for not returning, with many apprehensive on account of both security forces' long-term presence and the possibility of the resurgence of militants.

Recently, a Dawn report quoted locals contradicting military figures (92pc) for returnees, stating that only 60pc to70pc of families had returned to their villages. Earlier this year, a Unicef assessment mission found that 60pc of residents in North Waziristan lacked water, hygiene and sanitation facilities, and 70pc had no clean drinking water. Handing out money to Fata returnees is a short-term measure. Without sustained stability and socioeconomic interventions, families in the scarred tribal areas don't stand a chance.

For starters, consider how the lack of education has had serious implications for Fata's youth over the decades. While rebuilding is the government's responsibility — and partly that of the military that has a stake in the region — transparency is imperative in fund disbursement and utilisation. This is perhaps the last opportunity to provide stability to a generation that is all too familiar with militancy, drones and destruction. Failing them is not an option.

https://www.dawn.com/news/1359815

NEWS COVERAGE PERIOD FROM SEPTEMBER 18 TH TO SEPTEMBER 24 Th 2017
ADB, WORLD BANK VOICE CONCERN OVER ROHINGYA CRISIS
Dawn, September 19th, 2017

ISLAMABAD: The Asian Development Bank (ADB) and World Bank expressed concern over the escalation of violence, internal displacement and suffering of the Muslim population in Rakhine state of Myanmar as well as the consequent flow of refugees to neighbouring countries.

In a statement on Monday, the ADB said that such issues affected the country's ongoing transition towards inclusive growth, poverty reduction and stability.

"Consistent with the ongoing engagement in Myanmar, the ADB will support the government, together with development partners and civil society, with the reconciliation, rehabilitation, and rebuilding efforts in Rakhine. Resources can be immediately channelled to such efforts, with emergency assistance as required," the bank said.

In its statement, the World Bank called on authorities to ensure protection of all people residing in Myanmar and work with all actors to mount an immediate humanitarian response to the crisis in Rakhine State.

“As an institution focused on ending poverty we know that inclusion is key to sustainable development and any form of societal exclusion can not only harm people but also slows development progress,” it said.
“We promote equal access to opportunities for all so that everyone can benefit from economic prosperity and realise his or her full potential. The World Bank group stands ready to immediately reallocate available resources from our existing portfolio in Myanmar to support an integrated humanitarian and development response. We can also help prepare emergency operations tailored specifically to the current needs in Rakhine State,” it added.

https://www.dawn.com/news/1358593

NEWS COVERAGE PERIOD FROM SEPTEMBER 11 TH TO SEPTEMBER 17 Th 2017
PROJECTS FOR SINDH: ADB INKS $100M LOAN AGREEMENT
Business Recorder, 13 September, 2017

ISLAMABAD: The Asian Development Bank (ADB) and Pakistan have signed a loan agreement for $100 million that will improve and strengthen the standards in the development and delivery of Public-Private Partnership (PPP) projects to increase investment in infrastructure and services in Sindh.

Xiaohong Yang, the ADB’s Country Director for Pakistan, Shahid Mahmood, Secretary Economic Affairs Division (EAD) for the government of Pakistan, and Hasan Naqvi, Secretary Finance for the government of Sindh signed the agreement here. Finance Minister Ishaq Dar witnessed the signing ceremony.

The project will help establish a PPP Support Facility (PSF), a not-for-profit company with private sector led management, to manage government support for PPPs in a fiscally responsible manner. The support will be mainly provided to PPPs through viability gap funding for mobilizing private sector investments in infrastructure, including social services. The project will help strengthen the Sindh government’s capacity to identify, develop, and implement projects with the private sector participation, bringing innovation, efficiency and overall value-for-money, said a press release.

“The project will build on ADB’s previous partnership with the Government of Sindh to strengthen the PPP framework and will draw from national and international best practices to support the provincial government’s policies for fast-track provision of sustainable infrastructure,” said Ms. Yang. “After the successful completion of this project, ADB aims to continue supporting the PPP initiative in the province by replicating this model in the future to encourage a stream of PPP projects across various sectors.”
The government of the United Kingdom, through the Department for International Development (DFID), is co-financing the project through a $19.23 million (equivalent to GBP 14.74 million) and $4.75 million (equivalent to GBP 3.64 million) technical assistance (TA), both of which will be administered by ADB. The total cost of the project is $188.98 million, with the Sindh government contributing $65 million. The expected completion date of the project is mid-2022.

Sindh is Pakistan's second most populous province and is the most urbanized, with about 52 percent of the people living in cities. Providing the crucial sea-port access and key industrial and business hubs, Sindh generates 32 percent of Pakistan's gross domestic product. The Project will support increased private sector financing in infrastructure investment and public services in Sindh province.—PR

http://epaper.brecorder.com/2017/09/13/1-page/905491-news.html

October 2017

NEWS COVERAGE PERIOD FROM OCTOBER 16Th TO OCTOBER 22nd 2017

WB LOWERS PAKISTAN'S EXTERNAL FINANCING NEEDS

Anwar Iqbal

Dawn, October 17, 2017

WASHINGTON: The World Bank said on Monday that Pakistan's external financing needs in 2017-18 were $17 billion and not $31bn, which was wrongly deduced from one of its previous reports.

The World Bank, however, warned that the country was "facing headwinds in the external sector and a rising fiscal deficit that could put macroeconomic management at risk."

The situation "has resulted in increased external financing needs of 5-6 per cent of GDP in FY18, or around $17bn, to cover rising current account deficit and debt payments," the bank added.

On Sunday, the Ministry of Finance said that Pakistan's external repayment obligations for the current fiscal year stand at $18bn for the current year and asked the World Bank to rectify its 'error' that put external obligations at $31bn.

In a statement, the finance ministry pointed out that the World Bank had erroneously included $13bn of portfolio investment in its estimates that were not part of the repayment obligations.

The bank agreed with the delegation that "foreign portfolio investments are not part of the external financing needs of Pakistan," said a World Bank statement issued in Washington on Monday.

The bank assured Pakistan that it would continue to support its efforts to implement broad economic reforms and address current risks towards achieving its development aspirations.

The statement was issued after discussions with the Pakistan delegation that covered a range of topics including the macro-economic outlook, human capital development, renewable energy and private sector development as well as infrastructure financing.

The Pakistani delegation included Secretary Finance Division Shahid Mahmood, Governor the State Bank of Pakistan Tariq Bajwa and Secretary Economic Affairs Division Arif Ahmed Khan. The World Bank team was led by its Vice President (South Asia Region) Annette Dixon.

The bank acknowledged that that Pakistan has done well in stabilising its economy over the past four years, and in achieving 10-year high growth of 5.3pc in financial year 2017. The delegation informed the bank management of the recent performance in revenue mobilisation, exports and remittances.

An earlier statement by the Pakistan Embassy said that the World Bank agrees with Pakistan's position that some recent estimates of the country's debt burden were grossly exaggerated.

"The World Bank acknowledged that the figures quoted in certain sections of media were grossly exaggerated and an undue misperception had been created," the embassy added.

In its twice-a-year South Asia Economic Focus report, the World Bank estimated last week that Pakistan's gross external financing needs – the money required to meet foreign obligations, was equal to 9pc of gross domestic product (GDP). At the current estimated size of Pakistan's economy, this translates to $31bn.

The World Bank report led to a public debate between Director General Inter-Services Public Relations Major General Asif Ghafoor and Interior Minister Ahsan Iqbal over the country's economy, which also roped in some opposition politicians.

The embassy said that the Pakistani delegation also urged the World Bank to play its role under the Indus Water Treaty to resolve outstanding dispute between India and Pakistan on the construction of Kishanganga and Ratle hydropower projects.

The 1960 Indus Water Treaty empowers the bank to conduct arbitration in water disputes between India and Pakistan but it has no power to persuade them to accept its advice.

Last month, the World Bank hosted a meeting between India and Pakistan on the Kishanganga and Ratle hydropower projects dispute, which concluded without an agreement. The bank, however, said that both countries had agreed to resolve this issue in an amicable manner, an assurance not supported by recent media reports. The reports suggest that India does not believe the two projects violate the treaty and has decided to continue the construction.

At the World Bank annual conference, the Pakistani delegation said that the current economic situation in the country had created new opportunities for investment and international investors should take advantage of this situation.

They said that the growth rate achieved in the last financial year was the highest in a decade and that the ongoing China-Pakistan Economic Corridor projects, improved security situation and growth in private sector credit offtake, especially fixed investments, will help Pakistan in maintaining this growth trajectory in the coming years.

The Pakistani delegation argued that the current account deficit was partly driven by higher machinery imports, which in coming years should add to the growth momentum of the economy through increased economic activity in the real sector. They assured the bank that the government was closely monitoring the external account situation and was taking steps to address it.

In their meeting with a team of the International Finance Corporation (IFC), the Pakistani delegation urged the institution to speed up the process for setting up the proposed Pakistan Infrastructure Bank

(PIB). The IFC team told the Pakistani delegation that they are working on the process to finalise the business plan for PIB.

In a meeting with the officials of the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group, the delegation welcomed a planned visit of its representatives to Pakistan to carry out due diligence in auto mobile sector and urged them to expand their operations in the country.

https://www.dawn.com/news/1364333

NEWS COVERAGE PERIOD FROM OCTOBER 1ST TO OCTOBER 8 Th 2017
WORLD BANK TO FUND YELLOW LINE BUS RAPID TRANSIT
The Express Tribune, October 4, 2017

KARACHI: After agreements with the Japan International Corporation Agency (JICA) and a Chinese company regarding the integrated bus rapid transit (BRT) system in the city failed to materialise, the World Bank (WB) has agreed to provide financial and technical support for the construction of the Yellow Line BRT in Karachi and the establishment of an integrated BRT system.

This decision was made during a meeting between Chief Minister Murad Ali Shah and a World Bank delegation led by Country Director Patchamuthu Illangovan at CM House on Tuesday.

The project's aim is to connect the six BRT lines. However, it had hit a snag as the government could not arrange necessary funding.

The WB delegation comprised Operations Manager Melinda Good, Lead Country Economist Enrique Blanco Armas, Senior Transport Specialist Said Dahdah, Senior Economist Muhammad Waheed and Operation Manager Amena Raja. The CM was assisted by Planning and Development Minister Mir Hazar Khan Bijarani, Planning and Development Board Chairperson Mohammad Waseem, Principal Secretary to the CM Sohail Rajput, Finance Secretary Hassan Naqvi, Health Secretary Dr Fazlullah Pechuho, Education Secretary Aziz Uqaili, Special Irrigation Secretary Junaid Memon, Agriculture Secretary Sajid Jamal Abro, Livestock and Fisheries Secretary Mukhtiar Soomro, Energy Secretary Agha Wasif and Planning and Development Secretary Shireen Narejo.

The meeting reviewed the overall $1.55 billion portfolio of the 12 WB-funded projects. These are the $76.4 million Sindh Agricultural Growth Project, an irrigation project of $187 million, the $21 million Skill Development Project, $400 million Second Sindh Education Sector project, a $50 million project for reforms in public sector management, $36.24 million project for enhanced nutrition for mothers and children, $100 million Sindh Resilience Project, $86 million Karachi Neighbourhood Improvement Project, $286.24 million Sindh Water Sector Improvement Project, $61.62 million Sindh Enhancing Response to Reduce Stunting Project and $188 million Sindh Barrage Improvement Project.

The CM was briefed by the WB senior transport specialist on the integrated system that would connect different BRT lines in the city. Dahdah informed Shah that there was a dire need to develop a system which would also enable an effective ticketing system.

The meeting also discussed the Yellow Line BRT. The WB country head said the organisation is willing to finance theYellow Line BRT if the provincial government develops the road infrastructure from Dawood Chowrangi in Korangi to the Malir Expressway.

The chief minister directed the Planning and Development Board chairperson to prepare necessary documentation and submit it to the WB for approval.

The 26.5-kilometre-long road was earlier supposed to be built with the financial assistance of JICA and, later, a Chinese company. The government aimed to initiate the project from MA Jinnah Road to Landhi at an estimated cost of Rs14.4 billion. Around 100 new buses were to run on the route but the project was at a standstill after the Chinese company, which had even signed a memorandum of understanding with the government to build it under public private partnership, delayed the scheme as it could not arrange funds.

The CM also asked the WB for its technical support to regulate traffic issues in Karachi. “This megalopolis city has traffic jams and traffic management issues,” Shah said, adding that the government was desperate to solve traffic issues. “We have a traffic engineering bureau at the Karachi Development Authority but it also needs to be revived,” the CM said.

Official sources privy to the development told The Express Tribune that the meeting discussed issues related to the possible integration of BRT lines at Numaish Chowrangi.

“Integration of all BRT lines at Numaish can create problems, so we need the WB’s technical support to resolve this matter,” Shah said. The WB representatives assured the CM that they would provide all possible technical support for the project.

Regarding the resolution of traffic issues in Karachi, Illangovan committed that his transport specialists would be with the Sindh government whenever it needed them. On this, the CM directed Waseem to make arrangements for the WB experts to meet officials of the transport and traffic engineering department. “I want you to sit with the experts and develop a proper signal system, traffic management and infrastructure development,” Shah said.

The special irrigation secretary informed the meeting that the Sindh government has initiated the Sindh Barrages Improvement Project under which the Guddu Barrage would be rehabilitated with the assistance of the WB at a cost of Rs20.24 billion. Of this the WB would share Rs18.27 billion while the remaining Rs1.97 billion would be contributed by the Sindh government. Work on the project had been delayed due to legal issues but has now been restarted.

It was also decided in the meeting that the WB will help revamp the city’s sewerage system. “We want to restructure the Karachi Water and Sewerage Board [KWSB], so we need your help,” the CM requested Illangovan. Shah added that the revamp of the sewerage system has already been approved as a WB-assisted project.

“The KWSB is over-staffed. Their water supply, distribution and bulk systems are weak and defective,” the CM said, asking the WB to provide technical support to resolve the issues. The WB country chief said the organisation was interested in the project.

It was also decided during the meeting to conduct a property survey of Karachi. The last survey was done in 2001. Official sources in the Sindh government said the WB has already initiated a property survey in Sukkur, which is the third largest city in Sindh, and now the government has proposed the WB start the same in Karachi as well. “After the WB reviews this proposal, the survey will be conducted in Karachi,” said an official.

https://tribune.com.pk/story/1522181/world-bank-fund-yellow-line-bus-rapid-transit/

POOR GOVERNANCE, CORRUPTION HAMPER FOOD SECURITY: ADB
Dawn, October 07, 2017

Amin Ahmed

ISLAMABAD: Pakistan is facing formidable challenges to improving food security because of poor governance, lack of economic growth and instability within the country as well as on its borders, Asian Development Bank has said in a report.

The country has to overcome the challenges to achieve durable societal development outcomes, which are fundamental to stable economic growth and future food security, says the report titled “Food Insecurity in Asia: Why Institutions Matter”.

A country study on Pakistan incorporated in the publication, says: “Today, overall, Pakistan is in a comfortable situation in terms of food supply and availability, particularly for rice. It has self-sufficiency ratios (SSRs) for most food items of over 100 per cent. Yet, the country’s food security level is still low. This shows that a country’s ability to produce food is not a critical reason for a country’s food security or insecurity.

In the foreseeable future, Pakistan is most likely to continue to be subject to socio-political, economic and environmental volatility. Deep reforms and improvements in governance must be carried out soon to unleash the country’s growth potential.

Without substantial improvements in governance and a reduction in corruption, decent economic growth is hard to anticipate, and hunger and malnutrition will continue to prevail because of the mal-distribution of resources and the lack of purchasing power among the poor, the report points out.

The lack of purchasing power and access rights to an adequate food supply by many of its poor people is the key reason for the country’s low level of food security. To improve its level of food security, achieving stable economic growth and equitable income distribution should be Pakistan’s foremost priority; central to this is the need to improve governance and eliminate corruption.

The report says that investment in agricultural infrastructure and research and development also needs to be carried out urgently to improve productivity in agriculture and to better cope with natural disasters. Efforts are needed to reduce and avoid environmental pollution and use resources sustainably. Population control should also be on the agenda of the government and society.

Environmental pollution and degradation present additional challenges for Pakistan to improve its food security.

https://www.dawn.com/news/1362278/poor-governance-corruption-hamper-food-security-adb

November 2017

NEWS COVERAGE PERIOD FROM NOVEMBER 27 Th TO NOVEMBER 3 R D

WB MAY EXTEND DEADLINE FOR USE OF DASU PROJECT FUNDS
Dawn, November 27, 2017

ISLAMABAD: The World Bank is likely to approve Pakistan's request to extend the deadline till November next year for the utilisation of funds given by the bank for the Dasu hydropower project.

The World Bank approved two different loans — $19.3 million and $398.1m — for Pakistan in August 2014 for the Dasu hydropower project and the funds were meant for land acquisition and resettlement of the people affected by the project, it was officially learnt here.

The government wrote a letter to the World Bank on Nov 15 seeking extension in the deadline till Nov 20 next year for the utilisation of the funds meant for land acquisition and resettlement of the people.

The two loans became effective in August 2014, with June 30, 2022 as the closing date.

The World Bank has termed the Dasu hydropower project a "high-risk, high-reward" operation aimed at providing low-cost, non-carbon renewable energy. The project will initially have an installed capacity of 2,160MW on the Indus, which can be expanded to 4,320MW in future at a very low cost.

The land acquisition process for the project started late due to delay in reaching agreement with the people and departments concerned on compensation rates and this delay also continued due to various administrative hurdles.

Consequently, the time given by the bank under the agreement for the use of funds for land acquisition and resettlement, including the one year extension approved in 2016, was lost.

According to a World Bank report, initially the process of land acquisition was slow because of inadequate coordination between Wapda, the Khyber Pakhtunkhwa government and the Dasu district administration, but lately it has improved. The report, however, notes that procurement of key contracts has been slow due to cancellation of the previously awarded contracts and court cases holding up the rebidding.

https://www.dawn.com/news/1373112

NEWS COVERAGE PERIOD FROM NOVEMBER 13Th TO NOVEMBER 19Th 2017
PAKISTAN TO GET $4.7BN UNDER ASIAN DEVELOPMENT BANK'S NEW BUSINESS PLAN
Dawn, November 15th, 2017

Amin Ahmed

ISLAMABAD: The Asian Development Bank (ADB) has unveiled a new country operations business plan for Pakistan for 2018-20 with indicative resources available amounting to $4.673 billion in loans in energy, transport, agriculture, water, public sector management, finance and social sectors.

Of this amount, loans worth $3.39bn will come from regular ordinary capital resources and $1.28bn from concessional lending. Being a group 'B' developing member country, Pakistan is eligible for ordinary capital resources and concessional lending.

However, the final allocation of the loans by year and sector will depend on available resources and outcomes of the country performance assessments, according to the business plan document made available to Dawn on Tuesday.

These resources will be supplemented by ADB's non-sovereign operations subject to headroom constraints, as well as by official and commercial co-financing. Funding from other sources, including the regional pool set-aside under concessional and ordinary capital resources for regional cooperation and integration, will also be explored.

In the energy sector, the 2018-20 country plan includes a new $1bn multi-tranche financing facility for the hydropower development investment programme, which focuses on clean energy and hydropower generation.

The two ongoing multi-tranche financing facilities will continue to support infrastructure development for power transmission and distribution. The projects will deploy transmission systems that will accommodate more intermittent renewable energy and improve resilience to climate change.

In transport sector, the the three-year plan includes sustainable national highway project; Hyderabad southern bypass project and additional financing for Khyber Pakhtunkhwa provincial roads project. ADB is supporting the development of a national transport policy and master plan; Pakistan Railway strategic plan; and national road safety action plan for improved road asset management.

Projects in agriculture sector include remodelling of link canals in Punjab; KP climate resilient water resources development project; Noulong multi-purpose development project; Cholistan water resource development project in Punjab; and Balochistan water resources development project.

The country plan also includes a technical assistance loan for Punjab water resources. These projects will promote water resources infrastructure and management in arid and semiarid areas, rehabilitate and upgrade the Indus Basin irrigation infrastructure, and establish new, non-perennial irrigation systems.

In the area of water and other urban infrastructure and services sector, the ADB will continue supporting Pakistan's priorities in urban infrastructure, including urban transport and institutional development. The new demand-driven information and communications technology project will develop a pilot information technology park and test smart urban solutions.

In public sector management, the country plan includes allocation for policy-based lending for trade and competitiveness; infrastructure financing; and social protection. The enhancing public–private partnerships project is designed to support investments by providing viability gap funds, project development facilities, and support for institutional strengthening by improving public– private partnership transactions.

An investment in the Pakistan Infrastructure Development Fund is envisaged to support long-term project finance. The National Disaster Risk Management Fund will enhance Pakistan's resilience and response to climatic and other natural hazards.

The 2018-20 business operations plan includes two new projects: Sindh education sector improvement project; and improving workforce readiness in Punjab. It also includes policy-based lending for strengthening KP health system.

Additionally, the ADB will provide technical assistance across sectors to generate and disseminate knowledge to support policy and project development, and enhance project quality and readiness.

The ADB country operations business plan is aligned with the country partnership strategy (2015-19) which supports the government's objective of high, sustained and inclusive growth. It is also aligned with the government's development strategy 'Vision-2025' and the development plans of the provincial governments.

https://www.dawn.com/news/1370519/pakistan-to-get-47bn-under-adbs-new-business-plan

December 2017

NEWS COVERAGE PERIOD FROM DECEMBER 18th TO DECEMBER 24th 2017

WORLD BANK APPROVES $825M LOAN FOR PAKISTAN

Dawn, 21 December 2017

The World Bank has approved a loan package of $825 million for improving Pakistan's public finance management by introducing a new law and upgrading the country's dilapidated power transmission system to support new generation in the sector.

But the Washington-based lender has pegged the disbursement of $400 million loan for Public Finance Management with the introduction of a new law in the Parliament, highlighting adverse implications of growing dependency on the lenders on the country's public policies. The Board of Directors of the WB also approved $425 million loan for National Transmission Modernisation Project-I.

The $425 million loan has been obtained on commercial terms that will be returned over a period of 21 years, including a grace period of six years. The PFM reform programme is financed by the International Development Association, the World Bank's fund for the poor, with a maturity of 25 years, including a grace period of five years.

The $425 million loan will be utilised to modernise the national transmission system by ehabilitating selected 500kV and 220kV substations and transmission lines. The existing transmission system has the capacity to dispatch about 15,000–17,000 megawatts of electricity safely, which is substantially below the generation constrained peak load of over 20,000 MW, according to the WB.

It said that system reliability has deteriorated substantially, resulting in several instances of major system collapse in recent years, which appear to be increasing in frequency and severity.

With a substantial volume of new generation now coming online, the strengthening of the transmission and distribution systems is critical, said Illango Patchamuthu, the WB Country Director for Pakistan.

The project having a total cost of $562 million will improve supply reliability and lower losses in the transmission network. The government will also contribute $137 million.

The WB said that Pakistan’s plan to expand power generation during 2017–2022 was beginning to bear fruit. To address the gap between electricity demand and supply, the government has plans to increase generation capacity by 30,000 MW by 2022. There has been progress in securing the $36 billion required for this expansion, including funds for power system investments planned under the China-Pakistan Economic Corridor, it added.

Pakistan had also availed $800 million loan from the Asian Development Bank for improving the transmission system but its implementation was marred by delays.
The lender also approved $400 million loan for improving the current legal regime of Public Finance Management. The Public financial management inefficiencies contribute to Pakistan’s weak performance in health and education sector, and despite a substantial increase, financial resources fail to reach clinics and schools on time, said the WB.

The $400 million Public Financial Management reform programme will address these challenges through the enactment of a robust public finance management law, which will lead to decentralisation of payment and empower the front-line service delivery managers, it added.

The programme will also focus on strong cash management; timely and comprehensive reporting; improved federal-provincial coordination; timely release of funds; streamlined payroll and pension systems; efficient and transparent procurement, and user-friendly reports for citizen engagement.

The WB pegged disbursement of the $400-million loan to the approval of the draft Public Finance Management Bill 2017 from the National Assembly. The releases will be linked with the initiation of the process to get the bill approved.

The WB has found serious flaws in the current public finance management system that it wants to correct through a billion-dollar programme.

The WB stated that budgeting, accounting, reporting and auditing rules and procedures require revisions to align the government’s financial management system with medium-term budgets, electronic fund transfers and requirements due to a shift in responsibilities after the 18th Amendment in the Constitution.

It further noted that there was no linkage between approved budget and procurement plans with inefficiencies in procurement systems and processes that result in project implementation delays. There is also a need for improved and timely service delivery in pension payments to prevent and detect unlawful pension payments on time.

https://tribune.com.pk/story/1588606/2-world-bank-approves-825m-package-pakistan/

NEWS COVERAGE PERIOD FROM DECEMBER 11th TO DECEMBER 17th 2017

PUNJAB GETS $300M WORLD BANK LOAN TO MODERNISE AGRICULTURE

Dawn, December 17th, 2017

Amin Ahmed

ISLAMABAD: The World Bank has approved $300 million loan to modernise agriculture in Punjab, create better prospects for farmers and ensure better quality and safer food at lower prices to consumers.

The World Bank-supported ‘Strengthening Markets for Agriculture and Rural Transformation’ (Smart) project will support the much-needed reforms for agriculture and livestock productivity, improve agriculture’s resilience to climate change, and foster agribusiness in Punjab over the next five years. It will also reduce inequality and expand opportunities for women and youth.

The project, approved on Friday, is expected to shift Rs55 billion a year towards ‘Smart’ input subsidies for small farmers, agricultural research, farmers’ training, support for high-value and climate-smart agriculture. Additionally, Smart will help improve the sustainability of agricultural production by strengthening the management of irrigation water, and help tackle ground water depletion.

The resources provided by the World Bank will be part of a larger programme by the Punjab government that aims to better harness the enormous potential for farming in the province, with its fertile soils and extensive irrigation system.

It addresses the paradox that while Punjab’s farmers earn too little, people pay high prices for low quality food.

This situation is largely the result of farm policies that have hardly changed in the last fifty years. These include extensive insufficient subsidies and government spending that does not provide widespread benefits and results in wasteful water use.

“Agriculture in Punjab has great potential but requires a paradigm shift to unlock growth opportunities,” said World Bank Country Director for Pakistan, Illango Patchamuthu.

“The Punjab government is determined to help farmers grow high-value crops and significantly increase their incomes. The project is estimated to create 350,000 jobs and lift 1.7m people from poverty. The bank stands ready to support the provincial government in this exciting endeavour.”

The project is expected to contribute to increased on-farm productivity and value of agriculture and livestock; increased value-addition and competitiveness in agriculture and livestock; and enhanced resilience of smallholder farmers to climate change and natural disasters.

Growth in the agriculture sector in Punjab has been poor for some years and this has had a detrimental effect on the wellbeing of agricultural communities.

Communities dependent on agriculture have traditionally included deprived members of society, including landless farmers, small tenant farmers, and groups who rely on seasonal agricultural labour.

The project will help increase productivity in the sector, and thereby support household incomes and livelihoods in rural communities.

The social benefits associated with the project include improved economic status of farming communities, including livestock producers, mostly women and cheaper wheat and wheat flour.

The project will also help enhance farmers' resilience through provision of affordable agricultural insurance products and increased investments for climate smart agriculture; a more equitable distribution of water; development and implementation of a participatory citizens engagement strategy for farmers; and capacity building of key government departments, farmers, and agribusiness entrepreneurs to ensure that the objectives of the programme are met.
"Key reforms supported by the project include transition towards high value agriculture, which will substantially raise farm incomes and employment in Punjab," said Senior Agriculture Economist at the World Bank, Hans Jansen.
"This will be done by shifting resources from inadequate subsidies towards supporting farmers to produce higher value products such as vegetables, fruits, pulses, oilseeds, milk and meat, whose demand is growing many times faster than lower value crops such as wheat," he added.

Meanwhile, aiming to enhance agricultural productivity in the province, Punjab government has allowed the use of drones for farming activities.

Drone or unmanned air vehicle consist of a small unmanned aircraft. After the success of this technology it is ready to astound the agriculture sector, a spokesperson of the provincial agricultural department said on Saturday.

Sharing details, the spokesperson said Punjab Chief Minister Shahbaz Sharif allowed the use of drones since these can be used in the applications of pesticides on crops, monitoring of weeds, pests and nutritional deficiencies, area, water resources, as well as research and development.

The agricultural department has informed farmers and stakeholders to get no objection certificate from the agriculture (extension) department for the use of drones for agricultural purposes.

In arriving at a decision, the protocols about the security of sensitive installations and establishments would be given due consideration. Police personnel would be deputed to monitor the operation of drones at the time of flying activity.

The Food and Agriculture Organisation (FAO) of the United Nations has already encouraged countries to initiate the use of technology for disaster risk reduction in the agriculture sector.

https://www.dawn.com/news/1377052

NEWS COVERAGE PERIOD FROM DECEMBER 4th TO DECEMBER 10th 2017
ADB ALLOCATES $5BN FOR CAREC 2030
Dawn, December 5th, 2017

ISLAMABAD: Asian Development Bank has allocated $5 billion for the implementation of Strategy 2030 under the Central Asia Regional Economic Cooperation (CAREC).

The CAREC is an 11-member regional platform that aims to connect people, policies and projects for shared and sustainable development.

Investments in member-countries under the CAREC have amounted to more than $30bn since 2001. The new strategy was approved at the CAREC ministerial conference held in Dushanbe last month.

Pakistan has assured CAREC that it will mobilise all possible resources to improve and develop regional connectivity as outlined in the new strategy.

Speaking at its launch, Economic Affairs Division Secretary Arif Ahmed Khan said history of connectivity in the Central Asian region and the subcontinent is linked through the Silk Route.

The CAREC focal person in Pakistan, Syed Mujtaba Hussain, encouraged all government agencies to submit practical and viable project proposals.

Strategy 2030 offers a long-term strategic framework for the CAREC. CAREC 2030 aligns its activities with national strategies and development plans, and with the new international development agenda embodied in the sustainable development goals and the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21) global climate agreement.

CAREC 2030 will embrace areas, such as resilient infrastructure development, natural capital and the environment, sustainable urbanisation and inclusive social development.
https://www.dawn.com/news/1374518