

Economic, energy, & trade reforms, ADB extended \$1.8bn loans in 2019

ISLAMABAD: The Asian Development Bank (ADB) extended a total of \$1.8 billion to Pakistan to support key economic, energy, and trade reforms in 2019.

This has been stated in the ADB Annual Report 2019.

According to the report, the \$1.8 billion includes a \$1 billion special policy-based loan approved in December as part of international efforts, led by the International Monetary Fund (IMF), to support Pakistan's economic reforms and stabilise the country's economy after a major deterioration in its fiscal and financial position.

It is the first time the ADB has used this lending modality.

The package aims to help Pakistan address the root causes of its chronic fiscal crisis, diversify avenues to trade, enhance competitiveness, and reform its energy sector.

It further stated that the ADB provided an additional \$200 million in financing to Pakistan in 2019, for the government's social protection program, the Benazir Income Support Program (BISP).

The program supports the income of more than five million poor families across the country, and has so far disbursed over \$3.6 billion in cash transfers to improve their living conditions.

The ADB's support for this, which began in 2013, has enabled the enrollment of over 855,000 women beneficiaries to the programme.

Decisive policy measures helped reduce large macroeconomic imbalances and narrow the current account deficit in Pakistan in fiscal year 2019, although growth was constrained due to weaker economic activity.

The ADB approved a \$235 million loan for a bus rapid transit system in Karachi City.

In partnership with the Urban Climate Change Resilience Trust Fund, the ADB also committed \$9 million to support the preparation and engineering design of urban projects that will improve the quality of life for about 3.5 million people in at least five cities of the Khyber-Pakhtunkhwa.

The bank also committed \$500 million to introduce important tariff and tax-related policy reforms that will bolster Pakistan's export industries and increase their competitiveness.

The investment will also strengthen key trade facilitating institutions.

During 2019, the bank secured 13 new transaction advisory mandates in Pakistan, Palau, the Philippines, the PRC, and Uzbekistan.

These mandates include the development of information and communication technology facilities, transport infrastructure, a healthcare facility, solar power plants, the rehabilitation of public schools, and the long-term operations, and management of district heating facilities and water supply and sanitation services. Sector-level evaluations examined the ADB's support for Pakistan's power sector from 2005 to 2017, which totaled \$6.2 billion, and Indonesia's finance sector from 2005 to 2018, which totaled about \$2 billion.

These evaluations provided evidence to help the ADB continue to improve project design, operations, and development outcomes.