

SBF Project Implementation Monitoring Report

Pakistan: Resilient Institutions for Sustainable Economy

1. Project Information

Project ID:	000429	Investment Number:	L0429A
Member:	Pakistan	Region:	Southern asia
Sector:	Economic Resilience/PBF	Sub-sector:	Economic Resilience/PBF - NA
AIB Financing Type:	Loan: 250 USD million	Co-financier(s):	World Bank
E&S category:	C	Borrower:	Government of Pakistan
Red Flags Assigned:	0	Monitoring Regime:	Regular Monitoring
Implementing Agency:	Ministry of Finance		
Project Team Leader:	Ghufran Shafi		
Project Team Members:	Amy Fang Lim Chua, Environmental Specialist Bernardita Saez, Senior Counsel Shonell Robinson, Financial Management Specialist Silvio Audi, Head, Portfolio Risk Management & Reporting Susrutha Goonasekera, Senior Social Development Specialist		
Completed Site Visits by AIB:			
Planned Site Visits by AIB:			

2. Project Summary and Objectives

The objectives of the 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.

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). 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.

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.

3. Key Dates

Approval:	Jul. 16, 2020	Signing:	Jul. 27, 2020
Effective:	Jul. 31, 2020	Restructured (if any):	
Orig. Closing:	May. 31, 2021	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

a) Committed:	250	b) Cancellation (if any):	
c) Disbursed:	250	d) Most recent disbursement: (amount / date)	250, Aug. 10, 2020
e) Undisbursed:	0	f) Disbursement Ratio(%) ¹ :	100

¹ Disbursement Ratio is defined as the volume (i.e. the dollar amount) of total disbursed amount as a percentage of the net committed volume, i.e., $f = c / (a - b)$

5. Project Implementation Update

The Development Policy Financing (DPF) provides budgetary support to GoP budgetary expenditures and the Program focuses on the Government's efforts for socio-economic recovery and increased spending in health and social sectors. The loan was made effective on July 31, 2020 and fully disbursed on 10-Aug-20

Components	Physical Progress	Environmental & Social Compliance	Procurement
DPF operation has no specific component but support policies and institutional actions	NA	This Loan is co-financed with the World Bank (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. The WB has determined that the policies supported by the proposed development policy loan are likely to have positive overall environmental and social effects.	NA

Financial Management:

NA

6. Status of the Grievance Redress Mechanism (GRM)

WB's applicable policies will apply to this DPF Loan, and AIIB is therefore relying on WB's due diligence in relation to these policies. Communities and individuals who believe that they are adversely affected by specific country policies supported as prior actions or tranche release conditions under a WB DPF may submit complaints to the responsible country authorities, appropriate local/national grievance redress mechanisms, or the WB's Grievance Redress Service.

7. Results Monitoring

The Program will support 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. The first pillar supports reforms that will enhance macroeconomic stability and fiscal management by (i) improving fiscal policy and sustainability by establishing effective institutions and strengthened intergovernmental arrangements, (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. Measures under the second pillar will support growth and competitiveness by (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.

Baseline Year: Jun. 30, 2020 End Target Year: Jun. 30, 2023

Project Objective Indicators	Year	Target	Actual	Others, if any
Reduction in the deviation between the consolidated government budget deficit and the medium term fiscal framework approved by the NFC Monitoring Committee (Baseline: No MTFF in place)	Jun. 30, 2023	Less than 10 percent	NA	
Publication of quarterly report on debt and cost-risk indicator (Baseline: No report published)	Jun. 30, 2023	Semi-annual	NA	
Land, agriculture income tax and property related tax collection by provinces as total of own source revenues (Baseline: 4.1 percent)	Jun. 30, 2023	> 10 percent	NA	
Stock of PHPL debt transferred to the general government debt stock: PKR 0 billion in FY19 Flow of Circular Debt (Baseline: PKR 465 billion)	Jun. 30, 2023	<PKR 100 billion	NA	
Competitive bidding for procurement of renewable energy (Baseline: No competitive bidding)	Jun. 30, 2023	At least 75 percent procurement through competitive bidding	NA	
Number of GST filings annually (Baseline 60)	Jun. 30, 2023	12	NA	
Number of bank accounts verified	Jun. 30, 2023	100 percent	NA	

(Baseline: (<50 percent)				
Number of digital transactions per year (Baseline: PKR 0.7 billion)	Jun. 30, 2023	> 1.8 billion	NA	
Number of licenses issued to real estate developers (Baseline: Nil)	Jun. 30, 2023	>3	NA	
Average import duties Baseline: Average tariffs 12.6 percent, average dispersion (measured as the standard deviation): 15.4	Jun. 30, 2023	Average tariffs 10.77 percent, average dispersion (measured as the standard deviation): 13.2	NA	

Intermediate Result Indicators	Year	Target	Actual	Others, if any
NA	Jun. 30, 2023	NA	NA	NA

Remarks: Government has designed the Program as a series of three DPF operations. The results will be available by the end of the thrid DPF in FY23.