

IDB president offers Pakistan second phase of MPS

ISLAMABAD: The visiting President of Islamic Development Bank (IDB), Dr Bandar MH Hajjar, on Thursday offered Pakistan to devise second phase of Membership Partnership Strategy (MPS) for helping Islamabad to develop its expertise in areas of textile and blue economy to become part of global value chains.

The size of the upcoming funding of the IDB, he said, would be decided in consultation with the government on the basis of its exact requirement. Pakistan had obtained \$3.7 billion through first phase of \$3.7 billion of MPS from 2015 to 17. So Islamabad is expecting that IDB can provide multibillion dollar project financing in the second phase of MPS over next three years and it is going to play a critical role for meeting financing requirement under possible three-year bailout package from the IMF.

“We will continue committed support of \$4.5 billion for oil and commodity financing for Pakistan over three years period and in first phase the provision of financing of \$1.5 billion will be done. We have hired a consultant to identify areas of competitive advantages for Pakistan’s economy. The first phase of MPS for three years from 2015 to 2017 ended with the funding size of \$3.7 billion and now decided to put in place second phase of MPS for the next three years depending on the priority and roadmap of the government of Pakistan,” the visiting President IDB Dr Bandar M H Hajjar said this in an exclusive interview with Geo TV and The News here on Thursday night. He said that the IDB could help Pakistan for Shariah compliant products to expand financial inclusion in Pakistan and pointed out that large majority of the country was out of the conventional banking sector. There is big opportunity and IDB can help Islamabad for increasing the financial inclusion through Shariah compliant products in the banking sector, he added.

He said that Pakistan made two request for future project financing requirements, however, IDB decided to put in place second phase of Membership Partnership Strategy in order to help the country for developing value chains in its areas of strength. He said that when he came here he inquired about the area of competitive advantage in case of Pakistan then he was informed that textile was the area of strength for Pakistan’s economy. He said that the IDB could help Islamabad to develop its blue economy as Maritime sectors possessed potential of 2.5 trillion dollars as this one sector could create 350 million or 12 percent of global job market. He said that the members’ countries of IDB located on coastal areas so IDB could help to boost sea food and other maritime sectors. He said that the Bank hired a consultant to conduct study to ascertain real potential in this regard.

When asked about any consideration of budgetary support for Pakistan at difficult times on economic front, the President IDB replied that they did not provide budgetary support but the project financing could be provided to Islamabad upon its request.

He said that when he became President of IDB and assumed his charge in Oct 2016 he had developed roadmap for five years with the focus to develop capacity of member countries and established regional hubs for achieving decentralization. “Among the member countries of the IDBs, the financing requirement for achieving Sustainable Development Goals (SDGs) has been estimated

at \$1 trillion,” he said and added that the IDB’s total portfolio was ranging \$143 billion among all member countries with ongoing project financing of \$12 billion alone in Pakistan. “The financing gap is huge that can be bridged with the help of private sector and other potential investors.

He said that the funding did not become the major stumbling block in the way of development as \$200 trillion dollar were available in the market but they did not have bankable projects to finance these projects. He said that out of total 52 member countries of IDB, 20 countries were classified as least developed countries.

He said that the IDB provided technical assistance (TA) for providing legal, regulatory framework and developing financial sector. He said that IDB could finance projects for road infrastructure to connect textile sector with the port city of Pakistan.

Earlier, Ministry of Finance stated in its statement on Thursday that an Islamic Development Bank (IsDB) delegation, led by President Dr. Bandar M. H. Hajjar, called on Adviser to Prime Minister on Finance, Revenue and Economic Affairs, Dr. Abdul Hafeez Shaikh, here.

The meeting was preceded by signing of grant agreements for “Operationalisation of EXIM Bank of Pakistan (EXIMBP)” and “Support Enhancing Agricultural Production using Efficient Irrigation System in Baluchistan, Pakistan” Projects. During last week an oil credit facility of \$ 551 million has already been signed.

The Advisor informed the President IsDB of the concrete policy measures introduced by the government for improving the economic and fiscal situation in the country in general and the current account situation in particular. He emphasized that the Government has finalized its strategy to deliver on Medium Term Economic Frameworks Targets to be agreed with IMF team already in Pakistan for technical discussions for a three year program.

He appreciated the role played by the Islamic Development Bank as a leader in Islamic Finance and promoting global development that is supported by Sharia compliant long term sustainable and ethical financing structures. The Advisor lauded the financing facility by International Islamic Trade Finance Corporation for import of oil and LNG signed recently and discussed that the teams at EAD and IsDB should press on to realize the full disbursement of the facility.

The President IsDB resolved to further strengthen cooperation with Pakistan in the areas of project financing and assured of early financing of Jamshoro Coal Fired Power Plant. He also said that IsDB would extend all possible cooperation for economic development of Pakistan. The high level delegation of IsDB is on a three day visit to Pakistan to explore possible financing in health, energy, water and infrastructure. During the visit, the delegation would call on the Prime Minister and the President of Islamic Republic of Pakistan and hold meeting with relevant line Ministries and Departments, it concluded.

Our Correspondent