World Bank Group Pakistan Country Partnership Strategy FY2015-19

1. **The WBG's Country Partnership Strategy (CPS)** for Pakistan covers the period of FY 15-19. The Strategy was discussed by the World Bank Board of Executive Directors on May 1.

2. **The CPS for Pakistan is structured to help the country tackle the most difficult—but potentially transformational—areas to reach the twin goals of poverty reduction and shared prosperity**. The four strategic pillars—results areas—of the CPS are anchored in the Government's framework of 4Es: Energy, Economy, Extremism and Education; and the initial priorities of the upcoming Vision 2025.

3. The **Result Areas** are:
   - ***Transforming the energy sector***. The WBG is committed to support reforms and large investments in the power sector to reduce load shedding, expand low-cost generation supply, improve governance and cut losses.
   - ***Supporting private sector development.*** The WBG will aim to expand policy-based support for strengthening the business environment, including in the provinces, to improve competitiveness and expand investment, improve productivity of farms and businesses, and make cities more growth friendly to create productive and better jobs (especially for youth and women).
   - ***Reaching out to the underserved, neglected, and poor.*** This requires a stronger focus on micro, small and medium enterprises (MSMEs), women and youth, fragile provinces/regions and poorer districts, social protection, and resilience and adaptation to the impact of climate change.
   - ***Accelerating improvements in services***. The pace of improvement is far too slow. At the federal and provincial levels this means increasing revenues to fund services and setting more ambitious stretch targets for areas that are not producing change fast enough (especially education and health).
   - ***Leveraging regional markets.*** Interwoven with the four results areas, this cross-cutting program focuses on energy and trade, including critical building blocks of an integrated regional electricity market in South Asia with power transmission links to Central Asia and India; sub-regional collaboration; and other opportunities to capture the potential of cross-border trade between Pakistan and its neighboring countries. Sustained regional cooperation has the potential to add 2 percent to Pakistan's GDP per year, help create viable transit corridors, and contribute to overall stability in the region.

4. **The CPS envisages an indicative financing envelope of about $11 billion over the CPS period.** This includes an IDA lending of about $1.1 billion per year (subject to SDR/$ exchange rate). Pakistan could also benefit from additional regional IDA allocations, particularly in trade and energy. IBRD lending would require strengthened macroeconomic balances, evidenced among other things by foreign exchange reserves equal to at least 2½ months of imports of goods and services and a stable or declining public debt to GDP ratio. If IBRD lending resumes, it would be limited to investment lending of $500 million a year and a maximum of $2 billion in total over the CPS period. IFC will also expand its efforts to bring in more private capital, investing $500 million–700 million a year from its own sources and mobilizing another $50 million–100 million per year from other investors. Altogether with MIGA and MDTF, the financing envelope would represent a 20 percent increase over the last CPS period.