



Project Summary Information

Nov. 11, 2022

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| Project Name | Building Resilience with Countercyclical Expenditures (BRACE) Program |
| Document Code | P000704 |
| AIIB member | Islamic Republic of Pakistan |
| Sector/Subsector | Economic Resilience/PBF |
| Status of Financing | Approved |
| Project Description | <p>BRACE is proposed to be 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.</p> <p>The Program constitutes one element of Pakistan's response to and recovery from the combined adverse impacts of COVID-19 pandemic, conflict and flood disaster, focusing on economic revitalization and crucial health and social sector spending. The Program, co-financed with ADB, will finance 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:</p> <ul style="list-style-type: none"> • <u>Social Protection</u>: This will increase the number of beneficiaries for cash transfer under the national social protection program from 8 million to 9 million households, and fuel subsidies for vulnerable. • <u>Food Security Measures</u>: This component will provide grants for food security including food transportation and subsidization for urban poor, subsidy for fertilizers, subsidy on imported urea; and agriculture relief initiative (for seeds and tractors) • <u>Support for Businesses</u>: This component will support <i>Kamyab Jawan</i> Program (a youth vocational training, entrepreneurship, and employment initiative) as well as provide support for exporters. |
| Objective | To promote sound macroeconomic management and support deployment of countercyclical development expenditures to deal with combined adverse impacts of lingering COVID-19 pandemic, regional conflict and climate-induced flood disaster. |

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| Expected Results | BRACE focuses on the Government's efforts for socio-economic recovery, strengthening of macroeconomic management and supporting more sustained and inclusive growth. Key Results will include: (i) increased social protection measures; (ii) increased food security measures; and (iii) enhanced support for businesses. |
| Environmental and Social Category | C |
| Environmental and Social Information | <p>The proposed Program will be co-financed with ADB as the lead co-financier, and the Program's environmental and social (ES) risks and impacts have been assessed in accordance with the ADB's SPS. The program is likely to have minimal or no adverse environmental and social impacts. To ensure a harmonized approach to address the environmental and social (ES) aspects of the Program, as permitted by AIIB's Environmental and Social Policy (ESP), ADB's Safeguards Policy Statement (SPS) will apply to the proposed Program in lieu of AIIB's ESP. The Bank has reviewed ADB's SPS and is satisfied that: (i) ADB's SPS is consistent with the Bank's Articles of Agreement and materially consistent with the provisions of the Bank's ESP; and (ii) the monitoring procedures that are in place are appropriate for the proposed Program.</p> <p>Based on the ES assessments carried out according to ADB's SPS requirements, ADB has categorized this program as Category C for Environment, Involuntary Resettlement, and Indigenous Peoples (equivalent to Category C if AIIB ESP were applicable). The primary beneficiaries of the proposed Program will be the vulnerable groups and urban poor.</p> <p>The program is proposed by ADB to be categorized as "effective gender mainstreaming" and focuses on mitigating negative effects of crises caused by macroeconomic vulnerabilities coupled with cumulative exogenous shocks on women and girls through the Countercyclical Development Expenditures Program. The program has a gender monitoring matrix to monitor the implementation of specific gender empowerment measures, the results of which will be included in the quarterly progress reports.</p> |
| Cost and Financing Plan | <p>Program cost: USD 2,000 million</p> <p>Financing Plan:</p> <ul style="list-style-type: none"> • AIIB loan: USD 500 million • ADB loan: USD 1,500 million |

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| Borrower | Islamic Republic of Pakistan | | | |
| Implementing Entity | Ministry of Finance | | | |
| Estimated date of loan closing | December 2023 | | | |
| Contact Points: | AiIB | ADB | Borrower | Implementation Organization |
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| Date of Concept Decision | 26 October, 2022 | | | |
| Date of Appraisal Decision | 26 October, 2022 | | | |
| Date of Financing Approval | 09 November, 2022 | | | |

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| Independent Accountability Mechanism | <p>Since ADB's SPS will apply to this Program, and pursuant to AiIB's agreement with the ADB, AiIB will rely on the ADB's Independent Accountability Mechanism (IAM) to handle complaints relating to ES issues that may arise under the Program. Consequently, in accordance with AiIB's 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's IAM addresses issues raised by persons adversely affected by an ADB-assisted project and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS. Information on ADB's IAM is available at: https://www.adb.org/site/accountability-mechanism/main</p> |
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