EXCLUSIVE INTERVIEW

WORLD BANK GROUP

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> "In partnership with the World Bank, Pakistan is strengthening its credibility by adopting global climate-finance standards and advancing reforms for transparency and resilience. The Bank is supporting this foundation through environmental risk assessment with the State Bank, the National Climate Finance Strategy launched at COP29, and a new green financing institution in Punjab—making Pakistan's ambitions financeable and its growth path more inclusive."

ICMA: How does Pakistan's inclusion in broader MENA economic dialogues influence its financial governance priorities, and what role can transparency play in strengthening its bargaining power?

Bolormaa Amgaabazar: Pakistan's entry into the MENA economic community strengthens its access to trade, remittance, and investment flows. Existing trade links can be deepened. Remittance flows from the Middle East are already a vital income source and can grow further. There is clear potential to expand financial and investment ties. The region also faces shared challenges: governance gaps, demographic pressures, and the need for faster, more inclusive growth.

In any new relationship, credibility matters. Demonstrating transparency and institutional integrity strengthen Pakistan's credibility and position as a partner. The World Bank is actively supporting this through technical work on financial and budgetary transparency and public sector governance reform.

ICMA: With climate-resilient investment needs projected at $565.7 billion by 2030, how can Pakistan use IFRS S1 and S2 disclosures to attract private capital and close the financing gap?

Bolormaa Amgaabazar: International investors (pension funds, green bond buyers, climate-focused private equity) can only deploy capital where they can reliably assess and compare risks. Adopting IFRS S1 and S2 provides a single globally recognized framework, giving investors the comparability they require.

Clear disclosure of how climate risks affect financial performance builds investor confidence and lower the cost of capital for green investments.

The World Bank is already helping Pakistan build this foundation. We are supporting the State Bank of Pakistan on environmental risk assessment, helping develop the National Climate Finance Strategy launched at COP29 in Baku, and establishing a dedicated green financing institution in Punjab. Adopting global disclosure standards is what makes these ambitions financeable.

ICMA: With GDP growth projected at around 3.0–3.2% through FY27, what structural reforms are most urgent to break out of this low-growth trap?

Bolormaa Amgaabazar: Pakistan has stabilized its economy, but stability alone will not deliver growth. Subsidies have been cut, inflation reduced, the exchange rate liberalized, and revenues increased. The IMF program is now on track. Private investment is beginning to return. But this is not sufficient for sustained growth. Breaking out of the low-growth trap requires a focused set of structural reforms.

Trade: Trade reform must continue. Implement tariff reforms to boost exports and reduce input costs.

Tax: The tax base must broaden. Only around 7 million people file taxes in a country of 250 million, leaving the system distortionary and compliance weak. Coordinated federal and provincial action, including property and agriculture taxes, is essential. Business regulation must be simplified, with the current environment actively deterring investment.

Energy: Reduce energy costs through private participation and a shift toward renewables.

Finally, the fiscal relationship between federal, provincial, and local governments must be better aligned so that resources, responsibilities, and accountability are properly aligned.

ICMA: What governance safeguards will the World Bank emphasize to ensure CPF resources are not diluted by rent-seeking or weak accountability mechanisms?

Bolormaa Amgaabazar: The World Bank safeguards are strong, including procurement oversight, environmental and social safeguards, and grievance redress mechanisms. Beyond this, we are supporting the government in strengthening its own institutional capacity, including e-procurement rollout and expansion of financial management information systems.

But systems alone are not enough. Impact ultimately depends on sustained government commitment to reform. The CPF is therefore designed with deliberate flexibility to focus resources toward sectors where government commitment is strong and reform momentum is real, and to move away from areas where the policy context is less conducive.

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ICMA: The government is preparing a new Time of Use (ToU) tariff structure to encourage daytime industrial operations. How can this reform be designed to balance energy efficiency, industrial competitiveness, and fiscal sustainability?

Bolormaa Amgaabazar: The ToU[1] tariff structure that is under preparation should be designed around a carefully calibrated rebalancing of fixed and variable charges to send efficient consumption signals while preserving utility revenues. Tariff signals must be clear, predictable, and credible to guide business decisions, encourage productive demand, and improve utilization of existing generation and network capacity.

This balance is particularly critical in Pakistan, where industrial growth and power-sector performance are closely interlinked. The design should account for differences in operating patterns across industries, while ensuring that the benefits do not come at the expense of the sector's financial sustainability. Lower variable charges during solar-rich daytime and other off-peak hours can improve industrial competitiveness by reducing production costs.

[1] **Time of Use (TOU) tariff reform** is an electricity pricing strategy designed to shift heavy energy consumption away from peak hours to lower-demand periods. The primary goal is to encourage industries to consume more grid electricity during the daytime—utilizing cheap solar and surplus power—while reducing stress on the grid during high-demand evening hours

To ensure uptake and political feasibility, the government can adopt a phased approach, beginning with industries that have flexibility to shift operations, while protecting those with less adaptable processes. Successful implementation will also require complementary measures: upgrading metering and billing systems and gradually reducing cross-subsidies through more transparent and targeted mechanisms.

ICMA: With gas sector circular debt at Rs. 2.6 trillion and repeated delays in unbundling SNGPL and SSGC, how can reforms be structured to move beyond policy intent toward effective execution that reduces losses and builds a competitive, sustainable energy market?

Bolormaa Amgaabazar: Firstly, it is encouraging to note that the flow of circular debt has been arrested, with the Government actively developing a plan to address the existing stock in the gas sector. Our team has helped the government in developing the circular debt monitoring tool. While important progress has been made, the scale of the circular debt underscores the depth of the underlying challenges and the need for sustained reform.

Moving from policy intent to effective implementation will require sustained political commitment and coordinated action across institutions. Delivering meaningful outcomes such as reducing losses, enhancing competitiveness, and building a sustainable energy market will require commensurate structural and operational reforms in this critical sector of the economy.

Encouragingly, as seen in the power sector, there is growing commitment at the highest levels to drive a fundamental shift in gas sector performance as well through unbundling of the gas distribution companies. We have been supporting the Government by sharing global good practices to drive this sector restructuring efforts; while ensuring they are carefully adapted to Pakistan's institutional and economic context that can reduce inefficiencies, strengthen sector performance, and lay the foundation for a more competitive and financially sustainable gas market.

ICMA: How does the World Bank assess Pakistan's economic outlook, and what role can the CPF play in shifting the trajectory toward resilience and inclusive growth?

Bolormaa Amgaabazar: Pakistan is returning to growth of around 4 percent- but this is not enough. With population growth at 2.5 percent, gains in living

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standards will remain limited. Over recent years, 70 percent of Pakistanis have seen their real incomes fall despite positive headline growth.

Genuine transformation requires much faster growth. The evidence from comparable countries is instructive: China, Indonesia, and South Korea were all once poorer than Pakistan. Through sustained commitment to macroeconomic stability, export orientation, private investment, human capital, and effective government, they achieved decades of 7–8 percent growth that fundamentally transformed living standards.

Pakistan has the potential to do the same. The CPF is designed to support that path through financing, technical assistance, and access to global knowledge and experience. But the pace and depth of reform will ultimately determine whether Pakistan achieves growth that is genuinely transformative.

*The Editorial Board thanks **Ms. Bolormaa Amgaabazar, Country Director for Pakistan, The World Bank,** for sparing her precious time to give an exclusive interview Chartered Management Accountant Jounral.*