VOLUME 19/ ISSUE 12/ MARCH 22, 2024

IBP - A Company Set Up Under Section 42 of the Companies Act, 2017

economicletter

a weekly publication of The Institute of Bankers Pakistan

Domestic Economic Roundup

Key Money & Banking Indicators:

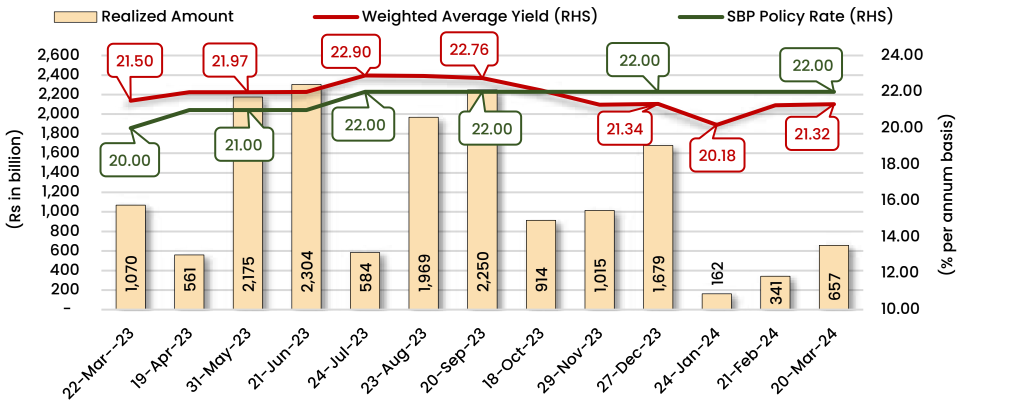
(Rs in billion)

	Stocks at End - June 2023	Flows FY22	Flows FY23	Monetary Impact Since 1st July to 08-Mar-24	Monetary Impact Since 1st July to 10-Mar-23
Total Deposits with Banks	22,262.4	2,615.1	2,327.6	1,429.0	(183.0)
Broad Money (M2)	31,523.3	3,304.9	3,920.6	957.2	533.8
Govt. Sector Borrowings (Net)	23,723.1	3,357.7	4,100.2	3,222.2	2,249.5
Credit to Private Sector	9,167.1	1,329.7	208.3	73.2	246.2

https://shorturl.at/hl146

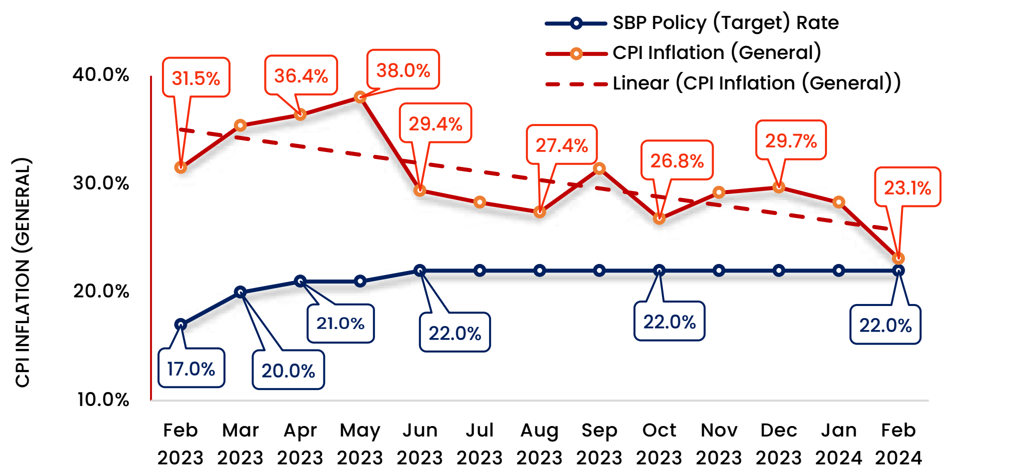
MTBs Acceptance (Auction+ Non-Competitive Bids)

MTB's: https://shorturl.at/gkxA3
SBP Policy: https://shorturl.at/gklzG



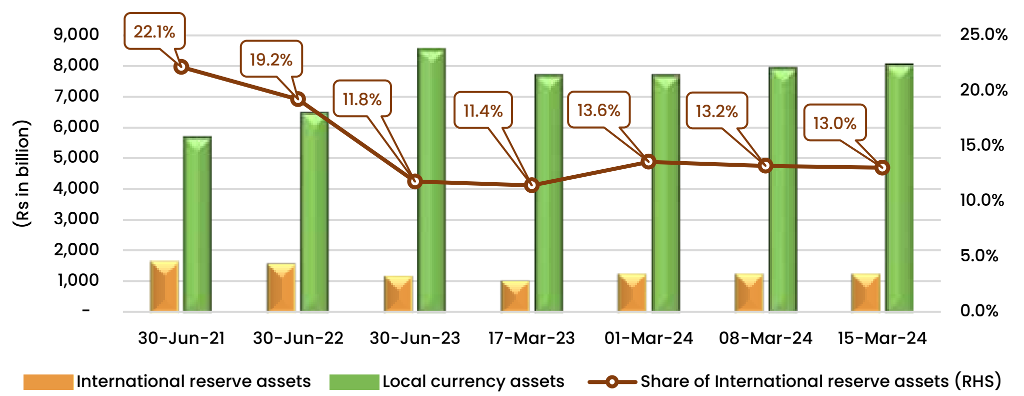
SBP Policy Rate Vs. CPI Inflation (YoY)

https://tinyurl.com/2hxkfucv | https://tinyurl.com/mrurbhc8



Assets Composition of Total Banknotes Issued

https://tinyurl.com/22n5xnum



Markets at a Glance

Rates taken till Friday, March 22, 2024

SBP POLICY RATE

22.00% | Effective from June 27, 2023

https://www.sbp.org.pk/ecodata/sir.pdf

KIBOR (3 MONTHS)

	Bid%	Offer%
Starting	21.07	21.32
Ending	21.49	21.74
Change	+0.42	+0.42

https://www.sbp.org.pk/ecodata/kibor_index.asp

FOREX RATES

	GBP	EURO	USD
Starting	PKR 355.17	PKR 303.33	PKR 278.74
Ending	PKR 350.65	PKR 301.03	PKR 278.14
Change	-4.52	-2.3	-0.6

https://www.sbp.org.pk/ecodata/rates/m2m/M2M-Current.asp

PAKISTAN STOCK EXCHANGE

	100 Index
Starting	64,816
Ending	65,152
Change	+336

https://dps.psx.com.pk/

GOLD RATES

	10 GM, 24K
Starting	PKR 193,512
Ending	PKR 194,617
Change	+1,105

https://www.forex.pk/bullion-rates.php

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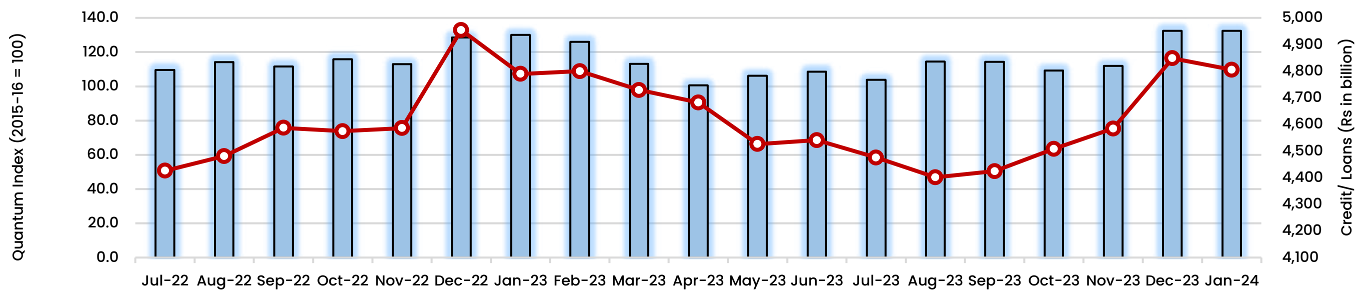
Quantum Index Numbers of Large Scale Manufacturing Industries-LSMI (2015-16 = 100)

Jul-January		% age Growth in 2023-24 over 2022-23	Monthly Indices and Growth				
Index for			Index for			% age Growth	
2023-24	2022-23		Jan-24	Jan-23	Dec-23	MOM	YOY
116.94	117.55	-0.52	132.43	130.03	132.39	0.03	1.84

https://www.pbs.gov.pk/content/qim

Quantum Index of Manufacturing (QIM) Vs. Outstanding Credit/ Loans to Manufacturing



	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
QIM	109.7	114.1	111.7	115.8	113.1	128.5	130.0	125.9	113.2	100.6	106.1	108.6	103.8	114.4	114.4	109.2	112.0	132.4	132.4
Credit/ Loans	4,426	4,481	4,587	4,574	4,586	4,955	4,789	4,800	4,729	4,682	4,526	4,541	4,475	4,401	4,424	4,508	4,584	4,848	4,805

https://www.pbs.gov.pk/content/qim | https://www.sbp.org.pk/ecodata/CreditLoans.pdf

CPI Inflation	Annual Average			Year-on-Year		
	FY20	FY21	FY22	Feb 2023	Jan 2024	Feb 2024
General	10.7	8.9	12.2	31.5	28.3	23.1
Food (Urban)	13.6	12.4	13.4	41.9	27.4	20.2
Non-Food (Urban)	8.3	5.7	10.8	20.8	32.3	28.2

https://www.sbp.org.pk/ecodata/MPM-New.pdf https://www.pbs.gov.pk/cpi

Currency in Circulation as on (Stock data)

(Rs in billion)

June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	Mar 10, 2023	Mar 08, 2024
6,142.0	6,909.9	7,572.5	9,148.7	8,291.9	8,663.0

https://www.sbp.org.pk/ecodata/BroadMoney_M2.pdf

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Central Banks' Gallery

State Bank of Pakistan

MPC Decides to Maintain the Policy Rate at 22 Percent

The Monetary Policy Committee (MPC) of the State Bank of Pakistan in its meeting held on March 18, 2024 decided to keep the policy rate unchanged at 22 percent. The Committee noted that inflation, in line with earlier expectations, has begun to decline noticeably from H2-FY24. The Committee, however, observed that despite the sharp deceleration in February, the level of inflation remains high and its outlook is susceptible to risks amidst elevated inflation expectations. This warrants a cautious approach and requires continuity of the current monetary stance to bring inflation down to the target range of 5 – 7 percent by September 2025. The Committee reiterated that this assessment is also contingent upon continued targeted fiscal consolidation and timely realization of planned external inflows.

The MPC noted a few key developments since its last meeting, which have implications for the macroeconomic outlook. First, the latest data continues to depict moderate pick-up in economic activity, led by rebound in agriculture output. Second, the external current account balance is turning out better than anticipated and has helped maintain FX buffers despite weak financial inflows. Third, while inflation expectations of businesses have shown a steady increase since December, those for consumers have also inched up in March. Lastly, on the global front, while the broader trend in commodity prices remained benign, oil prices have increased; partly reflecting the continued tense situation in the Red Sea. Moreover, amidst uncertainty regarding the inflation outlook, key central banks in both advanced and emerging economies have continued to maintain a cautious monetary policy stance in recent meetings.

The latest data on fiscal accounts shows continuing fiscal consolidation. During H1-FY24, the primary surplus improved to 1.7 percent of GDP from 1.1 percent in the same period last year, while the overall fiscal deficit deteriorated to 2.3 percent of GDP from 2.0 percent in H1-FY23. Improvement in the primary surplus to GDP ratio is mainly contributed by better revenue collection, primarily from non-tax sources, and relatively contained non-interest expenditures. Sizeable increase in interest payments amidst high debt levels and increasing reliance on costly domestic financing led to an expansion in the overall deficit. The MPC emphasized that the continuation of fiscal consolidation is essential for ensuring overall macroeconomic and price stability.

The MPC noted that headline inflation registered a broad-based and considerable y/y decline from 28.3 percent in January to 23.1 percent in February. While food inflation continued to trend down, core inflation, which had been sticky, also decelerated to 18.1 percent in February from 20.5 percent in January. The improvement in inflation broadly reflects the combined impact of contractionary monetary policy, fiscal consolidation, better food supplies, moderating global commodity prices and favorable base effect. The MPC noted that while energy inflation also decelerated on y/y basis in February, the adjustments in administered energy prices have continued to contribute to inflation directly and indirectly. This has implications for the needed sustained decline in inflation expectations of both consumers and businesses. Going forward, any further adjustments in administered prices or fiscal measures that may push prices up pose risk to the near and medium-term inflation outlook. Cognizant of these risks, the Committee assessed that it is prudent to continue with the current monetary policy stance at this stage.
https://tinyurl.com/4ajy35jt

CPI Inflation:

YoY (February 2024)	23.1 %	MoM (February 2024)	0.0 %

https://tinyurl.com/2ez47dde

State Bank of Pakistan Categorically Denies News Reports About Issuance of Polymer Banknotes Series

Apropos the reports circulating on various news portals regarding issuance of polymer (plastic) banknotes. SBP strongly refutes the reports as baseless and without substance. There is no such plan or suggestion currently under consideration regarding change in the substrate of banknotes from paper to the polymer. SBP uses cotton based paper substrate which is manufactured locally by the Security Papers Limited, using primarily local raw materials.
https://tinyurl.com/yj7264mz

Bank of England:

MPC Decides to Maintain the Policy Rate at 5.25 percent

The Bank of England's (BoE's) Monetary Policy Committee (MPC) sets monetary policy to meet the 2 percent inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on March 20, 2024, the MPC voted by a majority of 8–1 to maintain Bank Rate at 5.25 percent. One member preferred to reduce Bank Rate by 0.25 percentage points, to 5 percent.

Since the MPC's previous meeting, market-implied paths for advanced economy policy rates have shifted up. In the United States and the euro area, inflationary pressures have continued to abate, though by slightly less than expected. Material risks remain, notably from developments in the Middle East including disruption to shipping through the Red Sea.

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Twelve-month CPI inflation fell to 3.4 percent in February from 4.0 percent in January and December, a little below the expectation in the February Monetary Policy Report. Services consumer price inflation has declined but remains elevated, at 6.1 percent in February. Most indicators of short-term inflation expectations have continued to ease.

CPI inflation is projected to fall slightly below the 2 percent target in 2024 Q2, marginally weaker than previously expected owing to the freeze in fuel duty announced in the Budget. In the February Report projection, CPI inflation was expected to increase slightly again in Q3 and Q4, accounted for by the direct energy price contribution to 12-month inflation. Services price inflation is expected to fall back gradually.

The MPC remains prepared to adjust monetary policy as warranted by economic data to return inflation to the 2 percent target sustainably. It will therefore continue to monitor closely indications of persistent inflationary pressures and resilience in the economy as a whole, including a range of measures of the underlying tightness of labor market conditions, wage growth and services price inflation. On that basis, the Committee will keep under review for how long Bank Rate should be maintained at its current level.
https://tinyurl.com/4mbwyajs

CPI Inflation:

YoY (February 2024)	3.4%	MoM (February 2024)	0.6%

https://tinyurl.com/4n84mnbp

Federal Reserve System (Fed)

Fed Decides to Maintain Target Range for Federal Funds Rate at 5.25 to 5.50 percent

Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are moving into better balance. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5.25 to 5.50 percent. In considering any adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to returning inflation to its 2 percent objective.
https://tinyurl.com/nh8atvvb

CPI Inflation:

YoY (January 2024)	3.3%	MoM (January 2024)	0.4%

https://tinyurl.com/2wjxef3v

Bank of Japan:

BoJ Monetary Policy Framework Transition towards Sustainable Price Stability Target

At the Monetary Policy Meeting held on March 19, 2024, the Policy Board of the Bank of Japan assessed the virtuous cycle between wages and prices, and judged it came in sight that the price stability target of 2 percent would be achieved in a sustainable and stable manner toward the end of the projection period of the January 2024 Outlook Report (Outlook for Economic Activity and Prices). The Bank considers that the policy framework of Quantitative and Qualitative Monetary Easing (QQE) with Yield Curve Control and the negative interest rate policy to date have fulfilled their roles. With the price stability target of 2 percent, it will conduct monetary policy as appropriate, guiding the short-term interest rate as a primary policy tool, in response to developments in economic activity and prices as well as financial conditions from the perspective of sustainable and stable achievement of the target.[1] Given the current outlook for economic activity and prices, the Bank anticipates that accommodative financial conditions will be maintained for the time being.

On this basis, the Bank made the following decisions, including that on the guideline for market operations.

1) Guideline for market operations
2) Purchase of Japanese government bonds (JGBs)
3) Asset purchases other than JGB purchases
4) Treatment of new loan disbursements under the Fund-Provisioning Measure to Stimulate Bank Lending etc.

Japan's economy has recovered moderately, although some weakness has been seen in part. Looking at the background conditions of wage developments, corporate profits have continued to improve and labor market conditions have been tight. In this situation, as indicated by the results of this year's annual spring labor-management wage negotiations to date, it is highly likely that wages will continue to increase steadily this year, following the firm wage increase last year. Moreover, anecdotal information from firms – which is gathered through the Bank's Head Office and branches – suggests that a wide range of firms have maintained their

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stance of raising wages. On the price front, while the effects of a pass-through to consumer prices of cost increases led by the past rise in import prices have waned, services prices have continued to increase moderately, partly due to the moderate wage increases seen thus far. As these recent data and anecdotal information have gradually shown that the virtuous cycle between wages and prices has become more solid, the Bank judged it came in sight that the price stability target would be achieved in a sustainable and stable manner toward the end of the projection period of the January 2024 Outlook Report.

[1]The Bank judged that the inflation-overshooting commitment regarding the monetary base had fulfilled the conditions for its achievement.
https://tinyurl.com/43the5zr

CPI Inflation:

YoY (February 2024)	2.8%	MoM (February 2024)	0.0%

https://tinyurl.com/bdfsehsc

Reserve Bank of Australia

RBA Decides to Maintain the Policy Rate at 4.35 percent

The Reserve Bank Board decided to leave the cash rate target unchanged at 4.35 percent and the interest rate paid on Exchange Settlement balances unchanged at 4.25 percent.

Recent information suggests that inflation continues to moderate, in line with the RBA's latest forecasts. The headline monthly CPI indicator was steady at 3.4 percent over the year to January, with momentum easing over recent months, driven by moderating goods inflation. Services inflation remains elevated, and is moderating at a more gradual pace. The data are consistent with continuing excess demand in the economy and strong domestic cost pressures, both for labor and non-labor inputs.

Higher interest rates are working to establish a more sustainable balance between aggregate demand and supply in the economy. Accordingly, conditions in the labor market continue to ease gradually, although they remain tighter than is consistent with sustained full employment and inflation at target. Wages growth picked up a little further in the December quarter, but appears to have peaked with indications it will moderate over the year ahead. Nevertheless, this level of wages growth remains consistent with the inflation target only on the assumption that productivity growth increases to around its long-run average. Inflation is still weighing on people's real incomes and household consumption growth is weak, as is dwelling investment. https://tinyurl.com/3e52uvmh

CPI Inflation:

YoY (December 2023)	4.1%	MoM (January 2024)	3.4%

https://tinyurl.com/bdafn686

Commercial Banks' Gallery

BOP Signs Agreement with Punjab Government's Transport Department

The Agreement Signing Ceremony between the Bank of Punjab (BOP) and the Transport & Masstransit Department of the Government of Punjab was held in Lahore on March 20, 2024. The ceremony was attended by Chief Minister Punjab, Ms Maryam Nawaz Sharif; Secretary of the Transport & Masstransit Department, Dr Ahmed Javed Qazi; President & CEO of BOP, Mr Zafar Masud; senior provincial ministers and executives of BOP. https://tinyurl.com/4npawv7v

Bank Alfalah Launches PayPak Awareness with 1Link

Bank Alfalah's Consumer Finance Product Team recently orchestrated a campaign to raise awareness and foster engagement on PayPak products in partnership with 1LINK, tailored specifically for branches. https://tinyurl.com/2ratxa2t

Economic Horizons

Dubai's ETG ECO GREEN Set to Launch in Pakistan

Mr Tariq Badshah and Mr Zubair Ghanghra announced ETG ECO GREEN's compostable packaging production into Pakistan, with plans for more growth in Asia and Africa after a successful launch in the UAE.

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Celebrating its inaugural year, ETG ECO GREEN PACKAGING, a leader in manufacturing plastic-free products with advanced technology in the UAE, marks a milestone achievement.

In a remarkable feat, Dubai's ETG ECO GREEN has introduced innovative eco-friendly products, setting a new benchmark in plastic-free solutions endorsed by the UAE.

Renowned for its production of compostable packaging items like carry bags, garbage bags, and table covers, ETG ECO GREEN PACKAGING commemorates one year of pioneering plastic-free products in the UAE, utilizing cutting-edge technology to drive the eco-friendly packaging solutions.

Tariq Badshah Co-Founder and Zubair Ghanghra Unique ETG Pakistan partner stated in a social media post: "Innovation for a Sustainable World: In alignment with global environmental objectives, ETG ECO GREEN's compostable products signal the private company's upcoming expansion in Pakistan, and additional Asian and African nations following its triumphant introduction in the UAE. https://tinyurl.com/3d6ctjk2

CDNS Achieved Rs 60 billion in Islamic Investment Bonds

The Central Directorate of National Savings (CDNS) has secured Rs 60 billion in Islamic finance bonds during the current fiscal year 2023–24 till March 16, 2024.

"The National Savings had issued the Islamic bonds for the promotion of the Islamic finance system, which will help the development of the Islamic economy in the country," a senior official of the Directorate of National Savings told a local news agency on March 19, 2024.

The CDNS had set the target of collecting Rs 75 billion from the Islamic finance bonds in the financial year 2023–24.

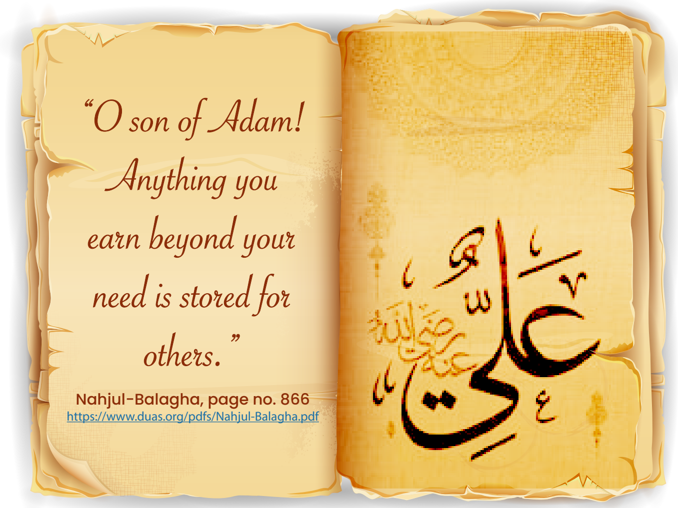
Some Rs 16 billion were collected through the bonds during July 2023, the first of the ongoing fiscal year, he added.

Replying to a question, he said the CDNS had achieved the target of Rs 60 billion during the last fiscal year (2022–23) from the Islamic bonds, and that was why it aimed to introduce new dimensions in the Islamic finance sector.

"Islamic finance now has a very important role in the global financial sector. A large part of the economy of many major countries currently includes Islamic finance," he added. The official said that work was being done on institutional reforms in the CDNS.

Given the current market trend in the country, an ambitious target had been set to further improve the savings culture, he added.

To another query, the official said that the CDNS had achieved the target of Rs 1050 billion in fresh bonds from July 1, 2023, to March 15, 2024, in the current fiscal year. https://tinyurl.com/4fv38b2t



SECP Issues Advertisements & Call Center Management Guidelines for Digital Lenders

The Securities and Exchange Commission of Pakistan (SECP) has issued guidelines to NBFCs involved in digital lending to ensure best practices in advertisements and call center management. The guidelines were designed to prioritize borrower protection and to prevent deceptive marketing and unethical call center practices.

Non-banking financial companies (NBFCs) licensed by the SECP are extensively promote their loans products through various social media platforms. Digital lending NBFCs are dependent on call center infrastructure, whether owned or outsourced, to conduct verification, manage recovery collection and provide customer services. Consequently, call centers have become an integral aspect of their business operations.

The SECP recognizes the need for responsible and ethical marketing practices and call center operations. Responsible and ethical behavior necessitates that NBFCs use transparency and honesty in their advertising, and that they make these standards a requirement for their call centers. The guidelines will aid NBFCs in adopting best practices in advertising and call center management while ensuring borrower safeguards.

All NBFCs, involved in digital lending must adhere to these guidelines for marketing through various channels. This includes influencers and content creators, and call center services, both in-house and outsourced. These guidelines are available at SECP's website at http://surl.li/rrfqv https://tinyurl.com/yar79wrt

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FBR Signs Agreement with Karandaaz Pakistan for Digitization of Tax System

In line with the vision of the Prime Minister of Pakistan to transform Federal Board of Revenue (FBR) into a Digital Tax Administration, FBR has entered into an agreement with Karandaaz Pakistan for the Digitalization of Tax System. FBR has put considerable focus towards automation of its processes and digitalizing of the economy. These initiatives reduce the cost of compliance of taxpayers, document the economy, expand the tax base and lead FBR on a sustainable path to revenue growth.

FBR will be collaborating with Karandaaz for developing a comprehensive digital strategy for realizing the digital transformation of FBR, its digitalization initiatives and their implementation. Under this agreement, Karandaaz Pakistan, an impact investment platform that drives sustainable economic growth and strengthens financial and social protection systems for inclusion, will assist FBR in assessment of the business needs, existing IT infrastructure and systems, and business processes to establish the context and scope for digitalizing the tax system of Pakistan using service oriented and tax payer centric use cases.

At the signing ceremony, Mr Malik Amjed Zubair Tiwana, Chairman FBR, stated that FBR has put considerable focus towards automation of its processes and digitalizing the economy including the supply chain digitalization. Multiple endeavors have been undertaken to address the challenge of the undocumented economy and expanding the tax base. FBR will now be collaborating with Karandaaz for realizing the digital transformation of FBR, its digitalization initiatives and their implementation.

Mr Muhammad Aurangzeb, the Minister for Finance and Revenue who chaired a meeting with FBR and Karandaaz earlier in the day on the subject emphasized the importance of facilitation of business and people-centric approach in the design of these digital solutions. He stated that the initiative holds a lot of potential which can only be realized through the use of best human capital leading the assessment and design. "Experienced international consultants that have implemented tax digitalization solutions in similar contexts should be engaged for this activity," he added.

Mr Waqas ul Hasan, CEO Karandaaz Pakistan stated that, "The initiative is in line with Karandaaz Pakistan's sponsor Bill and Melinda Gates Foundation's Digital Public Infrastructure workstream and will help in building a robust ecosystem for Pakistan Digital Stack. The transformation when complete will put the taxpayer's natural systems at the center and the tax administration more resilient and agile. The whole nation will benefit from the dividends of this digital transformation."

The agreement was signed on March 15, 2024. On behalf of FBR, Mr Ardsher Salim Tariq, Member (Reforms and Modernization) and on behalf of Karandaaz Pakistan, the agreement was signed by Mr Sharjeel Murtaza, Director Digital Services. https://tinyurl.com/22x52nmz

International Economic Roundup

Pakistan IMF Reaches Staff-Level Agreement on the Second and Final Review of the 9-Month Stand-by Arrangement

An International Monetary Fund (IMF) team, led by Nathan Porter, visited Islamabad from March 14-19, 2024, to hold discussions on the second review of Pakistan's economic program supported by an IMF Stand-By Arrangement (SBA). At the conclusion of the discussions, Mr Porter issued the following statement:

"The IMF team has reached a staff-level agreement with the Pakistani authorities on the second and final review of Pakistan's stabilization program supported by the IMF's US$3 billion (SDR 2,250 million) SBA approved in January 2024 (Press Release No. 23/261). This agreement is subject to approval by the IMF's Executive Board, upon which the remaining access under the SBA, US$1.1 billion (SDR 828 million), will become available.

"Pakistan's economic and financial position has improved in the months since the first review, with growth and confidence continuing to recover on the back of prudent policy management and the resumption of inflows from multilateral and bilateral partners. However, growth is expected to be modest this year and inflation remains well above target, and ongoing policy and reform efforts are required to address Pakistan's deep-seated economic vulnerabilities amidst the ongoing challenges posed by elevated external and domestic financing needs and an unsettled external environment.

"The new government is committed to continue the policy efforts that started under the current SBA to entrench economic and financial stability for the remainder of this year. In particular, the authorities are determined to deliver the FY24 general government primary balance target of PRs 401 billion (0.4 percent of GDP), with further efforts towards broadening the tax base, and continue with the timely implementation of power and gas tariff adjustments to keep average tariffs consistent with cost recovery while protecting the vulnerable through the existing progressive tariff structures, thus avoiding any net circular debt (CD) accumulation in FY24". The State Bank of Pakistan remains committed to maintaining a prudent monetary policy to lower inflation and ensure exchange rate flexibility and transparency in the operations of the FX market.

SNIPS

Workers Interrupted

A Task Management Trends Report showed that only 53.5 percent of planned tasks are completed by employees every week, with employees reporting that they are interrupted an average of 32 times per day out of their focused work.

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The authorities also expressed interest in a successor medium-term Fund-supported program with the aim of permanently resolving Pakistan's fiscal and external sustainability weaknesses, strengthening its economic recovery, and laying the foundations for strong, sustainable, and inclusive growth.

While these discussions are expected to start in the coming months, key objectives are expected to include: (i) strengthening public finances, including through gradual fiscal consolidation and broadening the tax base (especially in undertaxed sectors) and improving tax administration to improve debt sustainability and create space for higher priority development and social assistance spending to protect the vulnerable; (ii) restoring the energy sector's viability by accelerating cost reducing reforms including through improving electricity transmission and distribution, moving captive power demand to the electricity grid, strengthening distribution company governance and management, and undertaking effective anti-theft efforts; (iii) returning inflation to target, with a deeper and more transparent flexible FX market supporting external rebalancing and the rebuilding of foreign reserves; and (v) promoting private-led activity through the above mentioned actions as well as the removal of distortionary protection, advancement of SOE reforms to improve the sector's performance, and the scaling-up of investment in human capital, to make growth more resilient and inclusive and enable Pakistan to reach its economic potential.

"The IMF team thanks the Pakistani authorities, private sector, and development partners for fruitful discussions and cooperation throughout this mission."
https://tinyurl.com/3su6spwn

New ADB Partnership Strategy for Sri Lanka to Foster Sustainable Recovery, Build Resilience, and Revive Growth

The Asian Development Bank (ADB) has launched a new country partnership strategy (CPS) for Sri Lanka covering the period 2024–2028. The strategy will focus on restoring the country's macroeconomic stability, reviving growth, and establishing the foundation for sustainable recovery and resilience.

"This new partnership strategy will build on ADB's ongoing assistance to support the country's efforts to restore macroeconomic stability, and to achieve green and long-term sustainable growth," said ADB Country Director for Sri Lanka Takafumi Kadono. "The CPS responds to Sri Lanka's economic situation by tailoring ADB assistance to address the country's long-standing macroeconomic imbalances and structural impediments through knowledge solutions, policy advisory support, and priority investments."

Sri Lanka is showing signs of stability and recovery from a deep economic crisis. Inflation significantly declined from 69.8 percent to 4.0 percent between September 2022 and December 2023. Foreign exchange reserves have increased to $4.4 billion in 2023 from $1.9 billion in 2022. Sri Lanka's economic growth returned to positive territory in the second half of 2023 and that momentum is likely to continue.

ADB's assistance under the new CPS will focus on three strategic objectives: strengthening public financial management and governance; fostering private sector development promoting green growth; and improving access to climate-smart public services and deepening inclusion. Three thematic priorities—climate action, disaster resilience, and environmental sustainability; gender equality and social inclusion; and governance, capacity development, and digitalization—will be integrated into the CPS objectives.

The new CPS will support the country's efforts to tackle the key underlying causes of the crisis. ADB will focus on reforming public financial management system, strengthening governance, accelerating domestic resource mobilization, and improving fiscal and debt sustainability, as well as measures to improve the performance of state-owned enterprises.

The strategy recognizes the critical role of the private sector in the country's recovery and long-term economic growth. Structural reforms to promote greater private sector participation in the economy and diversify the economy with emphasis on green and sustainable growth will be supported under the new strategy. ADB will continue to support financial inclusion and small and medium-sized enterprises development, especially those managed by women, and provide advisory and capacity building support to promote trade and investment. The strategy aims to improve access to climate-smart public services and deepen inclusion through strengthening social protection and human capital development and fostering agriculture modernization.

As of the end of December 2023, ADB had committed more than $3.7 billion in 45 public sector loans and grants in Sri Lanka, as well as $25.6 million in private sector investments.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. https://tinyurl.com/47mbwzra

HR TIPS

Keep Perfectionism from Holding You Back

Are you a perfectionist? While aiming for perfection is necessary in some professions, in many cases it may actually be detrimental to your performance. Combating perfectionism ultimately comes down to learning how to start—and how to finish—a project. Here is how.

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How to start. Perfectionism often leads to procrastination. To overcome it, you need to get comfortable with imperfect first drafts. Remember, you just need to start somewhere. Practice creating rough outlines, dictating your thoughts out loud, or talking through ideas with a trusted colleague. Once you have mastered the art of starting, you can begin iterating and refining your ideas.

How to finish. If you tend to find yourself in an endless cycle of revisions, lean on a trusted colleague, manager, or collaborator for feedback. It is important to do this at every stage of the creative process. It is also crucial to understand the expectations for your project. Sometimes, timeliness and efficiency are a higher priority than absolute perfection—and in those cases, you need to get comfortable delivering an imperfect product.

(This tip is adapted from *Don't Let Perfectionism Slow You Down,* by Rajani Katta - HBR.)

Encourage Intergenerational Friendships on Your Team

Managers today are tasked with leading up to five generations at the same time, making intergenerational relationships at work more important than ever before. Well-managed generational diversity has the potential to bring substantial benefits, ranging from knowledge transfer and mentoring to innovation and reduced turnover. Here is how to foster and nurture these relationships on your team.

Dismantle stereotypes and suspend judgment. Initiating discussions that call people's assumptions about particular generations into question and mitigate age-based biases on your team is a crucial first step to identifying—and reversing—generational misperceptions.

Spotlight the benefits of an intergenerational team. People from different generations tend to have different strengths at work. Create opportunities for colleagues to mentor and coach each other on their complementary skill sets.

Build community. Set up informal, communal work and community spaces—or a series of recurring virtual meetings—that encourage employees to connect casually.

Emphasize a shared purpose. Aligning your team around a common goal, mission, and vision will help foster unity across generational divides.

(This tip is adapted from *Why We Need Intergenerational Friendships at Work,* by Megan W. Gerhardt - HBR.)

Beware the Risks of Too Much Humility

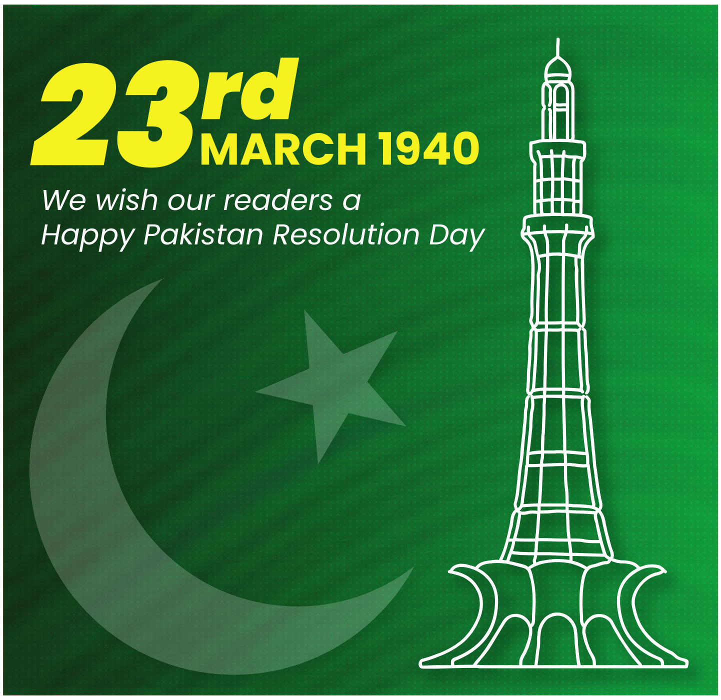
Humility is a virtue in leadership—but being too humble can backfire. Here are three ways humility can undermine your leadership.

You may be perceived as indecisive. Democratizing every decision-making process can be misconstrued as a reluctance to take a stand, or a lack of conviction in your strategic vision. Do not defer to consensus all the time. Instead, recognize that true humility isn't about forfeiting your authority—it is about confidently wielding it when you have to.

You may hinder your own career advancement. Deflecting praise or funneling all the credit down to your team can erase your own role in your team's achievements. Dual-promotion, in which you compliment a colleague, peer, or team while also sharing your own personal accomplishments, can be a powerful way to walk the line between humility and confidence.

You may be limiting your team's development. If you worry that delegating work to employees could be seen as oppressive or demotivating, you may actually be depriving them of opportunities to learn and grow. Understand that delegation is not strictly about offloading tasks, but rather about expanding your team's capacity and resilience.

(This tip is adapted from *3 Ways Humility Can Undermine Your Leadership,* by Tony Martignetti - HBR.)



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