



Project Summary Information

Date of Document Updating: July 17, 2020

Project Name	Resilient Institutions for Sustainable Economy (RISE) Program
Document Code	PD000429-PSI-PAK
AIIB member	Islamic Republic of Pakistan
Sector/Subsector	Others/Exceptions
Status of Financing	Approved
Project Description	<p>The RISE Program is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the World Bank (WB) as a Development Policy Financing (DPF) under the WB's Policy on Development Policy Financing (DPF Policy).</p> <p>The Program constitutes one element of Pakistan's response to and recovery from the impact of COVID-19 pandemic, focusing on economic revitalization and crucial health and social sector spending. While covering the Government's public health and emergency expenditures, the Program also comprises policy and institutional actions to mitigate the adverse health and economic shocks. These policy actions will promote medium term reforms in macroeconomic management, institutional strengthening and foster growth and competitiveness for economic resilience.</p> <p>The fiscal space provided under the Program will deliver (i) social protection for the poor and vulnerable, (ii) an expanded health sector response to the pandemic, and (iii) a pro-poor fiscal stimulus package to ensure recovery in growth and employment. The Program is, therefore, part of an integrated package of immediate efforts by the Government of Pakistan (GoP) to mitigate the significant negative health, social, and economic impacts of the COVID-19 pandemic.</p>
Objective	The objectives of the proposed Program are to (i) enhance the policy and institutional framework to improve fiscal management; and (ii) improve the regulatory framework to foster growth and competitiveness. These objectives will promote social protection and economic resilience to prevent long-term damage to the productive capacity, including human capital, of Pakistan's economy.
Expected Results	The Program focuses on the Government's efforts for socio-economic recovery and increased spending in health and social sectors while putting in place foundations for sustained economic growth around two policy pillars.

	<p>The first pillar focuses on reforms that will enhance macro-economic stability and fiscal management by</p> <ul style="list-style-type: none"> (i) improving fiscal policy and sustainability by establishing effective institutions and strengthened intergovernmental arrangements [these would lay good foundation for socio-economic recovery, including improve spending in health and social sector], (ii) enhancing debt transparency and management, (iii) broadening the tax base and reducing distortions in tax policy, and (iv) reducing fiscal risks emanating from the energy sector. <p>Measures under the second pillar will support growth and competitiveness by</p> <ul style="list-style-type: none"> (i) harmonizing the nationwide general sales tax, (ii) enhancing transparency and deepening of the financial sector, (iii) supporting digital financial inclusion, and (iv) promoting better regulated real-estate developments, and competitiveness.
Environmental and Social Category	<p>No Categorization (WB requires environmental and social analysis of a DPF-supported program, but does not categorize it)</p>
Environmental and Social Information	<p>This Loan will be co-financed with the WB as lead co-financier, and the Program's Environmental and Social (ES) risks and impacts have been assessed in accordance with the WB's DPF Policy. AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to DPF operations. Therefore, as permitted by a decision of the AIIB's Board of Directors, the WB's DPF Policy will apply to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the program.</p> <p>The WB has conducted several assessments under the WB's DPF Policy to determine whether the proposed operation is likely to have significant social and poverty consequences (especially on the poor and vulnerable groups) and or to cause significant effects on the country's environment, forests and other natural resources. The WB has determined that the policies supported by the proposed DPF are likely to have positive overall environmental and social effects. Pakistan has adequate legislative coverage, policy guidelines, and institutional mechanisms in place for managing the environment. This Program is not likely to cause any significant effects on Pakistan's environment, forests and other natural resources, and there are systems in place for reducing any eventual adverse effects. WB carried out a Poverty and Social Impact</p>

	Analysis and concluded that there are no potential negative impacts of the policy measures under the Program. Actions supported by the Program encourage economic growth and will positively impact the poor. Some of the policy actions, such as increasing the use of digital payments, are expected to have a positive impact on the underprivileged as well as women by increasing access to finance to individual and small businesses.			
Cost and Financing Plan	Program cost: USD 750 million Financing Plan: <ul style="list-style-type: none"> • AIB loan: USD 250 million • IBRD loan: USD 250 million • IDA Credit: SDR 183.2 million (USD 250 million equivalent) 			
Borrower	Islamic Republic of Pakistan			
Implementing Entity	Ministry of Finance			
Estimated date of loan closing	May 2021			
Contact Points:	AIB	WB	Borrower	Implementation Organization
Name	Ghufran Shafi	Shabih Ali Mohib	M. Aslam Chaudhary	Mr. Aamir Nazir Gondal
Title	Senior Investment Operations Specialist, Investment Operations Department, Region 2	Program Leader and Lead Economist	Joint Secretary, Economic Affairs Division Ministry of Finance, Revenue & Economic Affairs The Islamic Republic of Pakistan	Joint Secretary, External Finance Policy, Ministry of Finance, Finance Division
Email Address	gshafi@aiib.org	smohib@worldbank.org	aslam26@gmail.com	js.efp@finance.gov.pk
Date of Concept Decision	June 30, 2020			
Date of Appraisal Decision	June 30, 2020			

Date of Financing Approval	16 July 2020
Independent Accountability Mechanism	AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to this operation. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. The WB's independent accountability mechanism addresses issues raised by persons adversely affected by a WB-financed operation and allows them to report alleged non-compliance with the WB's operational policies and procedures, including its DPF Policy.