

## DEVELOPMENT COORDINATION

### A. Major Development Partners: Strategic Foci and Key Activities

1. The major development partners supporting the government's public sector enterprise (PSE) reform agenda are the Asian Development Bank (ADB), the Department for International Development of the United Kingdom, the International Monetary Fund (IMF), the United States Agency for International Development (USAID), and the World Bank Group.

#### Major Development Partners Key Assistance for Pakistan public sector enterprises

Development Partner	Project Name	Duration	Amount (\$ million)
<b>Public Sector Management (public sector enterprises)</b>			
DFID–World Bank	technical assistance for economic reforms	2014–2018	TBD
IMF	extended fund facility	2013–2016	... <sup>a</sup>
USAID	short-term technical assistance	2014	5.0
World Bank	Fiscally Sustainable and Inclusive Growth – I	2013–2014	... <sup>b</sup>
<b>Energy (public sector enterprises)</b>			
ADB	Sustainable Energy Sector Reform Program	2014–2019	400.0 <sup>c</sup>
USAID	Power Distribution Program	2010–2015	170.0
World Bank	Power Sector Reform: Development Policy Credit	2014–2015	600.0

... = not available, ADB = Asian Development Bank, DFID = Department for International Development of the United Kingdom, IMF = International Monetary Fund, TBD = to be determined, USAID = United States Agency for International Development.

<sup>a</sup> The \$6.68 billion extended fund facility includes policy conditions related with the privatization agenda. However, the funding is provided directly into the federal budget and does not earmark funds for any particular reform area.

<sup>b</sup> The \$400 million development policy credit includes policy conditions related with the privatization agenda. However, the funding is provided directly into the federal budget and does not earmark funds for any particular reform area.

<sup>c</sup> The Sustainable Energy Sector Reform Program is a policy-based programmatic approach over 5 years, for which funding for subprogram 1 was approved on 24 April 2014 (\$400 million).

Sources: Development partners' websites and the Asian Development Bank.

2. The Department for International Development of the United Kingdom is considering allocating about \$40 million to a World Bank-managed trust fund to provide technical assistance for economic reforms. The technical assistance is expected to strengthen the government's capacity to implement its economic reform agenda in (i) the energy sector, (ii) restructuring and privatizing PSEs, (iii) the tax regime, and (iv) public debt management.

3. The IMF is supporting the government's economic program through a 36-month arrangement under the extended fund facility approved on 4 September 2013. The objectives under the extended arrangement are to (i) ensure medium-term fiscal sustainability, (ii) rebuild external buffers and maintain price stability over time, (iii) implement structural reforms to achieve inclusive growth, and (iv) protect the most vulnerable. The program of reforms includes changes in energy policy to address longstanding problems in the sector as well as structural benchmarks on implementation of the privatization program.

4. USAID is considering three levels of short-term technical assistance to the Privatisation Commission and the Economic Reforms Unit in the Ministry of Finance for implementation of the PSE reforms agenda. They are: (i) international experts that can be tapped on an ad hoc basis to help address specific technical and process-related questions; (ii) mid-level technical officers to conduct research, draft reports, and collect and analyze financial data; and (iii) administrative staff to support daily needs. In addition, the USAID Power Distribution Program

aims to work with Pakistan's nine government-owned power distribution companies to improve their operational and financial performance by reducing losses, increasing revenues, and improving customer service. USAID is planning to provide technical and policy assistance to support the transition of these distribution companies from public management to private management.

5. The World Bank Fiscally Sustainable and Inclusive Growth Development Policy Credit aims to increase private and financial sector development, and expand social protection and revenue mobilization. The program includes policy reform actions for Pakistan's privatization program. The first stage (\$400 million) was approved in 2014 and the second stage is planned to be approved in FY2015. Further collaboration will be articulated under the joint country partnership framework approved in 2014. Short-term technical assistance is also being provided to the Privatisation Commission through a resident advisor. The World Bank Group has supported the Securities Exchange Commission of Pakistan in disseminating the Public Sector Companies (Corporate Governance) Rules 2013.<sup>1</sup> IFC will be working with power sector companies to improve their corporate governance practices.

## **B. Institutional Arrangements and Processes for Development Coordination**

6. Development partners have been coordinating their support for the government's economic reform program, particularly under the umbrella of the IMF program. ADB carried out a needs assessment for the technical assistance for the PSE reform agenda and the related adjustment costs.<sup>2</sup> The assessment was shared and discussed among development partners. All major development partners have outlined current and planned activities under the PSE reform agenda. These contributions have been included in a shared matrix that supports coordination of activities related to (i) core strategic planning, decision-making, and implementation capacity for the PSE reform agenda; (ii) support for the privatization program; (iii) restructuring of specific PSEs; (iv) strengthening of corporate governance; and (v) special studies.

7. The Privatisation Commission has also prepared a time-bound matrix of planned privatization transactions for coordination of development partners' assistance earmarked for particular transactions, based on the Privatisation Program approved on 3 October 2013.<sup>3</sup>

## **C. Achievements and Issues**

8. The magnitude of the government's needs is very large, and some development partners are still preparing their support for the PSE reform agenda. In April 2014, ADB promoted initial meetings between major development partners, which triggered the creation of an informal coordination group.

## **D. Summary and Recommendations**

9. ADB will continue to promote regular meetings with relevant development partners on all aspects of work related to the project, coordinated by the IMF or ADB.

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<sup>1</sup> Securities and Exchange Commission of Pakistan. 2013. Public Sector Companies (Corporate Governance) Rules, 2013. [http://www.secp.gov.pk/CG/SRO\\_180\\_PublicSectorCompanies\\_CGRules\\_2013.pdf](http://www.secp.gov.pk/CG/SRO_180_PublicSectorCompanies_CGRules_2013.pdf)

<sup>2</sup> Economic and Financial Analysis (accessible from the list of linked documents in Appendix 2).

<sup>3</sup> Government of Pakistan, Privatisation Commission. Broad-Based Privatisation Programme of the Government. <http://www.privatisation.gov.pk/Policy%20and%20Objectives/Privatisation%20Programme.htm>