

World Bank Discusses Roadmap for Assistance to Pakistan: Approves \$500 Million to Support Ongoing Reform Program

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WASHINGTON, June 11, 2002 – The World Bank Board of Directors today endorsed the institution's strategic roadmap for continued engagement with Pakistan and approved a US\$500 million credit to support the ongoing implementation of Pakistan's reform program and debt reduction strategy.

The new **Country Assistance Strategy** (CAS), which will guide the Bank's work in Pakistan over the next three years, focuses on supporting those key reforms that will put the country on a path of sustainable growth needed to generate the resources for improvements in the education and health of all Pakistanis. The US\$500 million **Second Structural Adjustment Credit**, provides balance of payments support and is triggered by a number of reforms already under implementation, including governance improvements and increased expenditures on social service delivery, such as education.

"Today we look forward to continuing our support to Pakistan," said **John Wall, World Bank Country Director for Pakistan**. "The Country Assistance Strategy keeps a relentless focus on reforms which promote sustainable growth, improve governance and build the investment climate. These are all crucial in creating the fiscal space for aggressive human development efforts. The balance of payments support finances reforms already achieved or in progress. As our CAS notes, there remains a huge challenge ahead for Pakistan to really make an impact on the lives of its many, many poor citizens and, in the words of its own leaders, 'make up for lost decades'. The Bank's Board today recognized the commitment to reform shown so far by the Government of Pakistan and, simultaneously, sent a firm message to move even faster."

The CAS was developed in extensive consultations held across Pakistan and voices from villages, towns and cities contributed to shaping the final document that was discussed today. One of the guiding principles of this document was that it should reflect the country's own strong ownership of reform. As Pakistan's authorities had already launched an Economic Revival Plan in late 1999, before going on to formulate the current Poverty Reduction Strategy Paper (PRSP), a home-grown plan was already firmly in place to underpin the CAS.

The **Second Structural Adjustment Credit** supports the ongoing implementation of the government's PRSP and its focus on engendering growth, improving governance and human development, and enhancing social protection and employment opportunities for the poor.

The PRSP outlines an ambitious program of reforms for economic policies and for institutions. The various actions supported by this credit contribute to maintaining macroeconomic stability and laying the foundation for growth and poverty reduction by:

- Accelerating power sector reforms by restoring the sector's financial viability and facilitating its expansion;
- Revamping the tax administration system to improve governance and increase revenues;
- Improving the policy framework in the high-potential oil and gas sectors to attract domestic and foreign investment;
- Improving the effectiveness of social services through civil service reforms, and enhanced transparency and accountability in the use of public resources;
- Accelerating the implementation of the Education Sector Reforms Action Plan and the new National Health Policy; and
- Establishing monitoring and evaluations systems to assess progress in the implementation of the Poverty Reduction Strategy.

The credit, from the International Development Association (IDA), the World Bank's concessionary lending arm, has a 35-year maturity with a 10-year grace period and a 0.75 percent service charge.

For more information on this adjustment credit:

http://www-wds.worldbank.org/servlet/WDServlet?pcont=details&eid=000094946_02042604211142

The World Bank in Pakistan website:

<http://www.worldbank.org.pk>