



Pakistan: Trade and Competitiveness Program (Subprogram 2)

Project Name	Trade and Competitiveness Program (Subprogram 2)	
Project Number	52049-003	
Country	Pakistan	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 4018-PAK: Trade and Competitiveness Program (Subprogram 2)	
	concessional ordinary capital resources lending / Asian Development Fund	US\$ 300.00 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Private sector development	
Sector / Subsector	Industry and trade - Industry and trade sector development	
Gender Equity and Mainstreaming	Some gender elements	
Description	The program will help Pakistan recover its current account deficit in a sustained manner and promote macroeconomic stability by facilitating improved trade competitiveness and exports. The program will (i) introduce important tariff and tax-related policy reforms to support Pakistan's export industry and improve its competitiveness internationally; and (ii) strengthen key institutions involved in facilitating trade, including accreditation bodies, the Export Import Bank of Pakistan (EXIMBP), and the Pakistan Single Window (PSW). The proposed reforms will also facilitate export diversification.	
Project Rationale and Linkage to Country/Regional Strategy	The program will continue to facilitate implementation of key reforms to strengthen export sectors' competitiveness and facilitate trade diversification. There are four requirements for successful trade diversification and improve competitiveness. These initiatives, in turn, are expected to improve resilience to unanticipated shocks. These are: (i) to provide appropriate incentive frameworks through rationalization of input costs; (ii) investments and policy reforms targeted at reducing trade costs; (iii) effective policies to support adjustment and the reallocation of resources towards new activities; and (iv) government interventions directed at institutional failures. The reforms proposed under this programmatic approach (combining both subprogram 1 and 2) encompass all these areas. Moreover, reforms were designed in a logically sequenced manner for implementation over two subprograms. Implementation of some critical reforms will continue with ADB's technical assistance support under the post-program partnership framework (P3f). These reforms are broadly categorized into two groups: (i) tax and tariff rationalization, and (ii) institutional strengthening.	
Impact	Economic benefits from trade enhanced (Vision 2025).	
Project Outcome		
Description of Outcome	Competitiveness improved and exports increased	
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs	Tax and tariff rationalization Institutional strengthening	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	C	
Involuntary Resettlement	C	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		
Indigenous Peoples		
Stakeholder Communication, Participation, and Consultation		
During Project Design		
During Project Implementation		

Responsible ADB Officer	Mukhopadhyay, Hiranya
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, CWRD
Executing Agencies	Ministry of Finance Q-Block, Finance Division, Pak Secretariat, Red Zone, Islamabad, Pakistan

Timetable	
Concept Clearance	05 Sep 2018
Fact Finding	03 Feb 2020 to 03 Feb 2020
MRM	24 Sep 2020
Approval	27 Nov 2020
Last Review Mission	-
Last PDS Update	27 Nov 2020

Loan 4018-PAK

	Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost	300.00		Cumulative Contract Awards			
ADB	300.00	-	0.00	0.00		%
Counterpart	0.00		Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00		%

Project Page	https://www.adb.org/projects/52049-003/main
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