

# MEDIA COVERAGE



REFORMS FOR  
A BRIGHTER  
FUTURE  
TIME TO DECIDE

**REFORMS FOR A  
BRIGHTER FUTURE**

TIME TO DECIDE

A CONVERSATION ON  
PAKISTAN'S DEVELOPMENT PRIORITIES

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SEPTEMBER 22-23, 2023 | ISLAMABAD, PAKISTAN

Supporting Progress Towards a Brighter,  
More Prosperous, and More Sustainable Future

#ReformsForABrighterFuture

**September 22-23, 2023**

## Web Coverage

Dawn

<https://www.dawn.com/news/1777422/pakistans-economy-on-edge-of-precipice-warns-world-bank>

The News

<https://e.thenews.com.pk/detail?id=240372>

Geo News

<https://www.geo.tv/latest/511201-world-bank-urges-consensus-on-economic-reforms-to-pakistans-ailing-economy>

Tribune Express

<https://tribune.com.pk/story/2437352/95m-pakistanis-live-in-poverty-world-bank>

Business Recorder

<https://www.brecorder.com/news/40264658>

<https://www.brecorder.com/news/40264690/economic-model-flops-poverty-hits-394pc-mark-say-world-bank-officials>

The Nation

<https://www.nation.com.pk/23-Sep-2023/world-bank-launches-new-programme-to-foster-debate-on-development-policy-issues>

Pakistan Observer

<https://pakobserver.net/world-bank-launches-reforms-for-a-brighter-future/>

Pakistan Today

<https://www.pakistantoday.com.pk/2023/09/23/pakistans-economic-model-no-longer-sustainable-wb-regional-director/>

<https://profit.pakistantoday.com.pk/2023/09/22/wb-launches-reforms-for-a-brighter-future-time-to-decide-to-contribute-to-the-public-debate-on-development-policy-priorities/>

APP Pakistan

<https://www.app.com.pk/business/wb-launches-new-programme-to-foster-debate-on-pakistans-development-policy-issues/>

Independent News Pakistan

<https://www.inp.net.pk/news-detail/pakistan/world-bank-launched-new-program-to-foster-debate-on-policy-issues-facing-pakistan>

Daily Pakistan

<https://en.dailypakistan.com.pk/22-Sep-2023/world-bank-launches-reforms-for-a-brighter-future-in-pakistan>

Pro Pakistani

<https://propakistani.pk/2023/09/22/world-bank-launches-program-to-tackle-development-policy-issues-in-pakistan/>

ARAB News

<https://www.arabnews.com/node/2379211/pakistan>

The Current

<https://thecurrent.pk/world-bank-pakistan-warning/>

National Herald

<https://www.nationalheraldindia.com/international/pakistans-economy-on-edge-of-precipice-warns-world-bank>

Dunya News

<https://dunya.com.pk/index.php/pakistan/2023-09-23/2240554>

Umat News

<https://ummat.net/845422/>

DAWN News

<https://www.dawnnews.tv/news/1205496>

Urdu Point

<https://www.urdupoint.com/daily/livenews/2023-09-22/news-3739282.html>

24 Urdu

<https://www.24urdu.com/10-Sep-2023/83911>

Express News

<https://www.express.pk/story/2541538/6>

## **Print Edition**

# Pakistan's economy on edge of precipice, warns World Bank

Says current model can't reduce poverty as Pakistan has lowest per capita income in South Asia and highest out-of-school kids in the world

By Khaleeq Kiani

ISLAMABAD: Pakistan is in its tipping point crisis where it should decide to remain a laggard with 40 per cent population living below the poverty line under elite capture and policy decisions driven by strong vested interests of military, political and business leaders or change course to take off for a brighter future.

This candid warning came from the World Bank ahead of the new election cycle for the upcoming government to make early choices while making it clear that international lenders and development partners could only advise with international experiences of successes and some financing but hard choices and course correcting decisions could only be taken within the country.

The good sign, however, is that the countries with higher sustainable economic growth like India, Indonesia and Vietnam also made the right decisions at the time of crisis and were able to overcome similar challenges. "This may be Pakistan's moment in making policy shifts,"

said Najy Benhassine, Country Director for the World Bank in Pakistan, at a news briefing while releasing a set of policy notes for debate and discussions for finalisation before the new elected government comes in.

He said Pakistan was in the middle of a human resource capital and economic crisis. "Policy decisions are heavily influenced by strong vested interests, including those of military, political and business leaders," reads an overview of the Reforms For a Brighter Future: Time to Decide that Mr Benhassine released. He said Pakistan had been facing numerous economic hardships including inflation, rising electricity prices, severe climate shocks, and insufficient public resources to finance development and climate adaptation — when the country was among the most vulnerable to climate change impacts.

"It is also facing a 'silent' human capital crisis: abnormally high child stunting rates, low learning outcomes, and high child mortality," Mr Najy said, adding that Pakistan's economic model no longer reducing poverty and it was very concerning that poverty reduction successes until 2018 had been reversed since.

Another World Bank official said Pakistan's poverty rate for the middle-income line of \$3.20 per day had declined to 34.3pc by 2018 from 73.5pc two decades earlier but had since increased to 39.4pc according to the bank estimates. Also, over 12.5 million people had additionally fallen below the poverty line measures by \$3.65 per day income.

The bank said Pakistan's average real per capita growth rate was just 1.7pc between 2000 and 2020 — less than half the average per capita growth rate (4pc) for South Asian countries over the period and well below the average of comparator countries with similar economic structures. As a result, Pakistan's per capita incomes have fallen behind. "While Pakistan's per capita income was among the highest in South Asia during the 1980s, it is now among the lowest in the region."

Pakistan's human development outcomes lag well behind the rest of South Asia and are roughly equivalent to those in many Sub-Saharan African countries with the costs disproportionately borne by girls and women while close to 40pc of children under five years of age were stunted and had the largest number (20.3m) of out-of-school children in the world. Its growth model has resulted in periodic balance of payments crises driven by unsustainable fiscal and current account deficits that necessitated subsequent painful contractionary adjustments, slowing growth, reducing certainty and undermining investments.

The bank proposed enhancing revenue mobilisation potential at 22pc of GDP against the existing rate of 9-10pc and said about 3pc of GDP could be immediately recovered by properly taxing properties and agriculture which could contribute 2pc and 1pc of GDP respectively. Simultaneously, expenditures could be reduced through reforms by 1.3pc immediately and about 2.1pc over the medium term and the

funds so generated should be utilised in health, education and sanitation outcomes.

Mr Najy said the heavy government reliance on bank borrowing at high interest rates for deficit financing was also one of the key factors behind high inflation and should be arrested by reducing the government footprint in public sector entities that account for over 45pc of GDP, most of them loss-making and needing public money to stay afloat.

The World Bank proposed shifting policies from underfunded, inefficient, and fragmented service delivery and social protection systems towards coordinated, efficient, and adequately financed service delivery, targeting the most vulnerable — in particular, to reduce abnormally high child stunting rates and to increase learning outcomes for all children, especially for girls.

It also advised a shift from wasteful and rigid public expenditures benefiting a few, towards tightly prioritised spending on public services, infrastructure, and investments in climate adaptation, benefiting populations most in need.

Mr Najy responding to a question on a common charter of economy among the political parties said while such a way forward could be welcome there was reasonable consensus on priorities and challenges among all stakeholders. These policy shifts with wider stakeholder support should be implemented by the new government in the first year in office for a base to build upon in subsequent years.

# WB says 95m Pakistanis live in poverty

Urges govt to tax agriculture, real estate, cut wasteful expenditure

SHAHBAZ RANA  
 ISLAMABAD

Deeply concerned over the state of economy, the World Bank has urged Pakistan to take urgent steps to tax its sacred cows – agriculture and real estate – and cut wasteful expenditures in an effort to achieve economic stability through steep fiscal adjustment of over 7% of the size of the economy.

The lender on Friday also revealed that poverty in Pakistan shot up to 39.4% as of last fiscal year with 12.5 million more people falling into the trap due to poor economic conditions.

About 95 million Pakistanis now live in poverty.

The Washington-based lender unveiled the draft policy notes that it prepared with the help of all stakeholders for the next

government.

The lender identified low human development, unsustainable fiscal situation, over-regulated private sector, agriculture and energy sectors as the priority areas for reforms for the next government.

It proposed measures – immediately increase the tax-to-GDP ratio by 5% and cut expenditures by about 2.7% of GDP – aimed at putting the unsustainable economy back on a prudent fiscal path.

However, the measures suggested were mostly in areas that had been considered as “sacred cows”.

“The World Bank is deeply concerned about the economic situation of today,” Tobias Haque, the WB’s lead country economist, said.

Pakistan is facing serious economic and human development crises and it is at a point where major policy shifts are required, he added.

The bank’s note on strengthening government revenues showed

a host of measures to improve the revenue-to-GDP ratio by 5% through withdrawal of tax exemptions and increasing burden of taxes on the real estate and the agriculture sectors.

“The World Bank is deeply concerned about the economic situation of today

WB Economist Tobias Haque

“This may be Pakistan’s moment for significant policy shift,” Najy Benhassine, the country director for Pakistan at WB, said.

To a question, he said: “We hope there is a realisation of the current economic situation but the question is whether the realisation for the change in policies is across all the political parties, businesses, civil society and all those who count.”

The poverty in Pakistan increased within one year from 34.2% to 39.4% with 12.5 million more people falling below the poverty line of \$3.65 per day income level, according to the WB.

It added that the increase in poverty was consistent with ground realities.

“Pakistan’s economic model is no longer reducing poverty and the living standards have fallen behind peer countries,” Haque said.

## Revenues

Pakistan has the capacity to collect taxes equal to 22% of the GDP but its current ratio is only 10.2% – showing a gap of more than half, according to the WB note.

The lender proposed reducing distortive exemptions to generate taxes equal to 2% of the GDP. It wanted an increase in taxes on land and property to collect another 2% of GDP in revenues and generate another 1% of the GDP from the agriculture sector.

The lender proposed a manda-

tory use of CNIC for transactions, particularly of assets.

The WB recommended withdrawing income tax exemption available to the power generation projects and to the real estate investment trusts.

“The revenues generated by withdrawing these exemptions are enough to fund 35,000 teachers’ salaries,” it added.

The WB recommended further tightening the noose around salaried individuals by reducing the numbers of tax slabs and further reducing the income threshold for the top marginal tax brackets.

It proposed increasing excise duties on cigarettes by applying a uniform rate across all brands and an automatic inflation adjusted increase in these rates every year.

It also wanted withdrawal of tax exemptions on machinery import for power generation and transmission, and withdrawal of exemptions for pharmaceutical and energy sectors.

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## WB launches new programme to foster debate on Pak development-policy issues

ISLAMABAD, (NNI): The World Bank on Friday launched a new programme titled "Reforms for a Brighter Future: Time to Decide" aimed at fostering a productive debate on the critical development policy issues being faced by Pakistan.

The programme is intended to engage in discussions with a broad range of stakeholders that what 'fundamental policy shifts' are most needed to durably steer the economy towards stronger, more climate-resilient and sustainable growth and development.

This consultation pro-

gramme includes the publication of a series of draft discussion notes that would be progressively enriched by feedback received from the stakeholders.

The Notes, which draw on international experience as well as a large body of evidence on Pakistan, propose fundamental policy shifts that are needed to move away from the current low-growth, anti-development status quo.

In the draft notes, the WB suggested a policy shift 'From underfunded, inefficient, and fragmented service delivery and social protection systems towards coordinated, efficient and

adequately financed service delivery, targeting the most vulnerable, particularly to reduce abnormally high child stunting rates and increase learning outcomes for all children, especially for girls.'

Besides, it asked for moving "From wasteful and rigid public expenditures benefiting a few, towards tightly prioritized spending on public services, infrastructure, and investments in climate adaptation, benefiting populations most in need."

The international lender emphasized switching over to a system that is broad-based, efficient, progressive

and equitable-generating sufficient revenues to significantly increase public investment in human development, infrastructure, and climate adaptation from a

narrow, distortive and inequitable tax system. The WB also proposed a policy shift "From a protected, stagnant, and unproductive economy

with a large state presence towards a dynamic open economy driven by private investment and exports." It suggested shunning agriculture sector

policies that locked farmers into low-value, low-productivity farming; and adopting a more market-driven, productive agricultural system, including value chains that were resilient to climate change impacts and water scarcity.

The WB asked for shifting "From energy sector policies that drive high energy costs, environmental harms, and unsustainable accumulation of debt, towards efficient, sustainable, and resilient generation and distribution, based on accurate price signals, increased competition and private participation, and a cleaner energy mix."



September 23, 2023

# WB launches 'Reforms for a Brighter Future: Time to Decide' to Contribute to the Public Debate on Development Policy Priorities

## MT REPORT

**PESHAWAR:** The World Bank has launched a new program to foster debate on the critical development policy issues facing Pakistan. 'Reforms for a Brighter Future: Time to Decide' is intended to engage in discussions with a broad range of stakeholders on what fundamental policy shifts are most needed to durably

steer the economy towards stronger, more resilient and sustainable growth and development. A press release issued here on Friday stated that as part of the 'Reforms for a Brighter Future' engagement program, the World Bank together with the Pakistan Institute of Development Economics, conducted extensive consultations across the coun-

try to seek inputs and feedback on the recommendations included in the draft Discussion Notes. These have included discussions with students across 21 universities and provincial roundtables with thinkers from academia, and the public and private sectors. Participants in all four provinces have shared insights and perspectives that have helped shape the

understanding of today and tomorrow. This consultation program includes the publication, today, of a series of draft Discussion Notes. These will be enriched by feedback received from a broad range of stakeholders. The Notes, which draw on international experience as well as a large body of evidence on Pakistan, propose fundamental policy shifts that are needed

to move away from the current low-growth, anti-development status quo: "Pakistan has been facing numerous economic hardships including inflation, rising electricity prices, severe climate shocks, and insufficient public resources to finance development and climate adaptation—when the country is among the most vulnerable to climate change

impacts. It is also facing a "silent" human capital crisis: abnormally high child stunting rates, low learning outcomes, and high child mortality.", said Najy Benhassine, Country Director for the World Bank in Pakistan. "These discussion notes contribute to debates on long standing policy issues that are muting Pakistan's high economic and devel-

opment potential. There is reasonable consensus on priorities and challenges. Determining specific solutions requires open debates on concrete, fundamental policy decisions. We hope this program of discussions will help build a consensus around a path towards inclusive, sustainable, and climate-resilient development".

## WB launches 'Reforms for a Brighter Future' engagement program

■ OUR CORRESPONDENT  
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put Pakistan back on a path towards sustainable, climate-resilient, and inclusive growth.

The 'Reforms for a Brighter Future' program will continue over the following months both online and at in-person events across the country, including the national conversation that will take place in Islamabad today and tomorrow.

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MAHNOOR ANSAR

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From a narrow, distortive, and inequitable tax system towards one that is broad-based, efficient, progressive, and equitable—generating sufficient revenues to significantly increase public investment in human development, infrastructure, and climate adaptation. From a protected, stagnant, and unproductive economy with a large state presence towards a dynamic open economy driven by private investment and exports. From agriculture sector policies that lock farmers into a low-value, low-productivity farming towards a more market-driven, productive agricultural system, including value chains that are resilient to climate change impacts and water scarcity. From energy sector policies that drive high energy costs, environmental harms, and unsustainable accumulation of debt, towards effi-

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September 23, 2023

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The Frontier Post

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# WB launches program for critical Pakistan uplift

**F.P. Report**

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September 23, 2023

## WB Launches 'Reforms for a Brighter Future: Time to Decide' to Contribute to Public Debate on Development Policy Priorities in Pakistan

### STAFF REPORTER

ISLAMABAD

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From agriculture sector policies that lock farmers into a low-value, low-productivity farming towards a more market-driven, productive agricultural system, including value chains that are resilient to climate change impacts and water scarcity.

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From a public sector that is inefficient, often ineffective, and vulnerable to capture by vested interests towards accountable, efficient, and transparent government, including at the local level.

Debt piling up

## Borrowing reliance surging to finance twin deficits: WB

**ZAHEER ABBASI**  
**ISLAMABAD:** The World Bank on Friday said Pakistan's economic model is unsuitable because the country's borrowing reliance has been increasing to finance the twin deficits - fiscal and current account - and consequently, the debt level was piling up.

This was stated by Mathew Verghis, Regional Director South Asia, Equitable Growth, Finance and Institutions, in his keynote address at the launch of "Reforms for a Brighter Future-Time to Decide" by the WB on Friday.

Verghis added that the country has been spending a lot more than its revenue and on external account it was importing more as opposed to its exports. As a result, its reliance on domestic and external borrowing has been increasing and consequently, its debt level reached 80 percent of the GDP, he continued.

He said that the good news is that Pakistan's bright future is possible by leveraging its youth. He added that natural resources and location make it vibrant to achieve 7-8 percent GDP growth per annum.

Verghis said that the crisis also provides an opportunity to bring about critical reforms. Verghis further stated that political instability and uncertainty are the primary reasons for low investment in the country and added that there is a need for a committed credible and capable government. He also stated that there is a need for political consensus for difficult reforms.

The WB regional director

further stated that Pakistan has been lagging behind in the region in terms of GDP and per capita income and its average GDP growth was significantly low compared to other regional countries.

The Country Director for the World Bank in Pakistan, Najy Benhassine, said that Pakistan has been facing numerous economic hardships including inflation, rising electricity prices, severe climate shocks, and insufficient public resources to finance development and climate adaptation when the country is among the most vulnerable to climate change impacts.

He added that it is also facing a "silent" human capital crisis- abnormally high child stunting rates, low learning outcomes, and high child mortality. These discussion notes, he said would contribute to debates on long-standing policy issues that are musing Pakistan's high economic and development potential.

There is reasonable consensus on priorities and challenges, however, determining specific solutions requires open debates on concrete, fundamental policy decisions. He further stated that WB hopes this programme of discussions will help build a consensus around a path towards inclusive, sustainable, and climate-resilient development. He said it is time for Pakistan to decide on fundamental policy shifts to durably steer the economy towards stronger, more climate-resilient and sustainable growth and development.

The speaker said that the WB together with the

Pakistan Institute of Development Economics (PIDE), conducted extensive consultations across the country to seek inputs and feedback on the recommendations included in the draft Discussion Notes. These have included discussions with students across 21 universities and provincial roundtables with thinkers from academia, and the public and private sectors. Participants in all four provinces have shared insights and perspectives that have helped shape the understanding of what it would take to put Pakistan back on a path towards sustainable, climate-resilient, and inclusive growth, the event was further told.

According to the WB statement the notes, which draw on international experience as well as a large body of evidence on Pakistan, propose fundamental policy shifts that are needed to move away from the current low-growth, anti-development status quo and from underfunded, inefficient, and fragmented service delivery and social protection systems towards coordinated, efficient, and adequately financed service delivery, targeting the most vulnerable—in particular to reduce abnormally high child stunting rates and to increase learning outcomes for all children, especially for girls. From wasteful and rigid public expenditures benefiting a few, towards tightly prioritised spending on public services, infrastructure, and investments in climate adaptation, benefiting populations most in need.



September 23, 2023

# WB launches 'Reforms for a brighter future

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These have included discussions with students across 21 universities and provincial roundtables with thinkers from academia, and the public and private sectors. Participants in all four provinces have shared insights and perspectives that have helped shape the understanding of what it would take to put Pakistan back on a path towards sustainable, climate-resilient, and inclusive growth.

The 'Reforms for a Brighter Future' program will continue over the following months both online and at in-person events across the country, including the national conversation that will

take place in Islamabad today and tomorrow. This consultation program includes the publication, today, of a series of draft Discussion Notes. These will be progressively enriched by feedback received from a broad range of stakeholders.

The Notes, which draw on international experience as well as a large body of evidence on Pakistan, propose fundamental policy shifts that are needed to move away from the current low-growth, anti-development status quo: "Pakistan has been facing numerous economic hardships including inflation, rising electricity prices, severe climate shocks, and insufficient public resources to finance development and climate adaptation-when the country is among the most vulnerable to climate change impacts.

It is also facing a "silent" human capital crisis: abnormally high child stunting rates, low learning outcomes, and high child mortality.", said Najy Benhassine, Country Director for the World Bank in Pakistan. "These discussion notes contribute to debates on long standing policy issues that are muting Pakistan's high economic and development potential. There is reasonable consensus on priorities and challenges. Determining specific solutions requires open debates on concrete, fundamental policy decisions. We hope this program of discussions will help build a consensus around a path towards inclusive, sustainable, and climate-resilient development".



THE NATION

September 23, 2023

# World Bank launches new programme to foster debate on development policy issues

IMRAN ALI KUNDI  
ISLAMABAD

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This consultation program includes the publication, today, of a series of draft Discussion Notes. These will be progressively enriched by feedback received from a broad range of stakeholders. The Notes, which draw on international experience as well as a large body of evidence on Pakistan, propose fundamental policy shifts that are needed to move away from the current low-growth, anti-development status quo: from underfunded, inefficient, and fragmented service delivery and social protection systems towards coordinated, efficient, and adequately financed service delivery, targeting the most vulnerable—in particular to reduce abnormally high child stunting rates and to increase learning outcomes for all children, especially for girls.

From wasteful and rigid public expenditures benefiting a few, towards tightly prioritized spending on public services, infrastructure, and investments in climate adaptation, benefiting populations

most in need. From a narrow, distortive, and inequitable tax system towards one that is broad-based, efficient, progressive, and equitable—generating sufficient revenues to significantly increase public investment in human development, infrastructure, and climate adaptation.

From a protected, stagnant, and unproductive economy with a large state presence towards a dynamic open economy driven by private investment and exports. From agriculture sector policies that lock farmers into a low-value, low-productivity farming towards a more market-driven, productive agricultural system, including value chains that are resilient to climate change impacts and water scarcity.

From energy sector policies that drive high energy costs, environmental harms, and unsustainable accumulation of debt, towards efficient, sustainable, and resilient generation and distribution, based on accurate price signals, increased competition and private participation, and a cleaner energy mix. From a public sector that is inefficient, often ineffective, and vulnerable to capture by vested interests towards accountable, efficient, and transparent government, including at the local level.

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# The Statesman

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STAFF REPORTER

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### Commerce Desk

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September 23, 2023

## Pakistan's economic model no longer sustainable: WB regional director

ISLAMABAD  
STAFF REPORT

World Bank's (WB) Regional Director for South Asia, Mathew Verghis, on Friday raised concern about Pakistan's economic model, saying that it was no longer sustainable and in dire need of urgent reforms.

Addressing a ceremony in Islamabad, the WB regional director said that the fiscal deficit and current account deficit caused by high expenditures were leading to unsustainable levels of debt.

He also highlighted the multifaceted challenges Pakistan faces – from economic struggles to a silent human capital crisis. "Pakistan's economic model is no longer sustainable and in need of urgent reforms," he noted. Verghis regretted that the country was spending more than its income, pointing out that it is ranked lowest in the region in terms of gross domestic product (GDP).

He also warned that the risks of environmental catastrophes were increasing for Pakistan, saying that people were directly affected by the floods.

The World Bank representative further said that all stakeholders – governmental, non-governmental and as well as foreign donors in Pakistan – need to coordinate for reform and bright future for Pakistan.

The WB regional director also said that the country's economic recovery was only possible if it brought urgent reforms. "The current economic policies cannot lead to stability", he said, adding that challenges for the country's economy continue to grow. "Pakistan can achieve growth and be on a growth trajectory but requires a modified and reformed system as its current economic system lacks stability," he concluded.

Recently, Asian Development Bank (ADB) issued an economic outlook report in Asia, predicting

that Pakistan's gross domestic product (GDP) growth is projected to recover modestly to 1.9% in fiscal year 2023-24 from 0.3% in FY2023.

According to the report, inflation in Pakistan will decrease from 29 percent to 25 percent in the ongoing fiscal year as the country's economic confidence is expected to increase from the general elections in 2023-24. However, high inflationary pressure will continue due to an increase in energy prices and the falling value of the rupee, the report highlighted.

"Pakistan's economic prospects are closely tied to the steadfast and consistent implementation of policy reforms to stabilize the economy and rebuild fiscal and external buffers," said ADB Country Director for Pakistan Yong Ye. ADB Country Director said: "Increase in global prices and slow economic growth is also a threat to Pakistani economy along with economic stability depends on sustained policy reforms."

# Pakistan **OBSERVER**

September 23, 2023

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