Since becoming a founding member of the Asian Development Bank (ADB) in 1966, the Government of Pakistan has worked with ADB to strengthen the country’s key infrastructure, boost social and environmental safeguards, and promote information sharing with other countries.

ADB remains one of Pakistan’s largest development partners and has provided more than $27 billion in loans and over $531 million in grants.

In 2015, ADB approved the country partnership strategy (CPS), 2015–2019 for Pakistan, with a provisional assistance package of $3.65 billion for sovereign operations in 2016–2018. The new CPS continues a focus on infrastructure development and institutional reforms. It outlines financial assistance in six key sectors: energy; transport; agriculture, natural resources, and rural development; water and other urban infrastructure and services; public sector management; and finance.

ADB has provided Pakistan with more than $27 billion in loans and over $531 million in grants since 1966.

**PAKISTAN**

Cumulative disbursements to Pakistan for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amount to $19.59 billion.

**ADB-SUPPORTED PROJECTS AND PROGRAMS**

Projects in the energy sector comprise over half the ADB portfolio for Pakistan. In 2015, ADB approved a combined loan assistance of nearly $1.4 billion for two energy sector programs.

A multitranche financing facility (MFF) of $990 million will help introduce an advanced electricity metering system for power distribution companies, reducing losses and boosting revenue collection. Assistance of $400 million was also approved to reform policy and build an affordable and secure energy sector.
Ongoing ADB investment in the energy sector includes a loan for the Jamshoro Power Generation Project and five MFFs for other projects. ADB also provides support for energy planning, capacity development, and promotion of regional trading initiatives for power and gas.

ADB is helping to decongest Pakistan’s overburdened transport systems, upgrading highways and provincial roads to position the country as a future regional trading hub. In 2015, ADB and the Department for International Development (DFID) of the United Kingdom combined to assist Pakistan in improving the country’s vital north–south road network. The project aims to promote economic growth, create jobs, and enhance regional connectivity.

ADB is assisting the government to rehabilitate the Indus Basin Irrigation System. Under an MFF, work is being carried out to refurbish and upgrade key barrages and canals in the Punjab province, which will improve farm incomes through increased productivity.

Pakistan is highly vulnerable to natural hazards including droughts, earthquakes, floods, and cyclones. In 2015, ADB approved $220 million to rebuild infrastructure damaged by the devastating floods of September 2014. ADB and the Government of Pakistan also signed a memorandum of understanding to establish the Pakistan National Disaster Management Fund to strengthen the country’s disaster resilience, emergency response, and reconstruction capacity.

ADB continues to assist the Benazir Income Support Programme in reaching out to women beneficiaries. The cash transfer program of $430 million is helping Pakistan extend income support to poor families and the country’s most vulnerable groups.

**NONSOVEREIGN OPERATIONS**

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector transactions in the form of direct loans, equity investments, guarantees, B loans, and trade finance. Since its inception, ADB has approved $1.15 billion in nonsovereign financing for 31 private sector transactions in Pakistan. Total outstanding balances and commitments of ADB’s private sector transactions in the country, as of 31 December 2015, amounted to $552.94 million, representing 6.65% of ADB’s total nonsovereign portfolio.

ADB’s Trade Finance Program (TFP) fills market gaps by providing guarantees and loans through partner banks in support of trade. The TFP has completed over 12,000 transactions supporting over $23 billion in trade and over 7,700 small and medium-sized enterprises since 2004. In 2015, the TFP supported $2.5 billion in trade through over 1,900 transactions. In Pakistan, the TFP works with 10 banks and has supported $9.7 billion in trade across 3,220 transactions. In addition to filling market gaps, the TFP’s objective is to mobilize private sector capital and involvement in developing Asia. In Pakistan, 53% of the trade supported through the TFP was cofinanced by the private sector.

**COFINANCING**

Cofinancing operations enable ADB’s financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity guarantee cofinancing, and cofinancing for transactions under ADB’s TFP.

From 1970 to the end of 2015, cumulative direct value-added (DVA) official and technical assistance

### Pakistan: Project Success Rates

<table>
<thead>
<tr>
<th>Year</th>
<th>Success Rate (%)</th>
<th>No. of Independently Evaluated Projects and Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>50.0</td>
<td>6</td>
</tr>
<tr>
<td>2008</td>
<td>28.6</td>
<td>7</td>
</tr>
<tr>
<td>2009</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>2010</td>
<td>20.0</td>
<td>10</td>
</tr>
<tr>
<td>2011</td>
<td>40.0</td>
<td>5</td>
</tr>
<tr>
<td>2012</td>
<td>33.3</td>
<td>6</td>
</tr>
<tr>
<td>2014</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>2015</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>21.6</td>
<td>51</td>
</tr>
</tbody>
</table>

Note: “Year” refers to the circulation year of the project completion report (PCR). The success rates reported here are based on the ratings from validated PCRs and independently evaluated performance reports in Pakistan. The success rate does not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports database as of 31 December 2015.

### Pakistan: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

<table>
<thead>
<tr>
<th>Item</th>
<th>2014</th>
<th>2015</th>
<th>Cumulative (as of 31 Dec 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount ($ million)</td>
<td>% of Total</td>
<td>Amount ($ million)</td>
</tr>
<tr>
<td>Goods, Works, and Related Services</td>
<td>768.91</td>
<td>9.15</td>
<td>582.53</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>7.22</td>
<td>0.13</td>
<td>11.37</td>
</tr>
<tr>
<td>Total Procurement</td>
<td>776.12</td>
<td>8.67</td>
<td>593.90</td>
</tr>
</tbody>
</table>

* A project with more than one source of cofinancing is counted once.
cofinancing for Pakistan amounted to $2.2 billion for 37 investment projects and $74.2 million for 46 technical assistance projects. Cumulative DVA commercial cofinancing for Pakistan amounted to $6.3 billion for 20 investment projects.

In 2015, Pakistan received $286 million grant cofinancing from DFID and $500 million loan cofinancing from the World Bank.

A summary of projects with cofinancing from 1 January 2011 to 31 December 2015 is available at [www.adb.org/countries/pakistan/cofinancing](http://www.adb.org/countries/pakistan/cofinancing).

**PARTNERSHIPS**

ADB partnerships with multilateral and bilateral development agencies, nongovernment organizations, and the private sector have resulted in vital support for improvements to Pakistan’s public infrastructure and services, as well as for capital market development.

In 2015, ADB and DFID pooled resources to improve Pakistan’s road network. ADB approved financing for a 62-kilometer (km) section of the M–4 motorway connecting Gojra to Shorkot in Pakistan’s Punjab province. The Faisalabad–Gojra section (58 km) of the M–4 was completed in 2015, with funding from ADB, and is now open to traffic. The M–4 will provide a more direct connection between central Punjab and the port cities of Karachi and Gwadar. ADB and DFID are also cofinancing $327 million for the 59 km Hassanabdal–Havelian Expressway (E–35) Project, a vital artery for goods moving between Arabian seaports in the south and the People’s Republic of China in the north.

ADB continues to play a leading role in development coordination by hosting regular meetings of heads of agencies. These provide a forum for discussion on, and alignment of, various development issues and initiatives in Pakistan.

**PROCUREMENT**

**Share of ADB’s Procurement Contracts**

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries, and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts were awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Procurement contracts for goods, works, and related services under loan and grant operations totaled $8.4 billion in 2014 and $11.12 billion in 2015. Cumulative procurement, as of 31 December 2015, was $145.92 billion.

Procurement contracts for consulting services under loan, grant, and technical assistance operations totaled $556.05 million in 2014 and $637.4 million in 2015. Cumulative procurement, as of 31 December 2015, was $10.64 billion.

**Goods, Works, and Related Services**

From 1 January 1966 to 31 December 2015, contractors and suppliers were involved in 199,625 contracts for goods, works, and related services under ADB loan and grant projects worth $145.92 billion. During the same period, 16,196 contracts were awarded to contractors and suppliers from Pakistan worth $12.74 billion.

**Consulting Services**

From 1 January 1966 to 31 December 2015, consultants were involved in 48,767 contracts for consulting services under ADB loan, grant, and technical assistance projects worth $10.64 billion. During the same period, 2,046 contracts were awarded to consultants from Pakistan worth $242.85 million.

**OPERATIONAL CHALLENGES**

Pakistan’s real gross domestic product growth edged up as macroeconomic vulnerabilities have been substantially reduced. Fiscal consolidation, together with lower oil prices and continued inflow of remittances, led to a significant decline in inflation and fiscal deficits and considerable reserve accumulation. The government is implementing a reform program to address energy challenges, restructure or privatize loss-making public enterprises, and improve the business climate and competitiveness to support investment and inclusive growth. The pace of reforms needs to be accelerated to reinforce recent macroeconomic gains for sustainable growth momentum.
In the medium to longer term, a faster and more sustained rate of economic growth is required to generate sufficient employment for a rapidly expanding labor force. To achieve sustained higher growth, Pakistan will need to continue to implement structural economic reforms—including broadening the tax base—and to alleviate power shortages.

With considerable natural resources, rapid urbanization, and ample scope to grow its agriculture productivity, improve urban services, and strengthen transport connectivity to expand markets.

**FUTURE DIRECTIONS**

In line with the strategic priorities and development plans of the Government of Pakistan, the ADB country operations business plan (COBP), 2016–2018 supports the strategic directions of the country partnership strategy, 2015–2019.

Through investments and policy reforms, ADB will help address Pakistan’s energy sector needs during 2016–2018. The COBP also outlines assistance to develop transport connectivity and economic corridors, better manage water resources and irrigation, promote urban services, and support disaster risk management.

Meanwhile, ADB and the government will seek to stimulate private sector investment in Pakistan, through the reform of public sector enterprises, by generating long-term finance for infrastructure, and by facilitating public–private partnerships.