ASIAN INFRASTRUCTURE INVESTMENT BANK

Project Completion Note

Prepared on 07/09/26

SBF Project Completion Note

P000429 Pakistan: Resilient Institutions for Sustainable Economy (RISE) Program
P000526 Pakistan: Resilient Institutions for Sustainable Economy-II

1. Project Information

Project ID:	P000429 and P000526
Responsible department:	PSC2
Borrower:	Islamic Republic of Pakistan
Implementing Agency:	Ministry of Finance and Revenue
Financing type:	Sovereign-Backed Financing
Instrument type:	Loan
Member:	Pakistan
Sector:	CRF-Economic Resilience/PBF
E&S category:	Not applicable

Overall rating:	Successful
Effectiveness Assessment:	Effective
Relevance Assessment:	Relevant
Efficiency Assessment:	Efficient
Sustainability Assessment:	Likely sustainable

2. Project Development Objectives

The First Resilient Institutions for Sustainable Economy Program (RISE-I) aims on strengthening fiscal and macro-institutional frameworks and improving the regulatory environment under conditions of uncertainty, severe fiscal pressure, and heightened external vulnerabilities impacting Pakistan's economy during COVID-19 pandemic.

The Second Resilient Institutions for Sustainable Economy (RISE-II) Financing continues to support and strengthen structural and policy reforms initiated by the Government for sustainable economic growth while dealing with health and economic challenges posed by multiple waves of COVID-19 pandemic. The objectives of the program are: (i) enhancing the policy and institutional framework to improve fiscal management, and (ii) improving the regulatory framework to foster growth and competitiveness.

In summary, RISE-I was designed to provide urgent need for reforms for macroeconomic stabilization, while RISE-II aimed to help to address and uplift the Pakistan's economy following a series of shocks e.g. COVID-19, floods, political instability, global commodity price spikes.

3. Key Dates

P000429 RISE-I

Approval:	7/16/20	Signing:	7/27/20
Effective:	7/31/20	Restructured (if any):	
Orig. Closing:	5/31/21	More Restructured dates (if any)	
Rev. Closing:			

P000526 RISE-II

Approval:	12/21/23	Signing:	12/22/23
Effective:	12/22/23	Restructured (if any):	
Orig. Closing:	12/31/24	More Restructured dates (if any)	
Rev. Closing:			

4. Financial Summary (US Dollar million)

P000429 RISE-I

Currency:	US Dollar		
Committed:	250.00	Cancelled:	0.00
Disbursed:	250.00	Undisbursed:	0.00

P000526 RISE-II

Currency:	US Dollar		
Committed:	250.00	Cancelled:	0.00
Disbursed:	250.00	Undisbursed:	0.00

5. Overall rating

Overall rating:	Successful

Executive summary of the completion note:

The First Resilient Institutions for Sustainable Economy (RISE-I) program was co-financed with the World Bank (WB) (together with AIIB, the 'Financing Partners'). The program played fundamental role in supporting Pakistan's economic resilience and institutional reform. RISE-I focused on strengthening fiscal and macro-institutional frameworks and improving the regulatory environment under conditions of uncertainty, severe fiscal pressure, and heightened external vulnerabilities. The operation was closely aligned with AIIB's COVID-19 Crisis Recovery Facility (CRF) objectives, enabling rapid response while laying the groundwork for subsequent stabilization and reform efforts. RISE-I supported a set of critical foundational reforms, including the establishment of macro-fiscal institutions, initial improvements in debt transparency, early steps in tax base broadening, and approval of the Circular Debt Management Plan for the power sector. These reforms helped preserve macro-fiscal discipline, create policy space for emergency social and economic measures, and anchor government response during the phase of the pandemic. Implementation was supported by close coordination with the WB, International Monetary Fund (IMF), and other development partners, alongside targeted technical assistance that reinforced reform design and credibility. RISE-I achieved key early outcomes that underpinned subsequent policy actions under RISE-II. Progress was made in establishing the Macro-Fiscal Policy Unit, improving fiscal reporting and debt strategy preparation, rationalizing selected tax concessions, initiating General Sales Tax (GST) harmonization through the National Tax Council, enabling digital financial services, and adopting the National Tariff Policy to reduce structural anti-export bias.

The Second Resilient Institutions for Sustainable Economy (RISE-II) program was also co-financed by the Financing Partners, successfully concluded with significant contributions in Pakistan's economic stabilization and institutional reforms during, and after the pandemic. The program aimed to enhance the policy and institutional framework for improved fiscal management and a more competitive regulatory environment to foster growth and competitiveness. Despite elevated macroeconomic and political risks throughout the pandemic period, including fiscal pressure, external vulnerabilities, and implementation constraints, the program delivered tangible progress in achieving critical structural reforms and building resilience within key sectors.

The AIIB's CRF has been rated satisfactory overall, reflecting the strong relevance and efficacy of the prior actions. The series successfully supported a set of well-informed and complex reforms critical to achieving the intended development outcomes during the pandemic and subsequent recovery period, when institutional reforms were needed to address the immediate shocks after the pandemic. These reforms were complemented by technical assistance from the Financing Partners, and International Monetary Fund (IMF) programs, underscoring a multi-partner consensus during the critical period of heightened macroeconomic stress and policy uncertainty. The program objectives addressed structural reforms essential for medium-term macroeconomic stability and growth, aligned with Pakistan's reform agenda. However, reform momentum slowed after the COVID-19 pandemic, causing significant delays and extending RISE-II by 24 months. Despite these challenges, the programs were conducted effectively, maintaining reform dialogue and preserving operational relevance.

The program achieved most of its intended results, though some were delayed and required substantial IMF-backed support amid severe economic stress. Tangible progress was made in debt management, tax policy rationalization, power sector sustainability, financial sector transparency and inclusion, and reducing anti-export tariff bias. However, reforms in intergovernmental fiscal coordination and General Sales Tax (GST) harmonization were uneven, with partial reversals limiting impact. Sustaining progress will require renewed efforts, including operationalizing the National Finance Commission (NFC) Monitoring Committee, integrating retail and official external debt management under a unified framework, reducing tax expenditures, addressing Distribution Companies (DISCO) inefficiencies and under-recoveries, completing GST harmonization, finalizing conversion of all bearer prize bonds, and fully implementing the National Tariff Policy 2025–2030 (NTP2).

The overall successful rating of RISE-I and RISE-II is supported by the substantial achievement of the programs' two development objectives. Under the first objective, the reforms collectively strengthened fiscal discipline, improved public financial management, enhanced debt oversight, and contributed to greater fiscal sustainability. While some reforms experienced implementation delays due to the COVID-19 pandemic, political transitions, floods, and macroeconomic instability, most intended outcomes were ultimately achieved or substantially advanced. Under the second objective, these key achievements included nationwide biometric verification of bank accounts, conversion of bearer prize bonds into registered instruments, expansion of digital payments infrastructure, growth in branchless banking accounts, and reductions in tariff-related distortions affecting exporters. These reforms enhanced financial sector integrity, expanded access to formal financial services, reduced transaction costs, and improved the business environment, thereby supporting longer-term economic competitiveness and private sector development.

Section I. Effectiveness

Effectiveness Assessment:	Effective

Overall assessment of effectiveness:

RISE-I was Effective reflecting a clear and coherent link between prior actions and early results. The operation focused on establishing core fiscal institutions, including the Macro-Fiscal Policy Unit, strengthened debt coordination arrangements, and a framework for managing power sector circular debt. These reforms created a clear causal pathway to improved fiscal discipline, resulting in enhanced fiscal coordination, increased debt transparency, and the establishment of foundational mechanisms to address circular debt.

RISE-II was Effective in advancing Pakistan's fiscal management, regulatory modernization, and institutional strengthening at a time of significant macroeconomic stress partly associated with the economic and fiscal disruption caused by the pandemic, which increased the need for the institutional support and reform development.

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The Program's overall rating is Satisfactory, reflecting the strong relevance of reforms, the substantial achievement of most results indicators, and the Financing Partners' sustained engagement despite a challenging political and economic environment.

Out of thirteen (13) Results Indicators (RIs), eight (8) were achieved on time, while others were achieved with delay or partially met, demonstrating meaningful progress despite unforeseen shocks such as COVID-19, global commodity price spikes, political disruptions, and the 2022 floods.

Effectiveness Under Pillar 1: Fiscal Management

RISE successfully contributed to improving the government's ability to plan, manage, and stabilize its fiscal position. Key achievements:

i. Macroeconomic and fiscal coordination improved.
   - The establishment of the Macro-Fiscal Policy Unit led to publication of the Medium-Term Fiscal Framework, Debt Sustainability Analyses, and Fiscal Risk Statements, enhancing transparency and discipline (target fully achieved).

ii. Debt transparency and management strengthened.
   - The creation of a centralized Debt Management Office improved the government's ability to publish borrowing plans and manage fiscal risks (target fully achieved).

iii. Tax reforms contributed to medium-term revenue gains.
   - While some targets (e.g., property tax revenues) lagged initially, reforms eventually produced revenue improvements supported by IMF programs (target partially achieved).

iv. Circular debt containment began to show results.
   - Circular debt flows fell sharply by FY25, demonstrating meaningful but delayed impact (target partially achieved/1 year of delay).

v. Power subsidy reforms improved targeting.
   - Benefits accruing to protected consumers increased from 24% to over 56%, reducing regressivity, though the FY24 target was only partially met (target mostly achieved).

Overall, the effectiveness of Pillar 1 is strong though some impacts (e.g., tax improvements, circular debt reduction) materialized later than planned. The table below shows the detailed prior actions for comparing RISE-I and RISE-II programs under Pilar 1

Prior Action	RISE-I	RISE-II	Results Indicator
PA1: Fiscal Coordination	NFC Monitoring Committee assigned fiscal coordination; Macro-Fiscal Policy Unit established	Legal mandate for Macro-Fiscal Policy Unit (scaled to two provinces)	Reduction in deviation between consolidated government budget deficit and Medium-Term Fiscal Framework (MTFF)
PA2: Debt Management	Debt Policy Coordination Office established; debt strategy and bulletins mandated	Debt Management Office established (centralized, some functions remain outside DMO)	Publication of Annual Borrowing Plan (ABP)
PA3: Tax Base Broadening	Increased property valuation, reduced income tax thresholds, removed GST special treatment	Adoption of Federal Board of Revenue (FBR) property valuation tables in at least 21 districts	Revenue collection from property transfer (capital value tax (CVT), Stamp Duty)

PA4: Power Sector Circular Debt	Cabinet approval of Circular Debt Management Plan; transfer of Power Holding Private Limited (PHPL) debt	Transfer of PKR 335bn PHPL debt to public debt stock; refund of GST to CPPA-G	Flow of Circular Debt
PA5: Power Subsidy Reform	Approval of Renewable Energy Policy (competitive bidding)	Cabinet approval of subsidy reforms (removal of incremental block tariff, tariff increases for non-protected consumers)	Proportion of benefits from residential electricity tariffs accruing to protected consumers

Effectiveness under Pillar 2: Improving the Regulatory Environment

Reforms under Pillar 2 were similarly effective in reducing regulatory burdens and fostering private-sector competitiveness.

Key achievements:

i. GST harmonization advanced.
  - While full legal harmonization was not achieved, the launch of the single national GST filing portal for telecom, oil & gas, and microfinance sectors is a major step toward reducing compliance costs (target partially achieved).

ii. Transparency and integrity in the financial sector improved.
  - Full verification of bank accounts and registration of large-denomination prize bonds helped reduce informality and money-laundering risks (target achieved).

iii. Digital payments expanded dramatically.
  - Digital transactions far exceeded targets, reaching 5.5–8 billion transactions, demonstrating strong behavioral and institutional shifts (target achieved).

iv. Trade policy improved through tariff rationalization.
  - Although initial progress slowed during the macroeconomic volatility, reforms resumed with the adoption of the National Tariff Policy 2025–2030, achieving the Results Indicator (RI) target with delay (target partially achieved).

This pillar delivered substantial, system-wide improvements in the regulatory framework, particularly in digital finance and tariff policy. The table below shows the detailed prior actions for comparing RISE-I and RISE-II programs under Pilar 2.

Prior Action	RISE-I	RISE-II	Results Indicator
PA6: GST Harmonization	Approval of GST harmonization framework (National Tax Council)	Implementation of common GST laws (administrative steps, common definitions for five service categories)	Ease in GST filing
PA7: Financial Transparency	Notification of Benami Transaction Rules; biometric verification of bank accounts	Conversion of prize bonds to registered instruments (above PKR 15,000); notification for lower denominations	Percentage of prize bonds registered; Number of bank accounts verified
PA8: Digital Payments	Regulations for Electronic Money Institutions; licenses granted	Launch of instant payment system; digital payments to vendors; revised Foreign Exchange Manual	Number of digital transactions per year; Federal Government agencies' payments

			through IFMIS processed digitally; Number of branchless banking accounts
PA9: Tariff Policy	Adoption of National Tariff Policy; transfer of tariff setting to Ministry of Commerce	Reduction of additional customs duties and average import duties	Average total import duties and average dispersion

Implementation and Adaptive Management
Despite a 24-month delay driven by political transitions and macroeconomic volatility partly associated with economic disruption and fiscal pressure caused by the pandemic, the Financing Partners maintained a close reform dialogue through technical assistance, and analytical products. This sustained engagement helped prevent policy reversals, supported realignment with government priorities, and enabled substantive results.

Project Objective Indicators

Monitoring end year： 2025

Indicator Name	Unit of Measure	Baseline	Actual (Current)	End Target
Pillar 1: Result Indicator 1. Reduction in the deviation between the consolidated government budget deficit and the Medium-Term Fiscal Framework (MTFF) approved by the NFC Monitoring Committee	Percentage	No MTFF in place in FY20; Finance Bills approved without links to an MTFF	Actual consolidated primary balance in FY24: 0.9% of GDP and in FY25 is 2.4% of GDP. Achieved. Consolidated primary balance in MTFF (June 2023): for FY24 is 0.4% of GDP. And FY25 is 0.3% of GDP.	Deviation between the budgeted primary deficit in the MTFF and the actual primary deficit as a share of GDP is less than 1.5 percentage points in FY24.
Pillar 1: Result Indicator 2. Publication of annual borrowing plan (ABP)	Yes/No	No detailed ABP published in FY19	The ABP was published on 31 August 2024. Target Achieved for FY25.	ABP for FY25 will be published on the website of the FD.
Pillar 1: Result Indicator 3. Revenue collection from property transfer (Capital Value Tax on	Number/Percentage	PKR73.5 billion FY19	Achieved with delay. Decrease of 4.8% nominal in FY24 vs FY23. Cumulative increase of 20.2% nominal in FY25 vs FY23 (revised budget figures for Punjab & KP). Target achieved with a year of	An increase of at least 10% y-o-y in FY24

Indicator Name	Unit of Measure	Baseline	Actual (Current)	End Target
Immoveable Property and Stamp Duty)			delay based on provisional figures.	
Pillar 1: Result Indicator 4. Flow of Circular Debt	Number	PKR465 billion in FY19	Achieved with delay. Flow of circular debt in FY24: PKR457 billion and in FY25: PKR 45 billion	Flow: Less than PKR 400 billion in FY24
Pillar 1: Result Indicator 5. Proportion of benefits from residential electricity tariffs accruing to protected consumers	Percentage	24% in FY21	Partially achieved. Proportion of benefits from residential electricity tariffs accruing to protected consumers increased from 24% in FY21 to 56.4% in FY24. In FY25, proportion increased to 61%.	65% in FY24.
Pillar 2: Result Indicator 6. Ease in GST filing	Number	GST filings required through multiple platforms for federal and provincial level returns	Single sales tax return portal has been rolled out nation-wide for filing returns of telecom sector. The same is now being extended to two additional sectors. By end FY25, this is expected to be rolled out to all sectors subject to GST/GSTS. Target achieved.	GST filing through single (online) pilot portal rolled out nationwide by FY25
Pillar 2: Result Indicator 7a. Percentage of prize bonds registered	Percentage/ Number	Less than 50% in FY18	All prize bonds above PKR 15,000 registered in the name of bearer by FY23.	All prize bonds above PKR 15,000 registered in the name of bearer
Pillar 2: Result Indicator 7b. Number of bank accounts verified	Percentage	Less than 50% in FY18	All verified by FY23.	All verified by FY23.
Pillar 2: Result Indicator 8a. Number of digital transactions per year	Number	0.7 billion in FY18	5.5 billion digital transactions in FY24 (including Branchless Banking transactions which previously were not accounted for). +2.6 billion digital transactions in FY24 not including BB transactions. In FY25, 9.0 billion digital transactions corresponding to	>1.8 billion

Indicator Name	Unit of Measure	Baseline	Actual (Current)	End Target
			+7.3 billion versus FY18 baseline. Target achieved.	
Pillar 2: Result Indicator 8b. Federal Government agencies' payments through the Integrated Financial Management Information System (IFMIS) processed digitally	Yes/No	Selected salaries and pension payments made digitally in FY19	Of the Federal Government, centralized entities (MDAs—Ministries, Department and Agencies) are now all processed through IFMIS (including salary pension and vendor payments). SOEs and self-accounting entities are not. Target Achieved.	All salary, pension, and vendor payments made by Federal Government agencies through the IFMIS system will be digital
Pillar 2: Result Indicator 8c. Number of branchless banking accounts	Number	39.2 million in FY18, of which 8.3 million held by women (21% of total)	135,876,186 Branchless Banking Accounts. 42.3 million are owned by women (31.2%)	+120 million branchless banking accounts by end of FY24, of which +36 million are held by women (30.6% of the total).
Pillar 2: Result Indicator 9. Average total import duties (in %) and average dispersion of total import duties (measured as the standard deviation)	Percentage	Average total: 21.7% in FY19 Average dispersion: 20.0% in FY19	Average total: 19.0% in FY24 Average dispersion: 19.0% in FY24 Average total: 16.6% in November 2025 Average dispersion: 19.15% in November 2025	16.56% total unweighted average

Comments:

Achievement of Project Results:

The RISE Program delivered strong and durable reforms in fiscal policy, debt management, digital financial infrastructure, and trade policy despite Pakistan's difficult macroeconomic environment. While some reforms were delayed or partially realized, the program established a solid foundation for future fiscal consolidation, regulatory modernization, and growth-supporting reforms. RISE's effectiveness is reflected in its systemic institutional impacts and its contribution to macroeconomic stabilization efforts carried forward under subsequent IMF supported programs. The RISE Program achieved strong overall performance, with most indicators either achieved on time or achieved with delay. Only one indicator was partially achieved.

Section II. Relevance

Relevance Assessment:	Relevant

Alignment with AIIB's Strategic Priorities:

The RISE Program is aligned with AIIB's Corporate Strategy (2020–2030) and its core strategic pillars of Green Infrastructure, Connectivity & Regional Cooperation, Technology-Enabled Infrastructure, and Private Capital Mobilization. As a policy-based operation (PBO), RISE effectively supports AIIB's role in strengthening member institutions, improving macro-fiscal resilience, and enabling sustainable infrastructure financing environments in line with the Bank's mandate. Its alignment with AIIB's corporate priorities positions the program as a strong example of how policy-based lending can reinforce institutional capacity and long-term development outcomes even in challenging operating environment characterized by elevated macroeconomic volatility, political uncertainty, and implementation constraints.

The operation was well aligned with the objectives of the AIIB COVID-19 Crisis Recovery Facility (CRF) in providing rapid budgetary support while simultaneously strengthening core fiscal institutions to manage the shock and support recovery. The RISE Program is therefore relevant to AIIB's strategic priorities. The Program supports fiscal stabilization, regulatory modernization, digitalization of public systems, and financial integrity reforms, the operation strengthens the enabling environment necessary for sustainable, technology-enabled, and private-sector-driven infrastructure development.

Alignment with Member policies, subnational planning and stakeholder needs, including changes to project objective and design:

The RISE Program is relevant to Pakistan's national development priorities and closely aligned with the country's medium-term policy framework, fiscal consolidation agenda, and institutional reform needs. The operation directly supports the Government's long-term vision to strengthen macroeconomic stability, modernize public institutions, and create an enabling environment for private sector led growth within a challenging implementation environment. These interventions are within the context of the following policies, visions, and mandates, namely:

i. The Medium-Term Fiscal Framework (MTFF) and the Government's fiscal strategy for restoring stability.
ii. Framework for Economic Growth, the Public Financial Management Reform Strategy
iii. Digital Pakistan Vision
iv. Ehsaas/BISP reforms
v. The Building Resilience with Active Countercyclical Expenditures Program (BRACE), co-financed by the AIIB and the Asian Development Bank (ADB)
vi. COVID-19 Active Response and Expenditure Support Program co-financed by the AIIB and ADB
vii. IMF arrangements (Extended Fund Facility (EFF), Stand-By Arrangement (SBA) and complementary World Bank operations (Pakistan Raises Revenue PRR, Punjab Resource Improvement and Digital Effectiveness Project (PRIDE), Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management Project (KPRMP), Program for Affordable and Clean Energy (PACE).

The operation's design responds directly to Pakistan's structural constraints while supporting reforms central to the country's long-term development vision and resilience to economic shocks.

Section III. Efficiency

Efficiency Assessment:	Efficient

Achievement of efficiency, including implementation delays, cost overruns and savings:

The Program is assessed as efficient, driven by:

i. rapid disbursement following completion of prior actions
ii. use of existing analytical foundations, avoiding preparation duplication
iii. strong complementarity with related technical assistance and IMF programs

iv. streamlined implementation without procurement or complex execution risks
v. high-impact reforms achieved at low administrative cost

Although some reform areas such as GST harmonization, tariff rationalization, provincial fiscal coordination, and certain tax reforms progressed more slowly than expected, these shortcomings reflected an exceptionally challenging operating environment rather than deficiencies in program design or implementation. Importantly, many reforms continued to advance after the program period through complementary World Bank, IMF, and government initiatives.

RISE-I and RISE-II utilized a policy-based financing approach that enabled the Government of Pakistan to implement a broad and complex reform agenda without the transaction costs typically associated with investment financing. The two operations provided timely budget support during periods of significant economic stress, while simultaneously advancing structural reforms in fiscal management, debt transparency, tax administration, power sector sustainability, financial sector integrity, digital finance, and trade competitiveness. The reform program was designed to address systemic constraints affecting Pakistan's economic resilience and growth prospects and was implemented through existing government systems, minimizing implementation costs and allowing rapid deployment of financing and policy support. RISE-II experienced a 24-month delay due to the combined effects of post-COVID reform slowdown, political uncertainty following the 2022 change in government, Pakistan's macroeconomic crisis, the 2022 floods, and delays in IMF program reviews. These factors affected reform momentum and delayed completion of prior actions until macroeconomic stability was re-established under the IMF Stand-by Arrangement (SBA) framework.

Efficiency was further enhanced through strong coordination among development partners. The AIIB and World Bank provided the financing under a common reform framework, while reform implementation was reinforced through close collaboration with the IMF and supported by technical assistance. The alignment of policy actions with IMF-supported stabilization programs reduced duplication of reform efforts and strengthened the effectiveness of policy conditionalities. This coordinated approach enabled reform actions to generate benefits beyond the direct financing provided under the operation and ensured consistent policy engagement across multiple institutions.

Section IV. Sustainability

Sustainability Assessment:	Likely sustainable

Implementation of project-specific Environmental and Social (E&S) instruments such as the Environmental and Social Action Plan (ESAP) including the establishment and operation of a project-level Grievance Redress Mechanism were undertaken.

Investment Sustainability (operational, financial/commercial, institutional):

The sustainability of the RISE Program is assessed as likely sustainable, reflecting the durability of its institutional reforms, strong policy anchoring, and continued alignment with Pakistan’s medium-term stabilization and structural reform agenda. The reforms supported under RISE have laid a robust foundation for sustained fiscal consolidation, energy sector reform, and regulatory modernization—areas central to Pakistan’s long-term economic resilience, stabilization and structural reform agenda. Also, the operations supported structural reforms that were primarily institutional in nature rather than one-off policy measures, including the establishment of the Macro-Fiscal Policy Unit, creation of the Debt Management Office, strengthening of fiscal responsibility frameworks, modernization of debt management practices, expansion of digital payment systems, enhancement of financial sector transparency, and reforms in tax administration and tariff policy. These reforms have generated durable institutional capacities and governance arrangements that are expected to continue delivering benefits beyond the completion of the program. The sustainability of outcomes is further enhanced by the Government's ongoing commitment to macroeconomic reforms under IMF-supported programs. Many reforms initiated or advanced under RISE are aligned with broader fiscal consolidation, public financial management, revenue mobilization, debt management, and financial sector reform agendas supported by the IMF and other development partners.

Any Outstanding issues and Follow-up actions, if applicable:

Lessons Learned

Lesson 1.

Category	Project Design
What had AIIB planned would happen?	RISE aimed to improve intergovernmental fiscal coordination (PA1), incentivize the roll out of a common valuation approach for property taxation at federal and provincial levels (PA3), and harmonize GST tax rates and administration principles across the entire country (PA6).
What happened during implementation?	The achievement of these objectives was constrained because the operation could not directly incentivize provincial governments, whose collaboration was essential. Actions that required intergovernmental collaboration were the hardest to achieve as the provincial governments were not recipients of RISE funds.
Why was there a difference between what was planned and what happened?	The Program demonstrated that reforms requiring both federal and provincial action such as GST harmonization and property tax reforms can face delays without a formal coordination mechanism.
What can AIIB do differently in the next project?	Future engagement in reforms requiring intergovernmental collaboration could be designed as programmatic operations with parallel interventions at the federal and provincial levels to foster the necessary coordination. Stronger cooperation between federal and provincial governments is essential for delivery of tax and fiscal reforms, and is a recurring bottleneck for long-term reforms. Future operations should embed clearer intergovernmental coordination platforms, possibly through empowered committees or statutory arrangements.

Lesson 2.

Category	Project Design
What had AIIB planned would happen?	Policy actions were expected to be sustained through administrative directives and institutional reforms.
What happened during implementation?	Reforms embedded in legislation (e.g., DMO establishment, MTFF requirements) proved more durable and less vulnerable to political shifts.
Why was there a difference between what was planned and what happened?	Legislative actions created legal obligations and procedural routinization, resulting in reforms progressed selectively and unevenly than planned i.e. administrative directives or intergovernmental coordination.

What can AIIB do differently in the next project?	Prioritize legislative or regulatory reforms over administrative directives to secure long-term sustainability.

6. Client feedback

1. **Professionalism and Timeliness of Support:**
   Interaction with the Project Team remained limited; however, overall coordination was satisfactory.
2. **Accessibility of the Project Team:**
   Interaction with the Project Team was primarily confined to the loan negotiation stage.
3. **Flexibility and Responsiveness:**
   Not applicable, as there was minimal engagement during project implementation.
4. **Value Addition of AIIB’s Financing:**
   Greater accountability in project execution.
5. **Interest in Future Engagement:**
   Yes.
6. **Suggestions for Improvement:**
   No specific suggestions at this stage.
7. **Other Comments:**
   No further comments.