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ADB Operations and Portfolio in Pakistan

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Pakistan Resident Mission

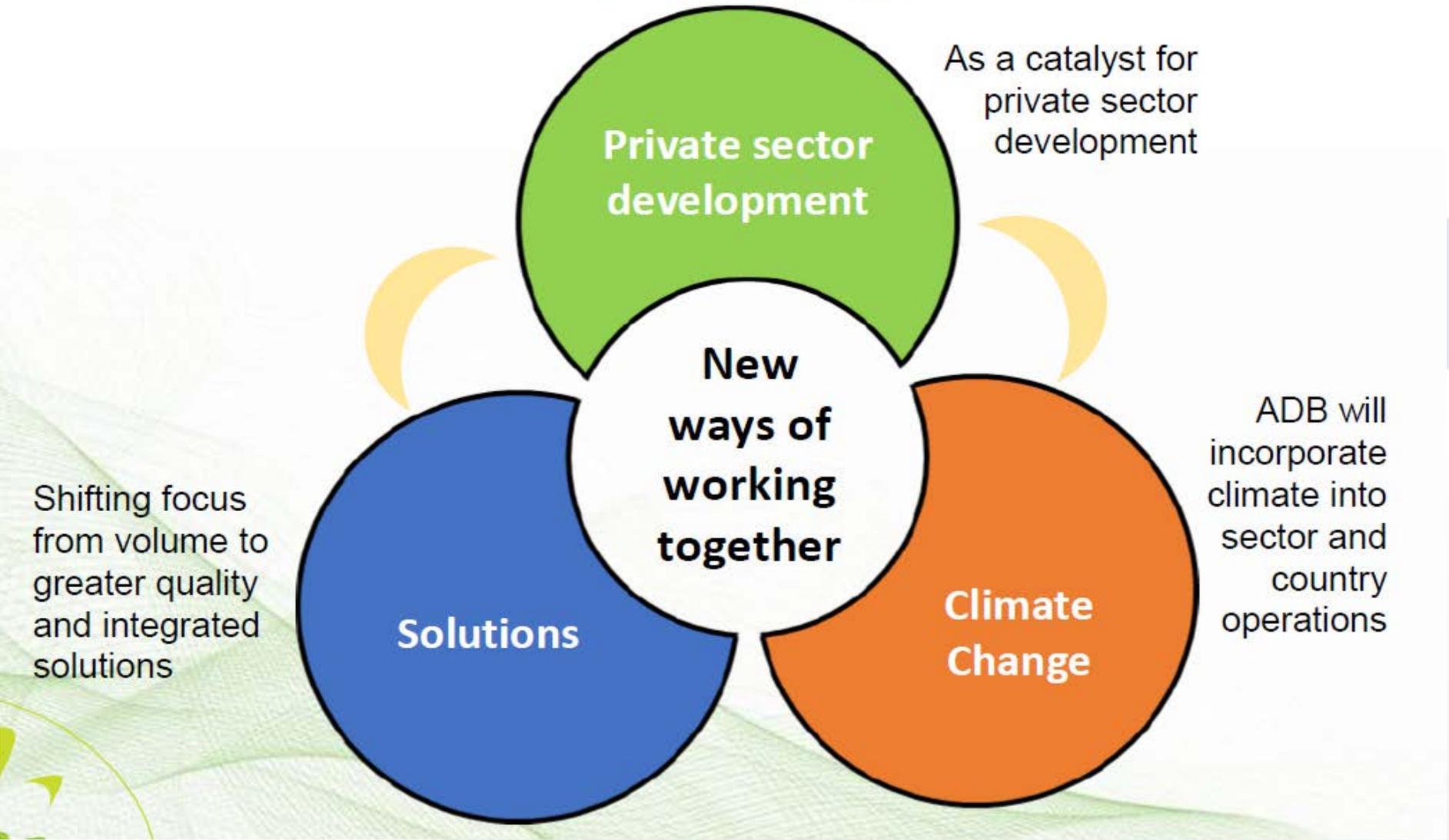


ADB

20 November 2023 | Karachi, Pakistan



New Operating Model



ADB's Vision, Value Addition, and Guiding Principles



ADB's Operational Priorities (Strategy 2030)



Addressing remaining poverty and reducing inequalities



Accelerating progress in gender equality



Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability



Making cities more livable



Promoting rural development and food security



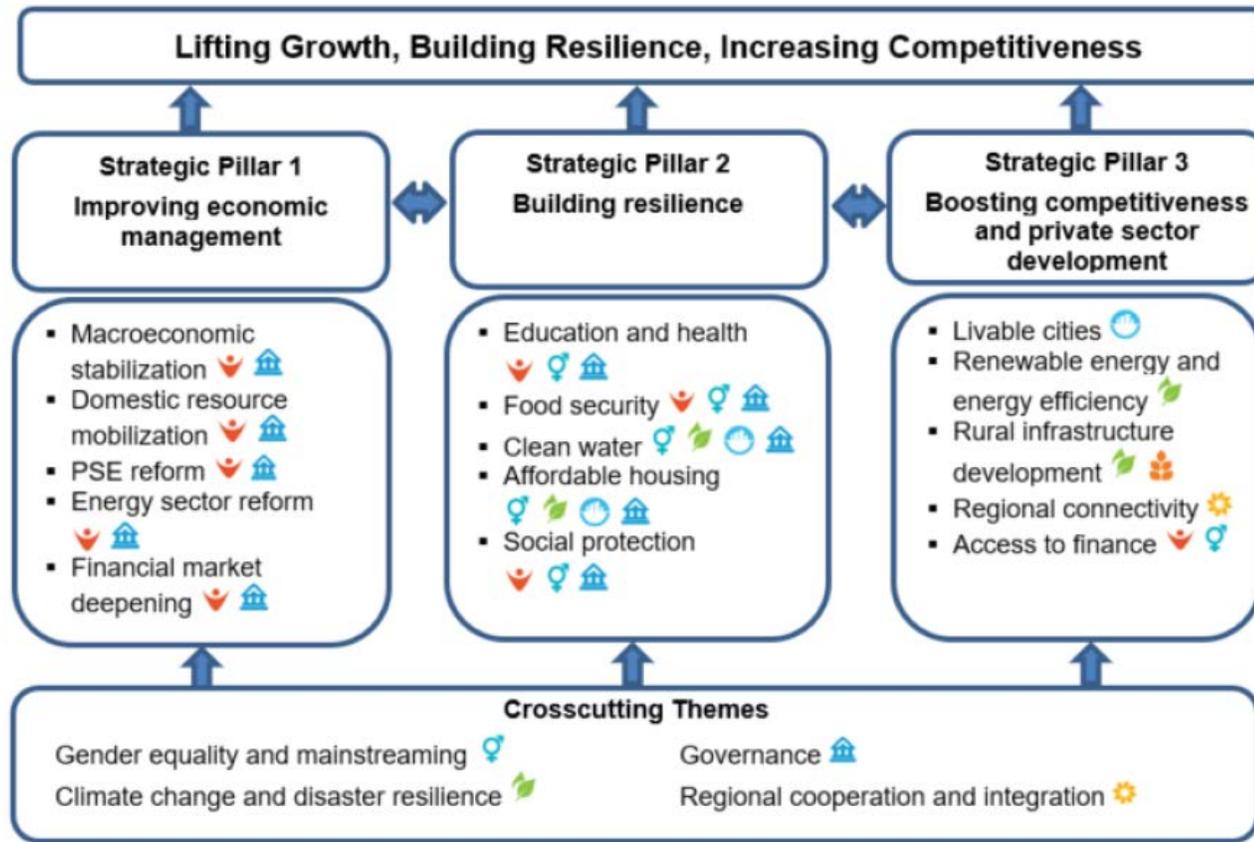
Strengthening governance and institutional capacity



Fostering regional cooperation and integration

ADB's country partnership strategy, 2021–2025 for Pakistan

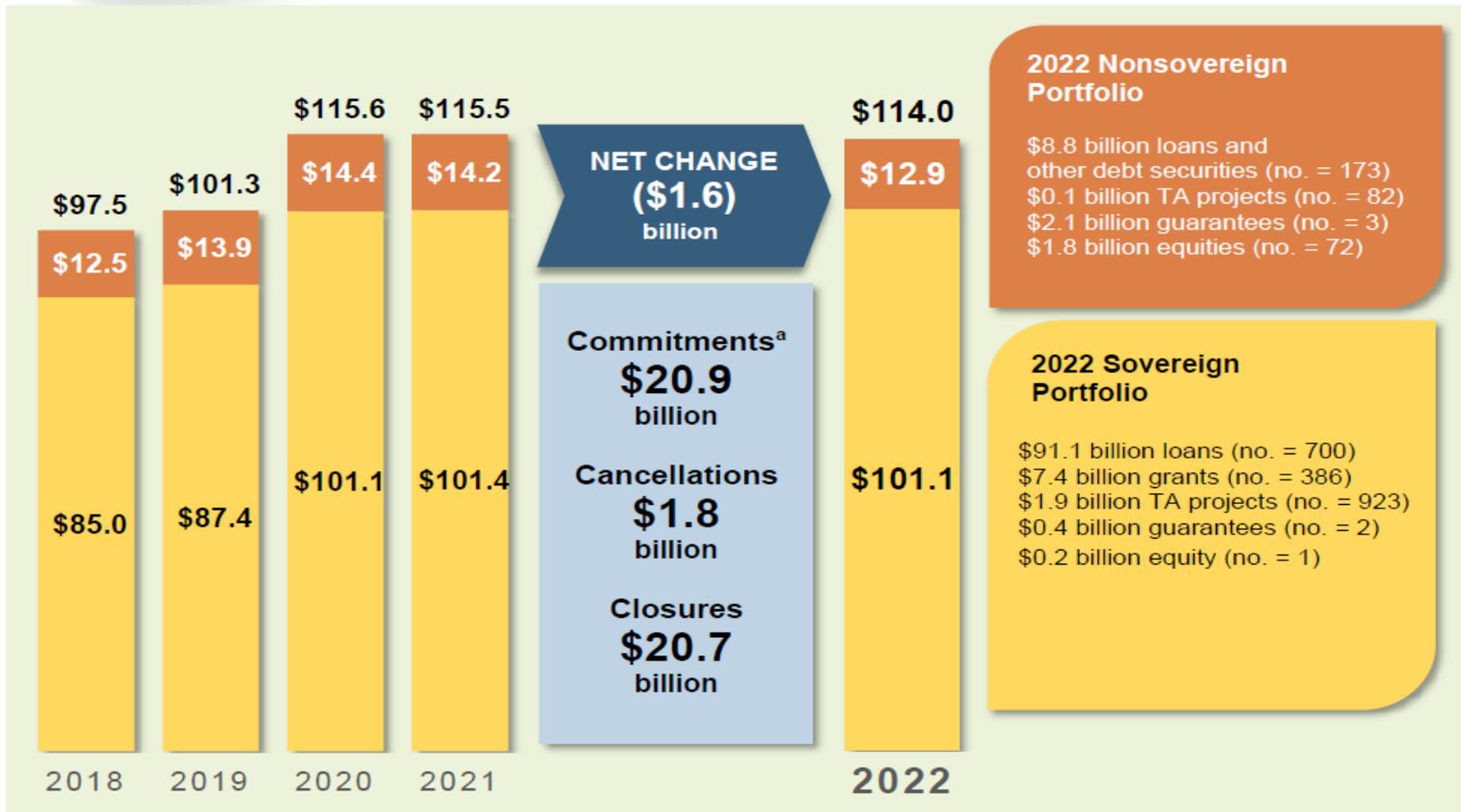
Country Partnership Strategy Framework



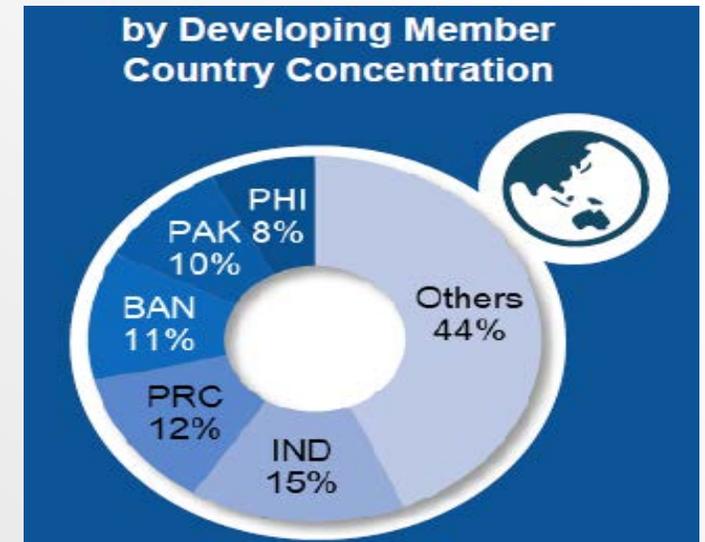
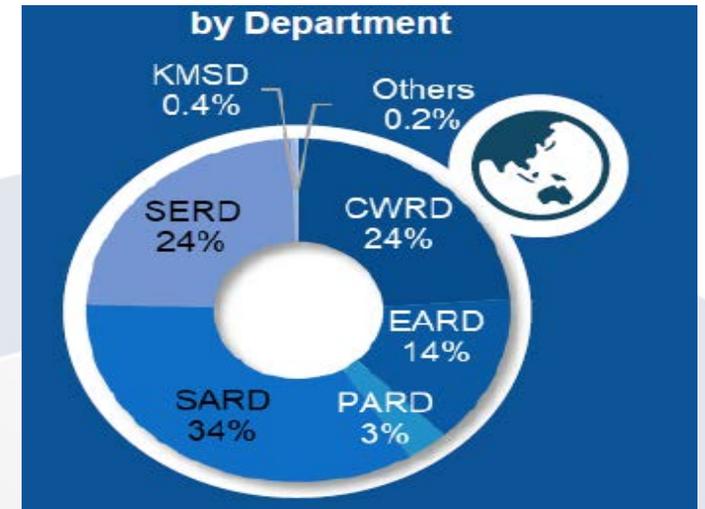
Focused on 3 interlinked Priorities

- **improving economic management** to restore stability and growth,
- **building resilience** by strengthening human capital and social protection to enhance productivity and people's well-being, and
- **boosting competitiveness and private sector development** to create jobs and expand economic opportunities.

ADB's 2022 Overall Portfolio (Sovereign & Non-sovereign operations)



Sovereign Portfolio Distribution by Percentage, 2022



Pakistan: Cumulative Commitment (till December 2022)

Sector	No.	Total Amount* (\$Billion)	% Total Amount
Projects/Programs & TAs	843	41.3	80.5
Energy	145	10.3	20.1
Public Sector Management	106	8.3	16.1
Transport	90	6.0	11.7
Agri/Natural Resource/Rural Dev	188	5.0	9.8
Finance	100	4.1	8.0
Edu/Health/Industry & Trade/ICT/Urban/Multisector	214	7.6	14.8
Trade and Supply Chain Finance & Microfinance Program**	7,359	10.0	19.5
Total	8,202	51.4	100

*Includes loans, grants, equity investments, guarantees, TA, and private sector programs

**ADB-financed commitments from private sector programs of which \$10 billion is short term (with maturity of less than 365 days)..



2022 Pakistan Portfolio Highlights

Active sovereign portfolio as of 31 December 2022: **\$9.70 billion**

Total Committed: \$2.675 billion

- 7 investment projects
- 1 grant
- 2 policy-based programs (\$1,800 million)

Repurposed for post-flood rehabilitation: \$70.8 million

- 2 investment projects

Cancelled:

- **\$535.82 million** loan proceeds savings/surplus

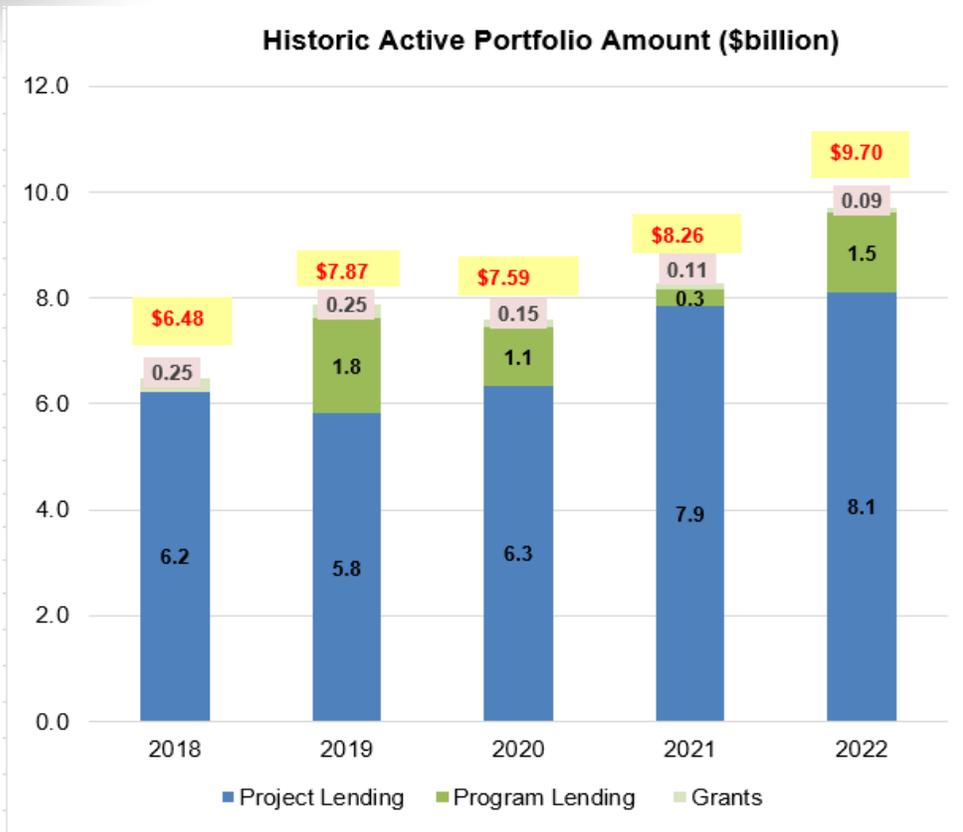
Contract Award and Disbursement

- **\$823 million** contract awarded (investment projects only)
- **\$2.476 billion** disbursed (including policy-based lending).

Pakistan Sovereign Portfolio and Commitments (2018 - 2022)



Historic Active Portfolio Amount (\$billion)



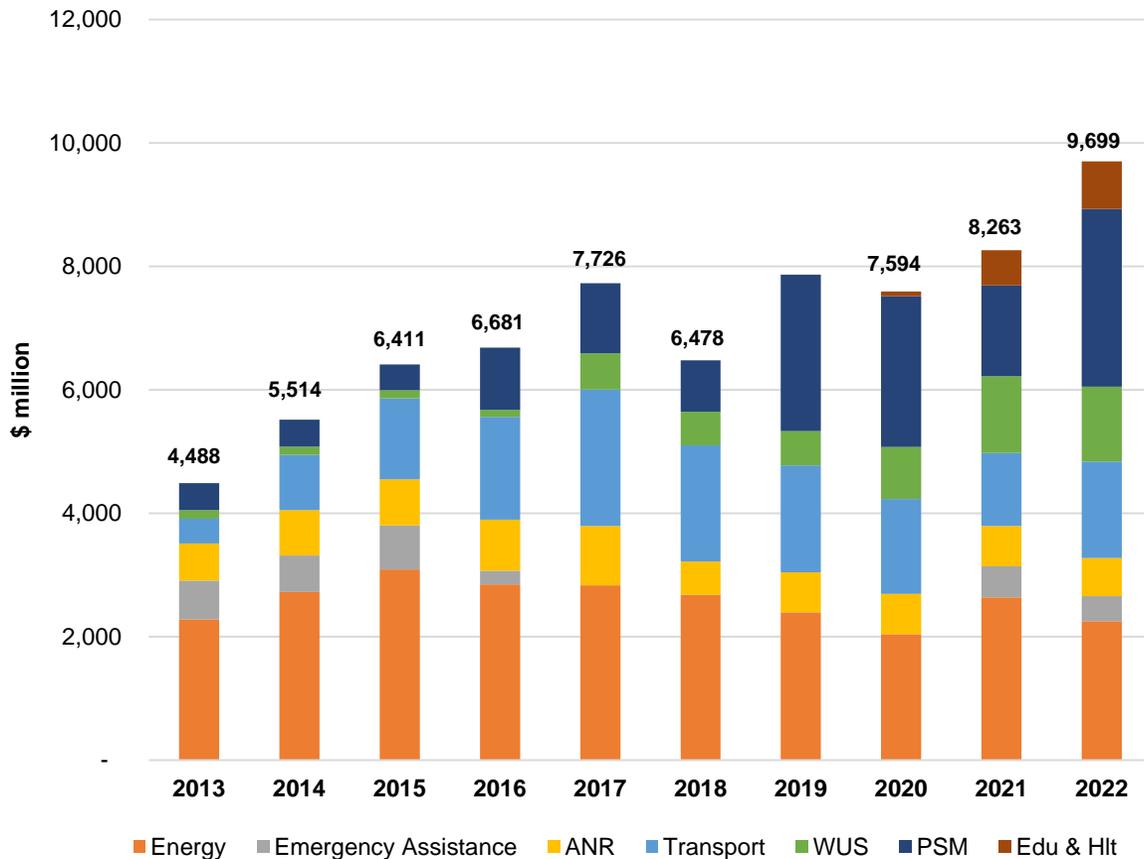
Annual Commitments (\$million)



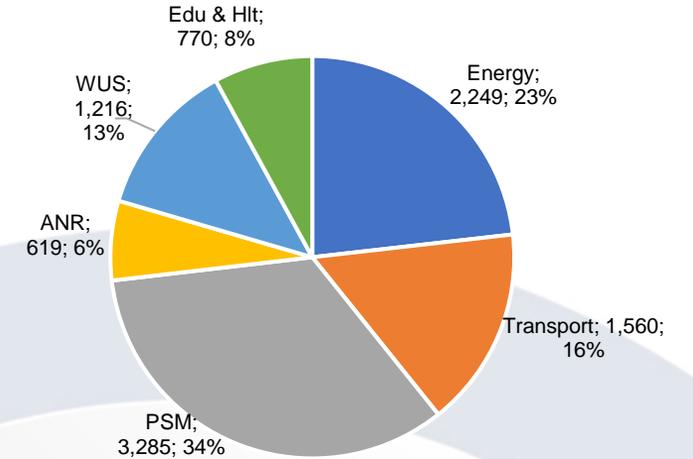
Pakistan: Sovereign Portfolio Distribution



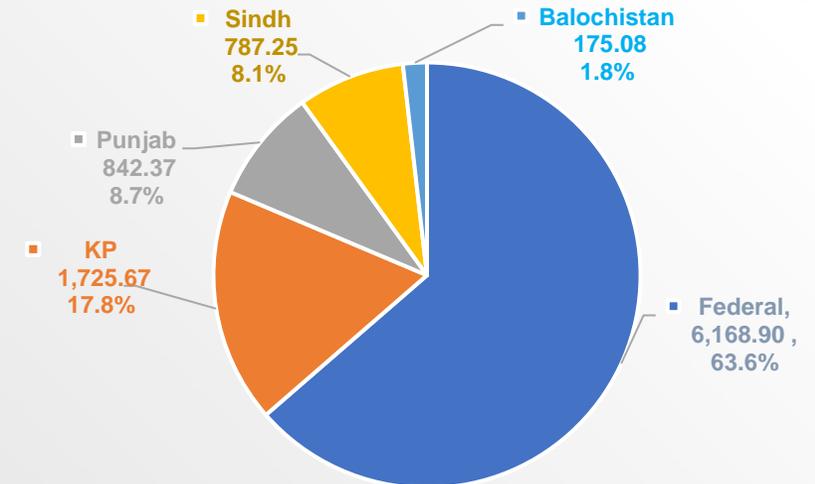
Sector Trend (2013-2022)



Sectoral Contribution in Portfolio (2022) (\$mil)



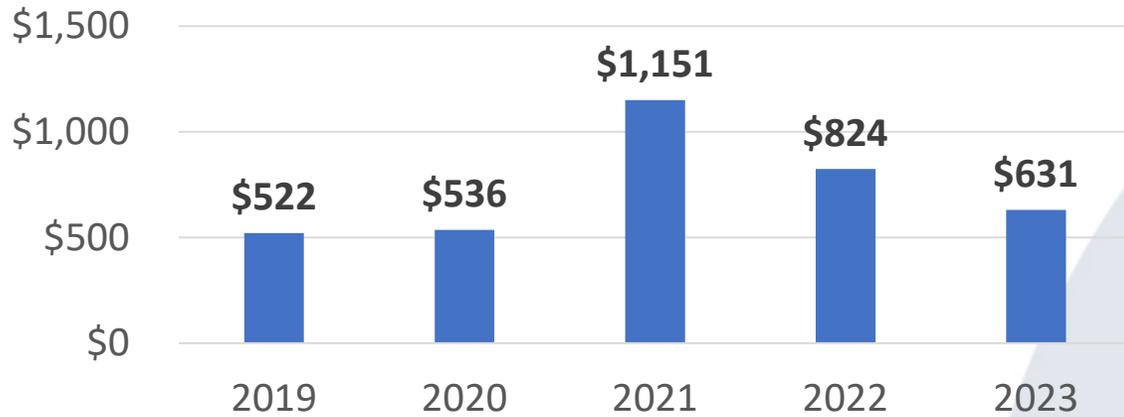
Total Active Portfolio by Province (\$9,699 mil, %)



Contract Award and Disbursement Trend



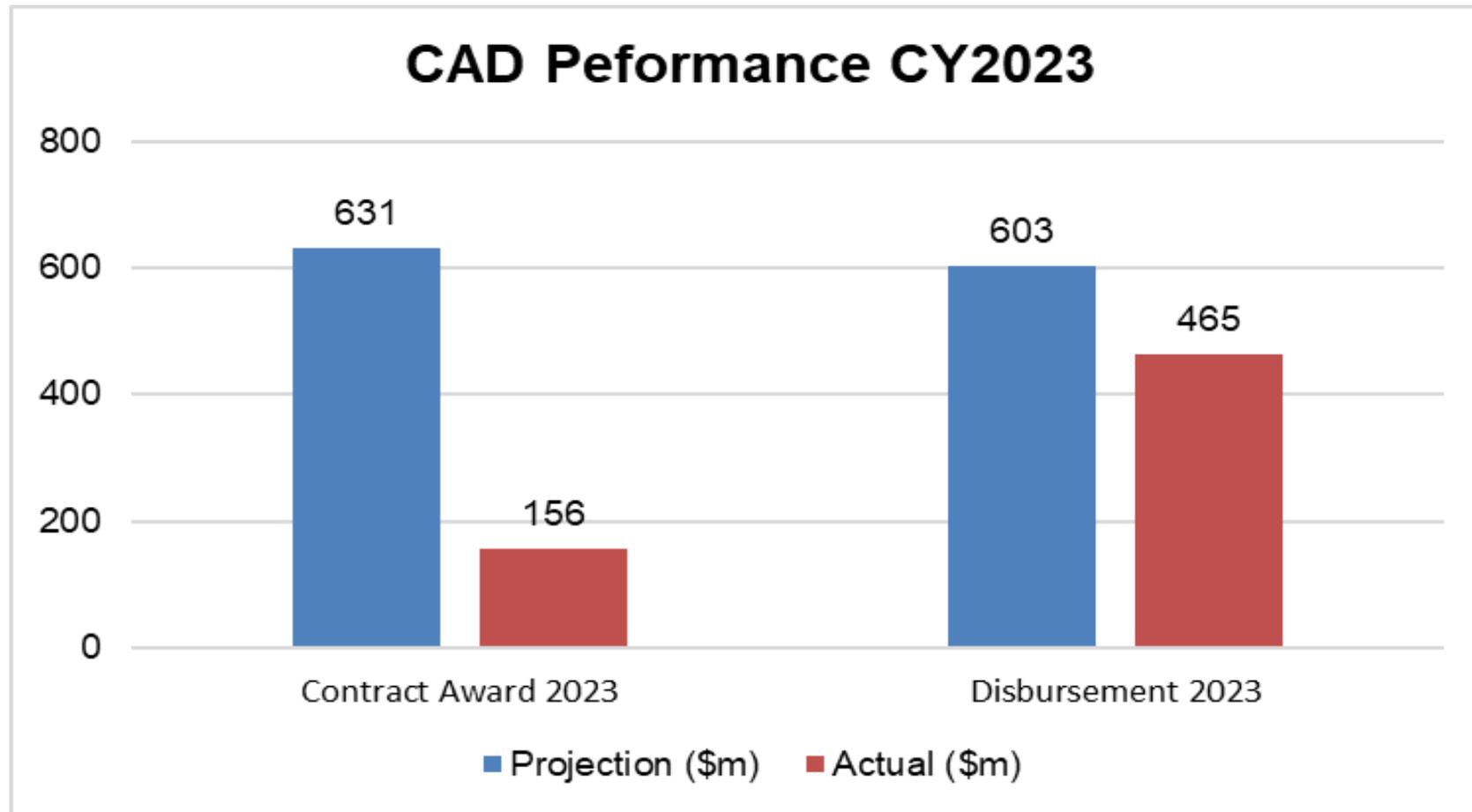
Contract Award Trend
CY 2019-2022 (actual), 2023 (projection)
(\$ million)



Disbursement Trend
CY 2019-2022 (actual), 2023 (projection)
(\$ million)



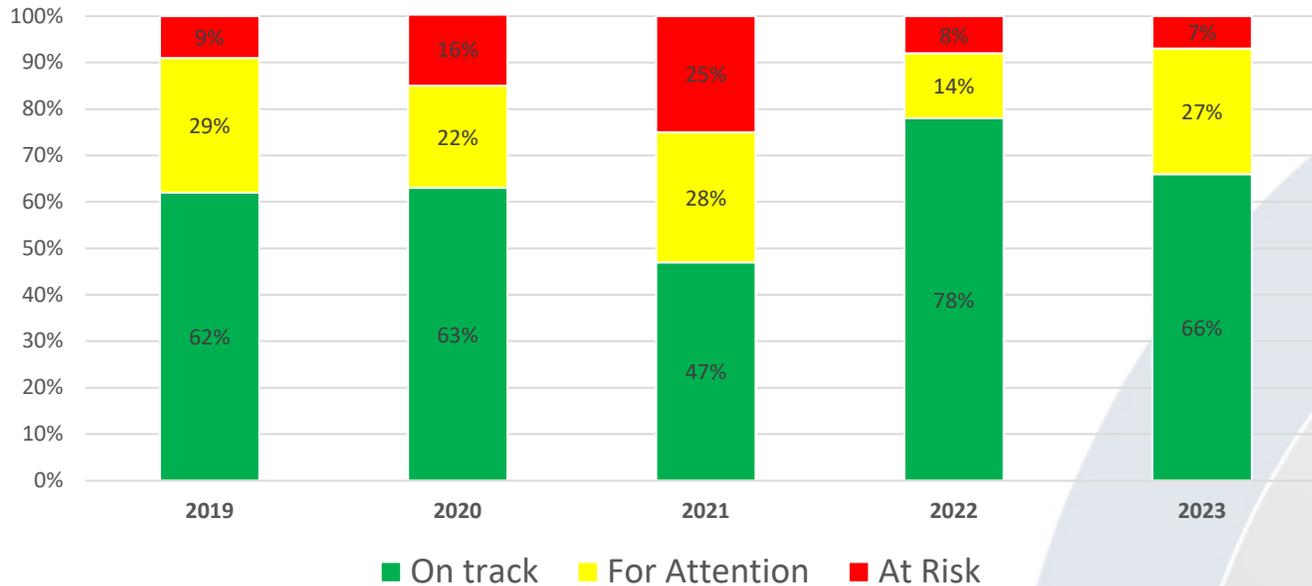
CY 2023 Contract Award and Disbursement Annual Target vs Achievement so far (as of 30 Sep 2023)



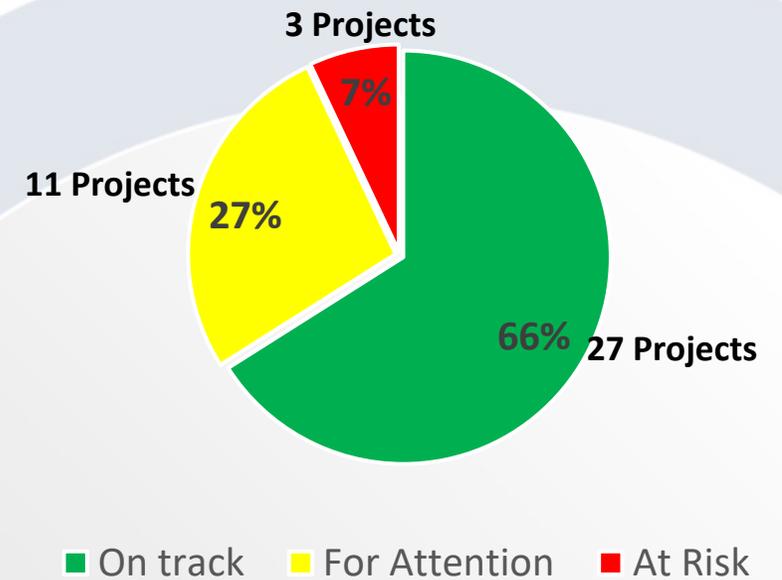
Pakistan: Portfolio Performance(Q3 2023)



Annual Performance History



Annual Performance History (2023 Projects)



Pakistan: Pipeline Projects (expected in 2023, subject to readiness)

No.	Modality	Project/Program Name	Commitment Pipeline (\$ M)			
			ADB Total	Co-Fin	Source	Total
1	Project	Power Transmission Strengthening Project	250.0	-		250.0
2	Project	Khyber Pakhtunkhwa Food Security Support Project (formerly KP Rural Resilience Enhancement Project)	80.0	3.0	JFPR	83.0
3	Project	Balochistan Urgent Response for Food Security Project (Additional Financing for Emergency Flood Assistance Project)	0.0	5.0	JPFR	5.00
4	Project	Support for Flood reconstruction - Sindh Education I (Additional Financing)	275.0	-	-	275.0
5	MFF	CAREC Corridor Development Investment Program, Tranche 3	360.0	-	-	360.0
6	PBL	Domestic Resource Mobilization Modernization Program	300.0	-	-	300.0
7	SDP	Women's Inclusive Finance Program (formerly PAK MSME Fair) SP1	155.5	-	-	155.5
8	Project	Developing Resilient Environments and Advancing Municipal Services (DREAMS) in Punjab Project	180.0	45.0	Govt	225.5
		Total	1600.5	53.0		1,654.0

Key Challenges in Portfolio Performance

During Implementation: “Good Governance”

- LARP implementation
- Staffing /continuity
- Ownership by all stakeholders
- Timely decision

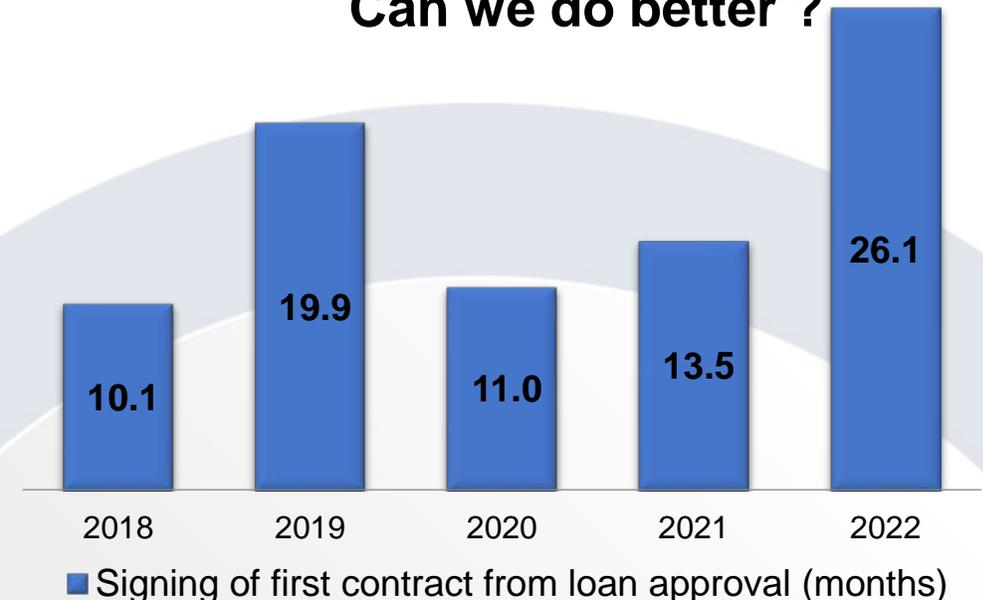
During Project Processing: “Fit-for-Purpose” Tools:

- Project Readiness Facility (PRF),
- Small- Expenditure Financing Facility (SEFF)
- Framework Transaction Technical Assistance (F-TRTA).

• Enhance Readiness Level: “shovel-ready” at Loan Signing

- Ready to sign Consulting & Construction Contracts
- Make substantial portion of Land available
- Relocate existing utilities and complete preparatory works

Can we do better ?



Examples: Use Fit-for-Purpose Project Readiness Tools

PRF Tool used in Pakistan

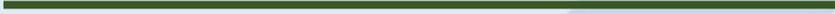
- 5 ongoing PRF in 2022, in Urban and ANR sectors
- 2 more PRF approved in 2022
- Example KP Cities Improvement Project (\$9M + \$15M):
These two PRF have been very useful and contributed to strong design, procurement and safeguards readiness prior to loan approval with high contract award ratio within one year after loan effectiveness
- Consider expanding PRF to other sectors, such as Transport, Energy, Health/Education

Fit-for-Purpose Tools:

- Project Readiness Facility (PRF),
- Small- Expenditure Financing Facility (SEFF)
- Framework Transaction Technical Assistance (F-TRTA).

Key Challenges in PAK Portfolio Performance



Project Processing Period	Project Implementing Period 5 Years	Extension 1	Extension 2
LARP Approved	Land acquisition completed: 2 to 4 years + 		
IFB/RF published	Procurement completed: 1 to 3 years+ 		
Project Readiness Period	 		

During Processing: Prepare Shovel-Ready Project



Project Processing Period	Project Implementing Period 5 Years	No Need Extension 1	No Need Extension 2
≥ 50% Land acquisition completed <hr/>			
Construction Contract Finalized ≥ 30% Works Contract finalized <hr/>			
Project Readiness Period <hr/>	<p>Construction implementation period</p>		

During Project Processing: Enhance Project Readiness Level : “shovel-ready” Project



Stage	Content	Current Readiness Filters	Proposed Enhanced Readiness Filters
By (or before) loan negotiation	Land Acquisition	Implementable LARP prepared Section 5 of the Land Acquisition Act triggered	≥ 50% land acquisition completed
	Consultancy contract	RFP issued	Contract ready to be awarded
	Civil works contracts	IFB of major contract(s) published	≥ 30% by value ready to be awarded

Enhance Readiness Level: “shovel-ready”

- Procurement Ready
- Land Acquisition & utility relocation



Thankyou

