

**Pakistan : Pakistan – Building Resilience with Countercyclical Expenditures (BRACE) Program****1. Project Information**

Project ID:	P000704	Instrument ID:	L0704A
Member:	Pakistan	Region:	Southern Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan: 500.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	Asian Development Bank
ES category:	Not applicable	Borrowing Entity:	Ministry of Finance, Pakistan
Implementing Entity:	Ministry of Finance, Pakistan		
Project Team Leader:	Ghufran Shafi		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Susrutha Goonasekera, OSD - Environment & Social Development Specialist; Rizal Rivai, OSD - Procurement Specialist; Yogesh Malla, OSD - Financial Management Specialist; Liu Yang, Project Counsel; Christopher Damandl, Alternate Counsel; Bilal Muhammad Khan, Economist; Yanyang Shi, Project admin		
Completed Site Visits by AIIB:	Sep, 2022 Sep 5-9, 2022		
Planned Site Visits by AIIB:			
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/02		

**2. Project Summary and Objectives**

BRACE is supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with Asian Development Bank (ADB) as countercyclical assistance for prioritized expenditures under the ADB's Countercyclical Support Facility. The Program constitutes one element of Pakistan's response to and recovery from the combined adverse impacts of COVID 19 pandemic, geopolitical tensions and flood disaster, focusing on economic revitalization and crucial health and social sector spending. The Program is financing expenditure for strengthening social safety net and fiscal measures to support government's response to deal with the triple crises. Specifically, it will support measures for (i) Social Protection, (ii) Food Security, and (iii) Support for Businesses.

**3. Key Dates**

Approval:	Nov. 09, 2022	Signing:	Nov. 10, 2022
Effective:	Nov. 21, 2022	Restructured (if any):	
Orig. Closing:	Dec. 31, 2023	Rev. Closing (if any):	

**4. Disbursement Summary (USD million)**

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	500.00	Most recent disbursement (amount/date):	498.75/Nov. 28, 2022
Undisbursed:	0.00	Disbursement Ratio (%) <sup>1</sup> :	100.00

**5. Project Implementation Update**

The Program was supported under the COVID-19 Crisis Recovery Facility and provided critical counter-cyclical expenditures to help Pakistan deal with multiple crisis. At the same time, the Program promoted sound macroeconomic management and supported deployment of countercyclical development expenditures to deal with combined adverse impacts of lingering COVID-19 pandemic, regional conflict and climate-induced flood disaster. The loan was made effective on Nov. 21, 2022 and full disbursed on Nov. 28, 2022. According to the Borrower's quarterly report, financial progress has been satisfactory with 97 percent of funds utilized. A notice to close the loan by due date has been sent to the Borrower. A completion report will be prepared and shared to provide more details on the Program performance.

Components	Physical Progress	Environmental & Social Compliance	Procurement
To support Countercyclical Development Expenditures Program (CDEP)	As per the periodic monitoring report submitted by the Borrower, the financial progress has been satisfactory with 97 percent of the budget for social protection, food security and support for businesses having been utilized. The data for performance indicators is being gathered and will be reported in the completion report.	C	N/A

**Financial Management:**

N/A

**6. Status of the Grievance Redress Mechanism (GRM)**

<sup>1</sup> Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

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Since ADB's SPS will apply to this Program, and pursuant to AIIB's agreement with the ADB, AIIB will rely on the ADB Independent Accountability Mechanism (IAM) to handle complaints relating to ES issues that may arise under the Program. Consequently, in accordance with AIIB Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under this Program will not be eligible for consideration by the PPM. ADB IAM addresses issues raised by persons adversely affected by an ADB-assisted project and allows them to report alleged noncompliance with ADB operational policies and procedures, including SPS.

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**7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)**

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BRACE focuses on the Government's efforts for socio-economic recovery, strengthening of macroeconomic management and supporting more sustained and inclusive growth. Key Results include: (i) increased social protection measures; (ii) increased food security measures; and (iii) enhanced support for businesses. These results will be assessed through relevant outcome/output indicators. The performance of result indicators will be shared with AIIB after the loan closure.

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**Remarks:**

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Project Indicators	Objective	Indicator level	Unit of Measure	Cumulative Target Values										Frequency	Responsibility	Comments	
				Baseline		2022		2023		2024		End Target					
				Year	Value	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual
By June 2024, inflation declines to the State Bank of Pakistan's target range of 5%–7%		Project	Percentage	2022	12.2%	12.2%		N/A		5%-7%			5%-7%		State Bank of Pakistan and MOF quarterly macroeconomic and fiscal reports		
By June 2024, number of female heads of poor families that have received unconditional cash transfers have increased by 15%.		Project	Number	2022	7.8 million	7.8 million		N/A		8.97 million			8.97 million		State Bank of Pakistan and MOF quarterly macroeconomic and fiscal reports		

Project Indicators	Intermediate	Indicator level	Unit of Measure	Cumulative Target Values								Frequency	Responsibility	Comments	
				Baseline		2022		2023		End Target					
				Year	Value	Target	Actual	Target	Actual	Year	Target				Actual
By June 2023, unconditional cash transfers are provided to an additional 1 million female heads of poor families, with total female beneficiaries reaching 9 million	Project	Number	2022	7.8 million households	7.8 million households		9 million households			9 million households			MOF quarterly progress reports and BISP annual reports		
By June 2023, an additional 10,000 students are provided BISP undergraduate scholarships, of which at least 50% students are female	Project	Yes/No	2022	No	No		Yes			Yes			MOF quarterly progress reports and BISP annual reports		
By June 2023, conditional cash transfers for health and nutrition are extended to 159 districts nationwide for pregnant and lactating mothers and children under 2 years of age	Project	Number	2022	14 districts	14 districts		159 districts			159 districts			MOF quarterly progress reports and BISP annual reports		
By June 2023, an additional 2 million children are enrolled in conditional cash transfer for education at the primary, secondary, and higher secondary levels	Project	Number	2022	6 million	6 million		8 million			8 million			MOF quarterly progress reports and BISP annual		

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By June 2023, the government has provided a subsidy of at least PRs17 billion for the Utility Stores Corporation	Project	Number	2022	PRs6 billion	PRs6 billion		PRs17 billion			PRs17 billion			MOF quarterly progress reports	
By June 2023, the government has provided a subsidy on the import of urea and fertilizer of PRs6 billion	Project	Yes/No	2022	No	No		Yes			Yes			MOF quarterly progress reports	
By June 2023, the import of all seeds is exempted from the application of sales tax	Project	Yes/No	2022	No	No		Yes			Yes			MOF quarterly progress reports	
By June 2023, commercial banks disburse loans worth PRs45 billion under the government's employment and entrepreneurship schemes to companies, of which at least 15% are led by women	Project	Number and Percentage	2022	PRs25 billion, 11.6% companies led by women	PRs25 billion, 11.6% companies led by women		PRs45 billion, at least 15% led by women			PRs45 billion, at least 15% led by women			MOF quarterly progress reports	
By June 2023, the government has provided PRs60 billion in fuel and power subsidies to export-oriented sectors	Project	Number	2022	PRs36 billion	PRs36 billion		PRs60 billion			PRs60 billion			MOF quarterly progress reports	