



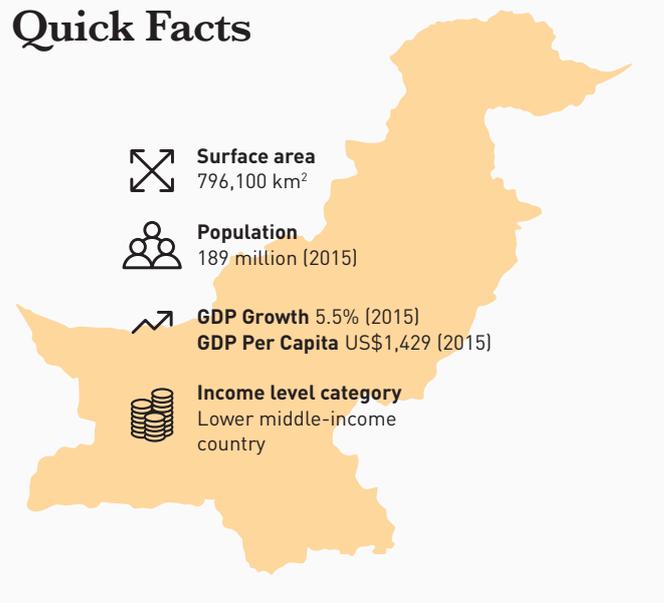
## 1. Country Context

The Islamic Republic of Pakistan is a lower middle-income country with a GDP per capita of US\$1,429. As the sixth most populous country in the world, it has a population of 189 million (2015).

Its economy has grown around 4% annually over the past years, reaching 5.5% in 2015. Despite low oil prices, Pakistan has continued to eradicate poverty: from 36.8% in 2010 to 29.5% in 2013. However, human development remains low: The country ranks 147th among the 188 countries participating in the 2015 Human Development Index (HDI). Overall, only limited achievements were made toward the Millennium Development Goals (MDGs).

In this monitoring round, five development partners reported disbursement of US\$2,573 million in 2015. As the most important partner, the World Bank contributed 62%, followed by the Islamic Development Bank (15%) and Japan (11%). Within a strong multilateral character of development co-operation in Pakistan, a large number of sectors are being supported, with a relative focus on agriculture, education, energy, health and emergency response.

### Quick Facts



### Key Development Indices:



National Poverty Index  
29.5% of pop.  
(2013)



Official Development Assistance/Capital Formation  
9.9% (2014)

ODA per Capita US\$19.5 (2014)



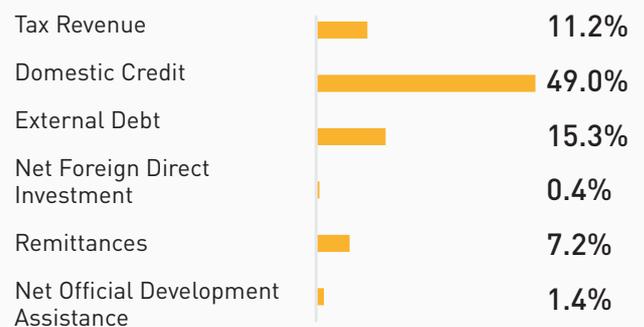
✓ 1 188 **147** Human Development Index (2014)  
(Best rank: Position 1)

1 189 **138** Doing Business Rank (2015)  
(Best rank: Position 1)

+2.5 -2.5 **-0.8** Anti-corruption Index: -0.8 (2014)  
(Highest anti-corruption: +2.5)

### Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



### Key Development Challenges

Pakistan has substantially improved its macroeconomic and fiscal environment through widespread reforms, while democratic governance is being consolidated, including at the local levels. Security remains a challenge, but is addressed by a national action plan. For future sustainable development, Pakistan needs to create jobs for a quickly growing young work force, to tackle its complex security challenges and to broaden its industrial base, for example through the upcoming China-Pakistan Economic Corridor, which is expected to further boost economic growth.

## 2. Efforts to Implement the Effectiveness Principles

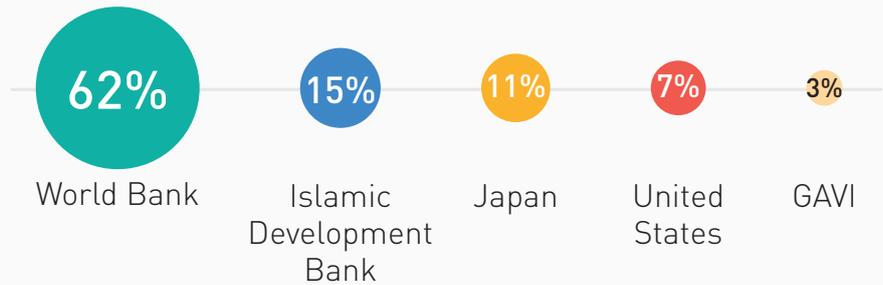
### A. Policies and Tools for Partners' Alignment

Development efforts in Pakistan are framed by the long-term strategy Pakistan 2025 – One Country, One Vision, which, approved in May 2014, establishes seven sectoral pillars. This vision is operationalized through five-year plans – the current plan being the eleventh edition

(2013-2018) – and more specifically public sector development plans and annual development plans. Additional guidance comes from the framework for economic growth launched in 2011. Goals and targets are clearly defined through this comprehensive planning framework and

the government is currently adjusting to the new Sustainable Development Goals (SDGs). There are SDG units at the federal and the provincial levels, generating a multifaceted drive towards sustainable development.

#### Major Development Partners of this Round (by Reported Disbursements)



**Participation in 2014 Monitoring**

No



**Existence of a National Co-operation Policy**

No

### B. Governance and Management of Development Finance and Co-operation

Pakistan has had numerous advances in setting up and using innovative mechanisms for the effectiveness of development finance, supported by joint working groups focusing on country systems, sector-wide approaches and harmonized M&E. The government is currently preparing a foreign assistance policy framework (FAPF) that will outline the joint and specific targets to further move towards effective development co-operation. The annual Pakistan Development Forum, which convenes multiple stakeholders, is a high-level event looking into political and strategic questions. This is the first time Pakistan has participated in the monitoring led by the Global Partnership for Effective

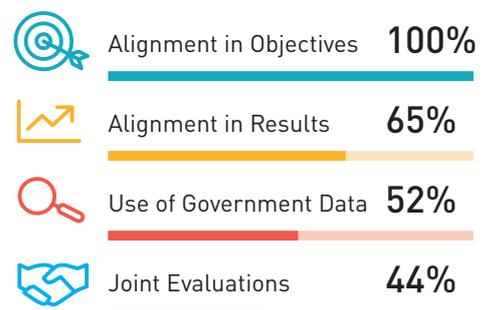
Development Co-operation, but the country was part of the 2011 monitoring of the implementation of the Paris Declaration. Within the government, development co-operation is housed at the Economic Affairs Division (EAD) of the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization, in close collaboration with the Ministry of Planning, Development & Reforms. The EAD houses an Aid Information Management System that is currently focused on ODA only, but might be adjusted for non-traditional finance in the future. So far, support from, for instance, China is not fully captured in the existing systems, but is managed at the bilateral level only.

## 3. Country Ownership

### Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

All development co-operation reported for 2015 is aligned to Pakistani objectives, particularly those outlined in sector plans and joint government-partner agreements. Sixty-five percent of all reported finance is aligned to country-led results and 52% relies on national monitoring systems. The government participates in 44% of planned project evaluations, often contributing technical

guidance and financial resources. Particularly Japan and the United States, and to some extent the World Bank, are still behind in using country-led results and systems. Improving these outcomes might depend on a deeper dialogue about strengthening the national results framework, particularly in the process of localizing the SDGs in Pakistan.

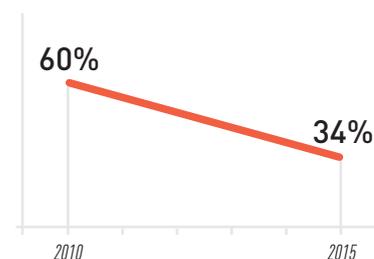


## Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Since the last monitoring round for Pakistan in 2010, the proportion of development co-operation finance recorded in the government budget has dropped from 60% to 34%. The disappointing result from this year's monitoring round is due to reduced disbursements from the World Bank and the Islamic Development Bank, which, in turn, are most likely

rooted in delays in achieving targets for respective tranches of concessional loans. In the future, the government might consider paying particular attention to the capacity to adequately plan for and receive multilateral finance in the national budget in order to ensure a more consistent parliamentary control over development finance.

### Percentage on Budget



## Indicators 9 and 10. Use of Country Systems

In 2015, Pakistan's country systems were used extensively. Eighty-three percent of development co-operation finance relied on national procedures for budget and 94% used country-led financial reporting and auditing procedures. However, the use of national procurement was rather the exception (26%), showcasing remaining tasks on both ends to improve

these systems and use them extensively for foreign-funded purchases and services. The proportion of untied official development finance grew slightly from 73% in 2013 to 74% in 2014. In this area, partners still need to make more efforts to provide a higher quality of official development finance. Pakistan's public financial management (PFM) capacities

remained stable at a medium level, despite numerous reform initiatives. The provincial level is of utmost importance for the federal republic and a number of provinces have already shown progress in their PFMs. Overall, the country stands at 3.5 in the Country Policy and Institutional Analysis (CPIA).

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	83%	94%	94%	26%		
INDICATORS 9A & 10.					3.5 ▶	74% ▲

\* Country Policy and Institutional Assessment

## 4. Inclusive Partnerships for Development

### Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Benefiting from a lively landscape of civil society organizations (CSOs) and a booming private sector, Pakistan has generated inclusive partnerships at many levels. CSOs are very active particularly in the education sector and play a substantial role in service provision at the local level. Existing umbrella organizations for CSOs include the Pakistan NGOs Forum, with more than 5,000 members, as well as sector networks for women, health, microfinance and rural development, among others. Private sector players are mainly gathered in the Federation

of Pakistan Chambers of Commerce & Industry (FPCCI), which includes a wide range of specialized thematic and provincial chambers. The government convenes the private sector in the Pakistan Business and Economic Council and has provided national business with a key role and resources to leverage its contributions to the implementation of the framework for economic growth. CSOs and national business have been fully consulted for the Pakistan 2025 Vision and the 11th five-year-plan and are engaged in sector-level and local mechanisms for coordination

and consultation. In sum, Pakistan can rely on an energetic set of non-state actors desiring to contribute to development at the federal and provincial levels, in line with existing policy frameworks. The government can deepen inclusive partnerships by strengthening formal mechanisms for coordination with CSOs and the private sector while also providing, hand-in-hand with development partners, capacity development support and access to financial resources to further enhance the policy and operational framework for these players.

### Indicator 8. Gender Empowerment

Pakistan does not yet have a budgetary system to track allocations for gender equality. Women's role and empowerment

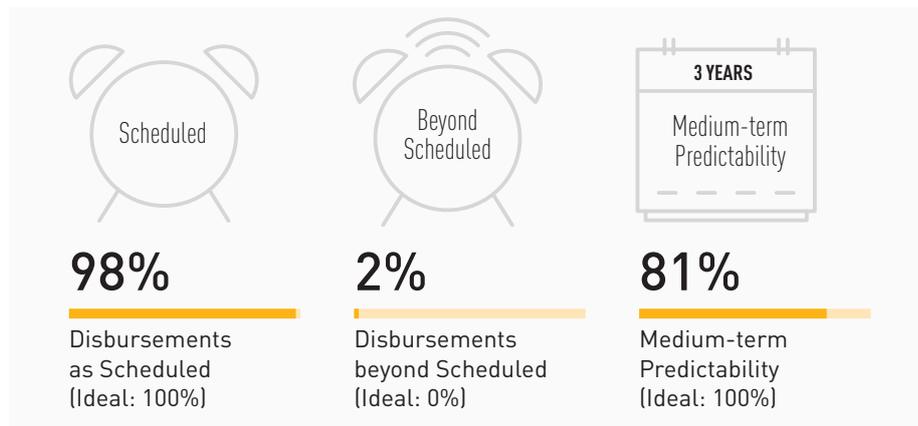
are high on the country's development agenda, which might generate a strong legitimization to look into the options for

gender-sensitive budget planning and implementation in the future.

## 5. Transparency and Accountability

### Indicator 5. Development Co-operation is More Predictable

Annual predictability of development co-operation finance is consistently high, achieving 98% in 2015. Partners also perform positively in medium-term predictability, standing globally at 81%. In fact, the World Bank, Islamic Development Bank and GAVI achieve 100% in medium-term predictability. These favourable results might further improve through the launch and implementation of the foreign assistance policy framework (FAPF), thereby fully contributing to national efforts in line with existing development strategies and plans.



### Indicator 7. Mutual Accountability

Most development co-operation relations are managed at the bilateral level through the implementation and periodic review of joint co-operation or country assistance strategies. The EAD conducts annual reviews of co-operation portfolios, with particular focus on multilateral

development banks, which are submitted to the parliament. Through the Joint Action Plan, the future FAPF might provide many opportunities to deepen the progress made in most indicators and agree on next steps for indicators that still require attention by the government and development

partners. These initiatives might also be framed by enhanced technical and strategic dialogue mechanisms, taking up the contributions made by joint working groups on the effectiveness of official development finance and the Pakistan Development Forum.

## National Priorities Going Forward

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Pakistan is the sixth most populous country in the world, with a huge 63% of its total population under 25 years of age. It is a developing country with spurts of high and low growth periods and myriad development challenges; however, it has stabilized and is poised to achieve high growth. The Government of Pakistan attaches high importance to poverty eradication and human development; its Vision 2025 document reflects national priorities. Pakistan's development agenda is also aligned with the international development agenda. This is evident in the fact that Pakistan has not only reduced its poverty figures, but is also one of the first countries with a broad political consensus to pass a unanimous resolution, in a joint sitting of parliament, to adopt the Sustainable Development Goals (SDGs). An SDG Unit at the federal and provincial levels will monitor implementation. Making official development finance more effective still remains a challenge, despite many international declarations and commitments. The Global Partnership's efforts in this regard are commendable, as the 2nd High-Level Meeting will promote the agenda to make official development finance more effective.

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