

THE WORLD BANK'S COUNTRY PARTNERSHIP FRAMEWORK (2026–2035): A TRANSFORMATIVE ROADMAP FOR PAKISTAN

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(Views expressed in the brief are those of the author, and do not represent those of ISSI)



Introduction

The World Bank's newly announced Country Partnership Framework (CPF) for Pakistan (2026–2035) marks a significant milestone in fostering sustainable and inclusive development in one of the world's most populous countries. This decade-long initiative aligns with Pakistan's national priorities, including the National Economic Transformation Plan, *Uraan* Pakistan, and the Prime Minister's Economic Transformation Agenda. Designed as a rolling framework, the CPF offers a flexible, adaptive approach to address Pakistan's evolving challenges while aiming for transformative results.¹

Government Commitment and Collaboration

Prime Minister Shehbaz Sharif has hailed the CPF as a landmark initiative, emphasizing its potential to address pressing challenges such as economic instability, unemployment, and climate change. The government has committed to reforms in state institutions like the Federal Board of Revenue (FBR),

¹ Tahir Amin, "\$20bn CPF an indicative figure: World Bank," Business Recorder, January 24, 2025, <https://www.brecorder.com/news/40344380>

introducing measures such as faceless interaction systems to curb corruption and enhance tax collection.²

The prime minister also highlighted investments in education, health, and climate resilience, aligning these priorities with Pakistan's long-term development goals.³ Collaboration among political leaders, civil society, and development partners is considered vital for the CPF's success.

Strategic Framework and Objectives

The CPF is structured as a 10-year initiative with a total estimated funding of \$30–40 billion, including a lending envelope of approximately \$20 billion for FY26–35. This funding comprises \$14 billion from the International Development Association (IDA) and \$6 billion from the International Bank for Reconstruction and Development (IBRD). Furthermore, the framework includes plans to support \$20 billion in private lending through the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA), bringing the total package to \$40 billion. A mid-term review in 2030 will assess progress, ensure adaptability, and facilitate course corrections where necessary.⁴

The CPF incorporates a robust monitoring and evaluation system to track progress and ensure accountability. A dedicated Pakistan Data and M&E Lab will focus on evaluating key outcomes, particularly in gender equity and climate resilience. Rolling two-year business plans with the government will define project pipelines, ensuring flexibility and responsiveness to Pakistan's dynamic economic and social landscape.⁵

By leveraging lessons learned from previous engagements, the CPF aims to address critical structural challenges, including energy sector inefficiencies, climate resilience, public sector reforms, and revenue mobilization. Six key priority outcomes form the backbone of the framework:⁶

² "PM sees \$20 billion CPF as a pathway to progress," Tribune, January 24, 2025, <https://tribune.com.pk/story/2524169/pm-sees-20-billion-cpf-as-a-pathway-to-progress>

³ Khaleeq Kiani, "PM hails \$20bn World Bank partnership to boost growth," Dawn, January 24, 2025, <https://www.dawn.com/news/1887312>

⁴ "Pakistan secures first longer-term World Bank country partnership," Dawn, January 16, 2025, <https://www.dawn.com/news/1885518>

⁵ "World Bank's \$20bn pledge reflects confidence in Pakistan's reforms, says country director," Profit, January 24, 2025, <https://profit.pakistantoday.com.pk/2025/01/24/world-banks-20bn-pledge-reflects-confidence-in-pakistans-reforms-says-country-director/>

⁶ "\$20bn funding: World Bank's Country Partnership Framework for Pakistan launched," Business Recorder, January 23, 2025, <https://www.brecorder.com/news/40344250/20bn-funding-world-banks-country-partnership-framework-for-pakistan-launched#:~:text=According%20to%20the%20World%20Bank,environmental%20resilience%20in%20the%20country.>

1. **Child Development:** Reducing stunting and improving health, nutrition, and sanitation services.
2. **Quality Education:** Addressing learning poverty through improved foundational education.
3. **Climate Resilience:** Enhancing resilience to floods and climate-related disasters while improving food and water security.
4. **Clean Energy:** Transitioning to sustainable energy sources and improving air quality.
5. **Public Sector Reforms:** Enhancing fiscal space and public expenditure efficiency.
6. **Private Sector Growth:** Promoting inclusive private investment to drive sustainable development.

Long-Term Vision and Opportunities

The CPF sets ambitious targets to create a transformative impact on Pakistan's development. Key objectives include:⁷

- Providing health and nutrition services to 50 million people.
- Ensuring 30 million women access modern contraceptives.
- Delivering water, sanitation, and hygiene services to 60 million people.
- Educating 12 million out-of-school children, especially girls.
- Enhancing climate resilience for 75 million people.

Existing Systemic Challenges and their Implications

- **Macroeconomic Instability**

Pakistan's persistent economic volatility threatens to undermine the objectives of CPF. Stability in fiscal policy, inflation control, and currency valuation is essential to fostering an environment conducive to long-term investments in energy, climate resilience, education, and governance. However, Pakistan's recurring fiscal deficits, mounting external debt, and inflationary pressures affect investor confidence and constrain public spending on crucial development projects. Exchange

⁷ "PM sees \$20 billion CPF as a pathway to progress," Tribune, January 24, 2025, <https://tribune.com.pk/story/2524169/pm-sees-20-billion-cpf-as-a-pathway-to-progress>

rate stability is also important as volatility can exacerbates the economic strain, increasing import costs for essential infrastructure and energy initiatives. Ensuring economic stability will require political commitment, institutional strengthening, and proactive monetary and fiscal measures to ensure a resilient foundation for Pakistan's development trajectory.⁸

- **Energy Crisis and Infrastructure Deficit**

Pakistan's energy and infrastructure sectors face long-standing issues of inefficiency, under-investment, and high costs. The World Bank's Vice President for South Asia, Martin Raiser, emphasized the critical need for reforms in energy governance, cost reduction, and investment in transmission infrastructure.⁹ Renegotiating contracts with Independent Power Producers (IPPs) presents a challenge. While such renegotiations aim to improve affordability, maintaining investor confidence by respecting contract sanctity also remains crucial.¹⁰

- **Vulnerability to Climate Change and Natural Disasters**

Pakistan is among the top 10 countries most affected by climate change, with recurring natural disasters underscoring the need for urgent action.¹¹ There is a need for carbon pricing mechanisms to generate funds for climate adaptation. Investments in water infrastructure need to be prioritized, as much of Pakistan's irrigation and drinking water systems date back to the mid-20th century and require modernization. Air quality improvement, particularly in Punjab, also remains a major concern.¹²

- **Insufficient Tax System**

A major barrier to Pakistan's development is its inefficient tax system, characterized by low compliance and significant revenue losses. Reforms in tax exemptions and subsidies are critical to freeing up resources for priority sectors like health and education.¹³The government needs to

⁸ "\$20 billion WB loan for Pakistan faces political, economic, and social risks," Profit, January 21, 2025, <https://profit.pakistantoday.com.pk/2025/01/21/20-billion-wb-loan-for-pakistan-faces-political-economic-and-social-risks/>

⁹ Khaleeq Kiani, "World Bank wants Pakistan to do more to put house in order," January 25, 2025, <https://www.dawn.com/news/1887485>

¹⁰ *ibid*

¹¹ Ayaz Gul, "Pakistan welcomes World Bank's \$20 billion lending pledge," VoA, January 15, 2025, <https://www.voanews.com/a/pakistan-welcomes-world-bank-s-20-billion-lending-pledge/7938025.html>

¹² "PM Shehbaz hails World Bank's decade-long \$20 billion funding framework for Pakistan," Geo.Tv, January 23, 2025, <https://www.geo.tv/latest/586902-pm-hails-world-banks-20bn-framework-timely-intervention-to-resolve-pakistans-issues>

¹³ Ashfaq Ahmed, "Pakistan could become \$1 trillion economy by 2035: World Bank Vice President," Gulf News, January 27, 2025, <https://gulfnews.com/world/asia/pakistan/pakistan-could-become-1-trillion-economy-by-2035-world-bank-vice-president-1.500023293>

implement reforms aimed at improving public sector efficiency, including better coordination between federal and provincial programs. Reducing fiscal deficits and enhancing transparency in governance have to be essential components of the government's strategy.

- **Governance, Institutional Weaknesses and the role of Private Sector**

Inefficiency, lack of transparency, and poor governance practices hinder policy implementation and service delivery. Recognizing that public funding alone is insufficient to address Pakistan's development challenges, there is a need for private-sector engagement. Joint Engagement Plans (JEPs) will need to facilitate collaboration between the World Bank's private-sector arms, including the IFC and MIGA. The private sector can help mitigate institutional and governance failures by addressing inefficiencies and promoting transparency in public service delivery. Public-Private Partnerships (PPPs) offer solutions to weak governance by improving management and accountability in sectors like energy, health, and education. Key sectors targeted for private investment should include energy, agriculture, transport, and digital infrastructure.¹⁴

Synergizing *Uraan* Pakistan and CPF: A Collaborative Approach to Address Pakistan's Challenges

Uraan Pakistan and CPF share strong complementarities in their vision for Pakistan's economic transformation and sustainable development. *Uraan* Pakistan's emphasis on export-led growth, digital transformation, and inclusive development aligns with CPF's focus on energy, climate resilience, education, and governance. Both frameworks recognize the critical need for political stability, structural reforms, and strategic execution to drive long-term prosperity.

While *Uraan* Pakistan seeks to position Pakistan as a regional economic powerhouse through high-impact initiatives, the CPF provides a substantial financial commitment and a roadmap for fostering sustainable and inclusive growth. Their mutual reliance on collaboration, whether with multilateral institutions or private-sector stakeholders, further underscores the synergy between them, making their integration essential for Pakistan's economic and developmental trajectory.

Conclusion

The World Bank's \$20 billion commitment under the CPF underscores its confidence in Pakistan's economic potential and resilience. Vice President Raiser estimated that Pakistan requires \$250–350 billion for climate action alone during the CPF period.¹⁵ By helping to address critical challenges in

¹⁴ Tahir Amin, "\$20bn CPF an indicative figure: World Bank," Business Recorder, January 24, 2025, <https://www.brecorder.com/news/40344380>

¹⁵ Ibid

energy, climate resilience, education, and governance, the CPF aims to foster inclusive and sustainable growth. The framework's goals will depend on political consensus, structural reforms, and active collaboration with development partners such as the International Monetary Fund (IMF) and Asian Development Bank (ADB).

Collaboration with private-sector stakeholders and development agencies will be pivotal in achieving this vision. The CPF provides a transformative roadmap for Pakistan, balancing short-term adaptability with long-term sustainability to ensure enduring benefits for its people. Lastly, working in close collaboration with the Government of Pakistan under the *Uraan* framework would provide further impetus to address the country's challenges, ensuring that efforts under the CPF are complementary and impactful in driving long-term, sustainable development.