Early Warning System

ADB-53165-002

Energy Sector Reforms and Financial Sustainability Program (Subprogram 2)

Early Warning System

ADB-53165-002

Energy Sector Reforms and Financial Sustainability Program (Subprogram 2)

Quick Facts

Countries	Pakistan
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2021-12-10
Borrower	Islamic Republic of Pakistan
Sectors	Energy
Investment Amount (USD)	$ 300.00 million

Project Description

According to ADB documents, the programmatic approach and subprogram 1 were approved on 6 December 2019 to address financial, technical, and governance deficits in the energy sector that adversely impact sector sustainability and affordability, and Pakistan's fiscal balance and macroeconomic stability. Subprogram 2 aims to (i) secure financial sustainability by controlling the accumulation of and reducing _circular debt_; (ii) strengthen governance by implementing a road map for a competitive electricity market, separating the policy and regulatory functions in the hydrocarbon segment, appointing appellate tribunals, implementing multiyear tariffs, and unbundling the gas segment; and (iii) reinforce infrastructure improvements through integrated planning to facilitate public and private sector investment across the energy sector.

Subprogram 2 is embedded in the programmatic approach and is consistent with the Sustainable Development Finance Policy. It complements and mutually reinforces energy reforms with the International Monetary Fund (IMF) under its $6 billion Extended Fund Facility (EFF) and the World Bank's approved $400 million Program for Affordable Clean Energy 1 for sector sustainability enhancement. The second through fifth reviews of the IMF's EFF were approved on 24 March 2021, effecting a disbursement of $500 million. The sixth review was concluded on 18 November 2021, making available for disbursement $1,059 million, bringing total disbursements under the EFF to about $3,027 million. Subprogram 2 (footnote 4) is linked with operational priority (OP) 1 (addressing remaining poverty and reducing inequalities), OP2 (accelerating progress in gender equality), OP3 (tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability), and OP6 (strengthening governance and institutional capacity) of the Asian Development Bank (ADB) Strategy 2030. Subprogram 2 is aligned with meeting Pakistan's Nationally Determined Contribution targets for climate change through the deployment of renewable energy by replacing thermal generation, improving demand-side energy efficiency, and reducing unaccounted for gas losses. Hence, SP2 contributes to Sustainable Development Goal (SDG) 9 (finding lasting innovation and technological solutions for increased energy resources and efficiency), SDG 12 (encouraging sustainable energy production and consumption patterns), and SDG 13 (taking urgent action to climate change and its impacts). It also contributes to the achievement of Sustainable Development Goal 7 (ensure access to affordable, reliable, sustainable, and modern energy for all) through improved energy access across Pakistan.

Investment Description

- Asian Development Bank (ADB)

Contact Information

Responsible ADB Officer	Hewitt, Kelly Desheil
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Energy Division, CWRD
Executing Agencies	Ministry of Finance Q-Block, Finance Division, Pak Secretariat, Red Zone, Islamabad, Pakistan

ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.adb.org/forms/request-information-form

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: https://www.adb.org/site/disclosure/appeals

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main.

Bank Documents

- Loan Agreement [Original Source]
- Project Disclosure PDF [Original Source]
- Report and Recommendations from the President [Original Source]