

Asian Development Bank & Pakistan

FACT SHEET

Table 1. **Pakistan: 2012 Loan, Technical Assistance, and Grant Approvals (\$ million)^a**

Loans		Technical Assistance		Total
Sovereign	Nonsovereign	Grants	Grants	
417.10	–	1.65	–	418.75

– = nil.

^a Excludes cofinancing.

Table 2. **Pakistan: Cumulative ADB Lending by Sector as of 31 December 2012^a**

Sector	Loans (no.)	Amount (\$ million)	% ^b
Agriculture and Natural Resources	60	3,698.41	16.38
Education	12	501.11	2.22
Energy	63	5,096.36	22.58
Finance	52	3,193.00	14.15
Health and Social Protection	11	779.40	3.45
Industry and Trade	22	1,119.40	4.96
Public Sector Management	27	3,015.80	13.36
Transport and ICT	23	2,178.90	9.65
Water Supply and Other Municipal Infrastructure and Services	19	823.60	3.65
Multisector	13	2,166.00	9.60
Total	302	22,571.98	100.00

Total Disbursements \$17,301.0 million

ICT = information and communication technology.

^a Includes sovereign and nonsovereign loans.

^b Total may not add up because of rounding.

Table 3. **Pakistan: Cumulative Nonsovereign Financing by Product**

	Amount (\$ million)
Number of Projects	28
Loans	662.90
Equity Investments	53.38
Guarantees	175.61
B Loans	129.90
Total	1,021.79

Partnerships

The Asian Development Bank (ADB) has partnered with the Government of Pakistan since the founding of ADB in 1966. Other ADB partners in Pakistan include the European Union (EU), the Islamic Development Bank, the International Monetary Fund (IMF), the Japan International Cooperation Agency, the United Nations (UN), and the World Bank.

Working closely with other development agencies, the private sector, and nongovernment organizations, ADB has extended vital support to improve infrastructure, basic public services, and ensure energy and food security, raising millions out of grinding poverty.

Most recently, under the aegis of the Friends of Democratic Pakistan, ADB led the Pakistan Water Sector Task Force to assess Pakistan's water sector outlook. The study, completed in 2012, provides strategies and action plans for water sector development in Pakistan.

A pilot project in collaboration with Citibank Foundation on improving the livelihoods of women was initiated in 2012 to supplement ADB's loan operations for reconstruction of flood-hit areas in Sindh.

ADB and the World Bank jointly completed a damage and needs assessment to quantify damages, losses, and resultant needs caused by the 2011 floods in Sindh and Balochistan. ADB and the World Bank, in coordination with the EU, the UN, and the government, also carried out a detailed post-conflict needs assessment in five districts of Khyber Pakhtunkhwa Province and the Federally Administered Tribal Areas (FATA), where more than 2 million people have been internally displaced due to conflict. The assessment formulated a framework and action plan to rehabilitate affected areas.

Operational Challenges

The economy recovered modestly in 2012 compared to 2011. However, the overall economic outlook continues to be marked by low growth and high inflation imposed by energy shortages, security issues, and macroeconomic imbalances.

Higher growth requires faster implementation of structural reforms resulting in stronger revenue generation, no power shortages, and a transformation of the industrial and export sectors. The security environment and continued power crisis weigh down the fiscal situation and hinder recovery. The fiscal situation needs to be improved to sustain public investment and prevent crowding out of private investment.

Future Directions

ADB's country partnership strategy (CPS), 2009–2013 provides assistance of \$4.4 billion for Pakistan through 2012, and annual average lending of almost \$1.5 billion. The CPS provides the framework for ADB's partnership priorities and the future direction of its assistance strategy.

Reforms and investments in key infrastructure sectors include support for energy, transport, and water resources. This assistance will reduce the cost of doing business in Pakistan and strengthen the underlying competitiveness of the economy.

Institutional reforms are needed to strengthen local fiscal and financial management systems, and create a better environment for private sector investments, including through public–private partnerships.

Development of urban services through pivotal interventions in Pakistan's cities and secondary towns will unleash economic potential, while improving the quality of life of poor urban citizens.

Context

Pakistan continues to face formidable challenges, and ADB assistance is more crucial than ever, if hard-won ground in the country's battle against poverty is not to be lost.

Pakistan has received more than \$22.6 billion in sovereign and nonsovereign loans since joining ADB in 1966, with more than \$17 billion disbursed.

A total of 302 loans were provided from the concessional Asian Development Fund (ADF) and from ordinary capital resources, with \$196 million in grants for more than 350 technical assistance projects.

ADB is working with the government and the private sector to improve the country's infrastructure, energy security, and basic public services. Aligned with national development objectives, ADB's partnership priorities aim to attract investment, create industries and jobs, and improve the quality of life of citizens.

ADB maintained a strong lending program to Pakistan in 2012, with about \$397 million in disbursement and \$417 million in sovereign loans approved. The public sector portfolio contains 27 active loans amounting to \$3.68 billion, 12 ongoing loans of \$2.6 billion, and 3 grants totaling \$143.5 million, with most of these supporting initiatives in energy, transport, agriculture and natural resources, and social development.

Pakistan has potential for higher growth, which is necessary to accommodate a rapidly growing working-age population. The country has considerable natural resources, and ample scope exists to improve agricultural productivity and a ready market for an expanded manufacturing and service sector.

ADB-Supported Projects and Programs

ADB's \$650 million Flood Emergency Reconstruction Project is helping Pakistan rebuild vital infrastructure damaged by the 2011 floods. The investment is being used to reconstruct 790 kilometers (km) of national highways, and 800 km of provincial roads, bridges, and irrigation systems to safer and higher standards, as well as flood and drainage protection works in the worst affected areas. The project is also upgrading flood protection embankments and other drainage infrastructure in 1.5 million hectares (ha) of agricultural land.

Table 4. Pakistan: Development Indicators

Non-MDG	
Population in millions	180.71 [2012]
Annual population growth rate (%)	2.1 [2010–2012]
Adult literacy rate (%)	54.9 [2009]
Population in urban areas (%)	36.2 [2011]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	21.0 [2008]
Population living below the national poverty line (%)	22.3 [2006]
Under-5 mortality rate per 1,000 live births	72 [2011]
Population using an improved drinking water source (%)	92 [2010]

MDG = Millennium Development Goal, PPP = purchasing power parity.

Sources: ADB. 2013. *Basic Statistics 2013*. Manila;

United Nations Educational, Scientific and Cultural Organization (UNESCO). 2013. Institute for Statistics Data Centre;

World Bank. 2013. World Development Indicators Online.

Table 5. Pakistan: Economic Indicators, 2008–2012

Economic Indicator	2008	2009	2010	2011	2012
Per capita GNI, Atlas method (\$)	940	990	1,050	1,120	...
GDP growth (% change per year)	3.7	1.7	3.1	3.0	3.7
CPI (% change per year)	12.0	20.8	10.1	13.7	11.0
Unemployment rate (%)	5.2	5.5	5.6	6.0	6.0 ^a
Fiscal balance (% of GDP)	(7.6)	(5.3)	(6.3)	(6.6)	(8.5)
Export growth (% change per year)	18.2	(6.4)	2.9	28.9	(2.8)
Import growth (% change per year)	31.2	(10.3)	(1.7)	14.9	11.9
Current account balance (% of GDP)	(8.5)	(5.7)	(2.2)	0.1	(2.0)
External debt (% of GNI)	29.5	30.9	31.5	31.2	...

() = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product, GNI = gross national income.

^a Provisional.

Sources: ADB. 2013. *Asian Development Outlook 2013*. Manila;

ADB staff estimates; economy sources;

World Bank. 2013. World Development Indicators Online.

Table 6. Pakistan: Project Success Rates

Sector	% ^a	No. of Rated Projects/Programs
Agriculture and Natural Resources	56.3	48
Education	27.3	11
Energy	81.5	27
Finance	15.0	20
Health and Social Protection	33.3	9
Industry and Trade	60.0	10
Multisector	50.0	8
Public Sector Management	–	6
Transport and ICT	80.0	15
Water Supply and Other Municipal Infrastructure and Services	33.3	12
Total	50.6	166
Year of Approval		
1960s	–	1
1970s	57.7	26
1980s	59.3	54
1990s	56.1	41
2000s	31.8	44

– = nil, ICT = information and communication technology.

^a Based on aggregate results of project/program completion reports (PCRs), PCR validation reports (PVRs), and project/program performance evaluation reports (PPERs) using PVR or PPER ratings in all cases where PCR and PVR/PPER ratings are available.

Sources: PCRs, PVRs, and PPERs containing a rating circulated as of 31 December 2012.

Table 7. Pakistan: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2011–2012

Number of Ongoing Loans (as of 31 Dec 2012)	27	
	2011 (\$ million)	2012 (\$ million)
Contract Awards/Commitments ^{a,b}	478.6	576.5
Disbursements ^a	529.5	393.8
Number of Ongoing Grants (as of 31 Dec 2012) ^c		
	3	
	2011 (\$ million)	2012 (\$ million)
Contract Awards/Commitments ^{a,b}	3.6	6.0
Disbursements ^a	12.7	2.8
Projects at Risk (%)	15.8	

Note: Totals may not add up because of rounding.

^a Includes closed loans that had contract awards or disbursements during the year.

^b Excludes policy-based lending/grants.

^c Includes only ADF and other ADB Special Funds.

ADB's \$60.4 million concessional loan for the FATA Rural Development Project has helped improve community infrastructure, local capacities, and productive potentials in Bajour, Mohmand, and Khyber in the conflict-affected FATA. The project helped plant trees on 10,402 ha, imparted skills and new farming techniques, and enhanced cattle-raising and livestock management capacities for 49,458 households. The project brought 5,058 ha of newly irrigated lands under cultivation, while community-based water-supply schemes substantially reduced time spent on fetching water for 24,372 households. New roads connecting farms to markets have reduced both fuel costs and travel time by 22%.

ADB's support in various sectors is clearly seen in the number of people whose lives have been improved. Between 2008 and 2012, ADB-supported energy projects resulted in an increase of about 5,212 megawatts (MW) of power-generation capacity; and the rehabilitation of 750 km of destroyed roads, transmission lines, and 279 km of distribution lines, bringing electricity to about 85,168 households at the same time avoiding 86,024 tons of greenhouse gases (carbon dioxide) emissions. Ongoing infrastructure investments in electricity generation, transmission, and distribution are improving energy efficiency. ADB has made available four multitranches financing facilities (MFFs) amounting to \$2.5 billion to address system constraints. On 14 December 2012, ADB approved \$245 million in the third tranche of the ongoing \$810 million Power Distribution Enhancement Investment Program. The MFF targets investment in priority areas to reduce power losses and increase the reliability of the power distribution system. Through the facility, ADB has already assisted in the upgrading of 250 grid stations across Pakistan.

ADB has helped build or upgrade nearly 30,381 km of roads and highways, benefiting more than 3 million people. In water supply and sanitation, ADB programs have resulted in 606 km of water-supply pipes being installed or upgraded to bring clean water to more than 190,252 households. ADB has also added wastewater treatment capacity, benefiting 570,000 households. ADB assisted projects have helped build or upgrade more than 2,395 classrooms and trained more than 2,282 teachers, benefiting nearly 52,213 students.

Cofinancing

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations, to participate in the financing of ADB projects. The additional funds are provided in the form of official loans and grants, and commercial financing, such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program (TFP).

By the end of 2012, cumulative direct value-added official cofinancing for Pakistan amounted to \$518.7 million for 30 investment projects and \$56.5 million for 44 technical assistance projects.

A summary of projects with cofinancing from 1 January 2008 to 31 December 2012 is available at www.adb.org/countries/pakistan/cofinancing

Nonsovereign Operations

As a catalyst for private investments, ADB provides direct financial assistance to nonsovereign public sector and private sector projects in the form of direct loans, equity investments, guarantees, B loans,

Table 8. Pakistan: Projects Cofinanced, 1 January 2008–31 December 2012

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	1	25.00
Official loans	1	25.00
Technical Assistance Grants	2	0.48

^a A project with more than one source of cofinancing is counted once.

Table 9. Pakistan: Share of Procurement Contracts

Item	2011		2012		Cumulative (as of 31 Dec 2012)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	590.35	8.57	544.41	7.56	10,864.93	9.32
Consulting Services	10.09	2.35	4.09	0.85	195.13	2.38

Table 10. Pakistan: Contractors/Suppliers Involved in ADB Loan Projects, 1 January 2008–31 December 2012

Contractor/Supplier	Sector	Contract Amount (\$ million)
Siemens (Pakistan) Engineering Co., Ltd.	Energy, Multisector	89.62
LIMAK-ZKB JV	Transport and ICT	81.76
Sinotec-Shepe JV	Energy	72.33
Neie-LAC (JV), LAC	Agriculture and Natural Resources	58.21
Saadullah Khan and Brothers (SKB)	Agriculture and Natural Resources	45.60
Pak Elektron Limited	Energy, Multisector	39.32
Newage Cables (Pvt.) Limited	Energy, Multisector	35.83
Ghulam Rasool & Co., (Pvt.) Ltd.	Agriculture and Natural Resources, Multisector, Transport and ICT	34.33
Husnain Cotex Ltd.	Transport and ICT	30.78
Sparco-Clic (JV)	Agriculture and Natural Resources	30.01

ICT = information and communication technology.

Table 11. Pakistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Loan Projects, 1 January 2008–31 December 2012

Consultant	Number of Times Contracted		Contract Amount (\$ million)
	Contracted	Contracted	
National Engineering Services	3	17.22	
National Rural Support Program	2	10.92	
Associated Consulting Engineers (Pvt.) Ltd.	4	6.51	
Mirza Associates Engineering Services	1	3.13	
MM Pakistan Pvt. Ltd. in Association with MM Ltd. (UK)	1	2.48	
Indus Associated Consultants (Pvt.) Ltd.	2	2.11	
Euroconsult Pakistan (Pvt.) Ltd.	2	1.67	
Engineering General Consultants (Pvt.) Ltd.	2	1.58	
Punjab Hydropower Consultant JV of Hydro	1	1.55	
G 3/BM and Cameos Consultants	1	0.97	
Individual consultants	135	2.13	

Table 12. Pakistan: Top Consultants (Individual Consultants and Consulting Firms) Involved in ADB Technical Assistance Projects, 1 January 2008–31 December 2012

Consultant	Number of Times Contracted		Contract Amount (\$ million)
	Contracted	Contracted	
HTSPE Ltd., Pakistan	1	0.79	
Shelter for Life International, Pakistan	1	0.60	
Hagler Bailly Pakistan (Pvt.) Ltd.	1	0.55	
SoSec Consulting Services	1	0.54	
Bearingpoint Pakistan (Pvt.) Ltd.	1	0.51	
Semiotics Consultants (Pvt.) Ltd.	1	0.40	
FINCON Services, Inc.	1	0.29	
Citizen's Commission for Human Development	1	0.27	
Center for Peace and Development Initiatives	1	0.24	
Pakistan Institute of Costs and Contracts	1	0.15	
Individual consultants	282	9.52	

and trade finance. Since its inception, ADB has approved a total of \$1,021.8 million in nonsovereign financing for Pakistan, all of which went to 28 private sector projects. Total outstanding balances and commitments of ADB's private sector transactions in the country as of 31 December 2012 totaled \$633.7 million, representing 8.6% of ADB's total nonsovereign portfolio. Power and energy infrastructure projects are among the priorities for private sector operations. Other priorities include transport and communication, urban public-private partnerships, and social sectors.

ADB's TFP fills market gaps in trade finance by providing guarantees and loans through over 200 partner banks in support of trade. The TFP has supported \$13 billion in trade involving over 2,500 small and medium-sized enterprises. In Pakistan, the TFP works with 11 banks and has supported over \$5 billion in trade between 1,266 transactions. In addition to filling market gaps, the TFP's objective is to mobilize private sector capital/involvement in developing Asia. In Pakistan, over 58% of the \$5 billion in trade supported through the TFP was cofinanced by the private sector.

Procurement

From 1 January 1966 to 31 December 2012, contractors and suppliers were involved in 185,090 contracts for ADB loan projects worth \$116.58 billion. During the same period, contractors and suppliers from Pakistan were involved in 16,586 contracts for ADB loan projects worth \$10,864.93 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 11,990 contracts for ADB loan projects worth \$5.11 billion. During the same period, consultants from Pakistan were involved in 992 contracts for ADB loan projects worth \$152.86 million.

From 1 January 1966 to 31 December 2012, consultants were involved in 26,546 contracts for ADB technical assistance projects worth \$3.1 billion. During the same period, consultants from Pakistan were involved in 973 contracts for ADB technical assistance projects worth \$42.27 million.

About Pakistan and ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held: 231,240 (2.18% of total shares)
 Votes: 270,844 (2.04% of total membership,
 3.13% of total regional membership)

Overall capital subscription: \$3.55 billion
 Paid-in capital subscription: \$177.73 million

Contributions to Special Funds Resources

Pakistan has contributed to the Technical Assistance Special Fund (TASF), which provides grants to borrowing members to help prepare projects and undertake technical or policy studies.

Contributions to the TASF (committed): \$1.95 million

Gaudencio Hernandez, Jr. is the Director and **Siraj S. Shamsuddin** is the Alternate Director representing Pakistan on the ADB Board of Directors.

Werner Liepach is the ADB Country Director for Pakistan. The Pakistan Resident Mission (PRM) was opened in 1989 and provides the primary operational link between ADB and the government, the private sector, and civil society stakeholders in its activities. PRM engages in policy dialogue and acts as a knowledge base on development issues in Pakistan.

The Pakistan government agency handling ADB affairs is the Ministry of Economic Affairs and Statistics.

About the Asian Development Bank

ADB is a multilateral development bank owned by 67 members, 48 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance (TA). In 2012, lending volume was \$11.72 billion (110 projects), with TA at \$150.96 million (237 projects) and grant-financed projects at \$696.94 million (27 projects). In addition, \$8.3 billion was generated in direct value-added cofinancing in the form of official loans and grants and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2008 to 31 December 2012, ADB's annual lending volume averaged \$11.78 billion. In addition, investment grants and TA funded by ADB and special funds resources averaged \$778.77 million and \$172.56 million in TA over the same period. As of 31 December 2012, the cumulative totals excluding cofinancing were \$191.47 billion in loans for 2,531 projects in 44 countries, \$5.67 billion in 287 grants, and \$3.44 billion in TA grants, including regional TA grants.

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Useful ADB websites

Asian Development Bank
www.adb.org

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

Annual Report
www.adb.org/documents/series/adb-annual-reports

Depository Libraries
www.adb.org/publications/depositories/pak