

ADB

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Ms. Xiaohong Yang
Country Director,
Asian Development Bank – Pakistan



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ICMA Pakistan: Can you briefly outline the key role of ADB in the socio-economic development of Pakistan?

Ms. Xiaohong Yang: The Asian Development Bank works with Pakistan to support the country's social and economic development. Our key focus has been to help strengthen infrastructure, social services, and inclusive economic growth. We have approved over \$33.5 billion in project assistance for Pakistan since it joined ADB as a founding member in 1966.

The assistance consists of Government approved loans, technical assistance projects, and advisory and knowledge services. ADB works closely with the federal and provincial governments, other partners, think tanks and the private sector to improve Pakistan's infrastructure, energy and food security, and public services. Our goal is to improve the quality of life for all citizens.

“In future, ADB will continue to work with the Government of Pakistan and other partners to upgrade key infrastructure including harnessing clean energy; improving transport, regional cooperation; developing public-private partnerships; improving the financial sector, capital market development, agriculture and irrigations systems, livelihood development, trade, housing and tourism”

ICMA Pakistan: Please identify a few ongoing ADB's social sector projects in Pakistan? What are the funding priorities for 2020?

Ms. Xiaohong Yang: We work in a range of sectors such as energy, transport, finance, and public sector management, agriculture and natural resources, water, and urban

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development, and the social sector. We actively promote the development of the private sector, financial market development, and public sector reforms. Social development particularly to boost the role of women is at the center of our work. Many of our projects have a gender component to help improve the lives of women and girls and to grow their contribution to the economy.

ADB continues to support the Benazir Income Support Program (BISP) to assist Pakistan's poor and vulnerable women under the government's flagship \$430 million social safety net program. We recently approved another \$200 million loan to help support the BISP which is one of the largest social protection programs in South Asia. BISP is part of the Prime Minister's policy for poverty reduction called Ehsaas, which aims to reduce inequality and invest in economically disadvantaged people.

ADB also approved a project to Enhance Secondary Education in Sindh. The \$75 million assistance will help improve the quality, accessibility, and gender

responsiveness of the secondary education system and infrastructure in the province of Sindh.

In future, ADB will continue to work with the Government of Pakistan and other partners to upgrade key infrastructure including harnessing clean energy; improving transport, regional cooperation; developing public-private partnerships; improving the financial sector, capital market development, agriculture and irrigations systems, livelihood development, trade, housing and tourism. We will also work to improve education, health and social security for the poorest and most vulnerable groups in the country, especially women.

ICMA Pakistan: Foreign Aid is a blessing or a curse for a developing country. What are your comments on this notion?

Ms. Xiaohong Yang: There is continued demand for ADB assistance in Pakistan. There are many development challenges. Just for infrastructure development alone, the

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estimated finance gap in Pakistan is about 5% of the country's GDP.

Under our new business plan for Pakistan, the country's sovereign operations will increase to \$7.1 billion over the next three years. Along with our continued focus on energy, infrastructure development, financial sector and institutional reforms, ADB has also re-engaged in education and health.

We will also continue to mobilize co-financing from bilateral and multilateral agencies and other financing partners, especially in the private sector, to help address Pakistan's growing development needs.

ICMA Pakistan: Do you think Pakistan is heading towards the right direction? How Pakistan can improve its business climate?

Ms. Xiaohong Yang: Pakistan has done well to stabilize its economy and is heading in the right direction. Over the years, the economy has experienced difficult periods, but time and again it has shown resilience and capacity to bounce back. We believe that Pakistan's macroeconomic and political stability is now showing signs of improvement, and robust implementation of policy reforms in the months ahead can support growth that will help to create jobs.

ADB will continue to work with the government and the private sector to improve Pakistan's infrastructure, energy security, and basic public services. ADB's partnership priorities are to attract investment, and job creation improving the quality of life of the country's citizens.

ICMA Pakistan: A large segment of Pakistan's SME sector is undocumented and reluctant to come under the tax system. What strategy you would suggest to tackle the informal economy in Pakistan and improve its tax share in the economy?

Ms. Xiaohong Yang: Pakistan's economic growth depends on continued stability and improvements in governance and regulatory framework including taxation. The ongoing efforts to increase the country's tax base are extremely important for financial and macroeconomic stability.

Increasing revenue and growth will depend in part on economic policies that enhance the export competitiveness of Pakistan manufacturers, increase the inflow of remittances, and foreign direct investments. Financial sector development, public sector infrastructure investments, human capital, productivity and competitiveness are also necessary pre-conditions for private investment to be substantially and sustainably increased into the future.

ICMA Pakistan: What role ADB is playing in tackling the critical issue of AML/CFT, especially in the context of trade financing?

Ms. Xiaohong Yang: ADB will continue to support Pakistan's efforts for anti-money laundering and countering the financing of terrorism (AML/CFT) and trade-based money laundering. In October this year, ADB joined the State Bank of Pakistan and Australian Aid in organizing a conference in Karachi for representatives of commercial banks, microfinance companies, exchange companies, DFIs, and regulators to tackle the AML/CFT challenges under the ADB's Trade Finance Program. We are committed to helping to combat financial crime and the misuse of funds.

ADB's Trade Finance Program aims to close market gaps for trade finance. We do this by providing guarantees and loans to banks to support trade. In Pakistan, we work with 12 banks and in 2018 ADB/TFP provided 434 guarantees for Pakistani transactions valued at \$2.3 billion.

The Editorial Board thanks Ms. Xiaohong Yang, Country Director, ADB Pakistan for giving her exclusive interview for Management Accountant Journal.