



### Project Summary Information

Date of Document Preparation: May 19, 2020

<b>Project Name</b>	COVID-19 Active Response and Expenditure Support (CARES) Program
<b>Document Code</b>	PD000403-PSI-PAK
<b>AIIB member</b>	Islamic Republic of Pakistan
<b>Sector/Subsector</b>	Others / Exceptions
<b>Status of Financing</b>	Under Preparation
<b>Project Description</b>	<p>This Program is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the Asian Development Bank (ADB) as a policy-based loan under ADB's Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO).</p> <p>The COVID-19 pandemic has significantly impacted Pakistan's ability to continue with the ongoing economic recovery program initiative and sustain high and inclusive growth. ADB estimates that both exports and remittances will decline by USD 2 billion during FY2020. Total revenue is expected to decline by almost USD 6 billion and will contribute maximum to Pakistan higher fiscal deficit of 2 percent during FY2020. All the above impacts have already led to significant job losses—both in the formal and the informal sectors.</p> <p>The Government of Pakistan (GoP) has acted quickly to approve a health sector and counter-cyclical development expenditure program. Total countercyclical development expenditure package of \$7.2 billion consists of three broad areas to support: health measure, social safety net measure and economic stimulus measures. Additionally, GoP has also approved a comprehensive COVID-19 Strategic Preparedness &amp; Response Plan (Plan) including \$595 million in financing for priority activities on 23 April 2020. These expenditure allocations contain specific strategies for protecting the poor and vulnerable, including women; augmenting the health sector capacity and supplies; and protecting productive sectors and small businesses from economic downturn. AIIB's financing under CARES program is provided through general budgetary support for the purpose of meeting gaps in the GoP's development financing needs.</p>

<b>Objective</b>	The Program's objective is to support GoP to mitigate the significant negative economic and social impacts caused by the COVID-19 pandemic. The Program will provide budgetary support to the GoP to effectively manage COVID-19 outbreak and reduce its immediate social and economic damages.
<b>Expected Results</b>	<p>The Program is expected to mitigate the potential economic shock from the COVID-19 pandemic by extending onward assistance to the industries and the vulnerable groups.</p> <p><b>Program Impacts</b></p> <p>(i) By June 2021 (a) Food consumption of BISP category B women beneficiaries reached pre-COVID-19 level (inflation adjusted). (2019 Baseline: Pre-COVID food consumption to be determined); and  (ii) COVID-19 testing must reach at least 8000 per 1 million population. (April 2020 Baseline: 142 per 1 million)</p> <p><b>Program Actions and Outputs</b></p> <p>By December 2020</p> <p>(i) The government imported additional 10,000 ventilators, (2019 Baseline: 0).  (ii) The government imported additional 10,000 COVID-19 protective kits for medical staff (of which at least 60% for female medical staff), consisting of, among others, proper fitting personal protective equipment, with goggles, face masks and shields, and diapers and menstrual kits, as necessary, (2019 Baseline: 0).  (iii) MOH established centralized and age- and sex-disaggregated online coronavirus data base management system and one for each province, (2019 Baseline: no database exists)  (iv) The government disbursed cash assistance totaling \$1.20 billion to three million daily wagers, of which at least 23% are women, (2019 Baseline: 0).  (v) The government disbursed \$0.44 billion total of cash grants to 12 million families under Kafalat program, of which 4.5 million new families (both men and women-headed) are added under BISP Category B database, and 50% are women beneficiaries from these new families (2019 Baseline: no cash assistance to the new women beneficiaries).  (vi) Under the Financial Inclusion Strategy, at least 6 million female beneficiaries have the bank account. (2019 Baseline: 4 million)  (vii) At least 25% beneficiaries of the loan under the <i>Kamyab Jawan Program</i> are women entrepreneurs. (2019 Baseline: 12% of the total approval)  (viii) Federal Board of Revenue released pending Rs 75 billion tax refunds. (2019 Baseline: 0)  (ix) The SBP reduced the capital conversion buffer to 1.5% to increase the size of loanable funds, (2019 Baseline: 2.5%).</p>

<b>Environmental and Social Category</b>	ADB has categorized this program as Category C for environment, involuntary resettlement and Indigenous Peoples (This would be similar to Category C under AIIB's Environmental and Social Policy (ESP))			
<b>Environmental and Social Information</b>	<p>The proposed program will be co-financed with the ADB as lead co-financier, and has been prepared in accordance with the provisions of ADB's Safeguard Policy Statement (SPS) applicable to policy-based lending. To ensure a harmonized approach to addressing the environmental and social (ES) risks and impacts of the program, the Bank agrees that these provisions of the SPS will apply to this operation in lieu of the AIIB's ESP, as permitted pursuant to a derogation approved by AIIB's Board of Directors for Financings processed under the Facility.</p> <p>Under its SPS, ADB has categorized the program as Category C for environment, involuntary resettlement, and Indigenous Peoples on the basis of an assessment of the countercyclical expenditures to be supported by the program. These focus on expanding and strengthening social safety nets for the most vulnerable groups and are not expected to have any adverse environmental or social impacts. The proposed program has also been categorized by ADB as "effective gender mainstreaming at entry", as it strengthens the government's response to the COVID-19 outbreak by addressing gender and social inclusion needs. ES monitoring will be conducted based on guidelines and check lists determined by ADB.</p>			
<b>Cost and Financing Plan</b>	<p>Program cost: USD 1.0 billion</p> <p>Financing Plan:</p> <ul style="list-style-type: none"> <li>• AIIB loan: USD 500 million</li> <li>• ADB loan: USD 500 million</li> </ul>			
<b>Borrower</b>	Islamic Republic of Pakistan			
<b>Implementing Entity</b>	Ministry of Finance			
<b>Estimated date of loan closing</b>	December 2021			
<b>Contact Points:</b>	<b>AIIB</b>	<b>ADB</b>	<b>Borrower</b>	<b>Implementation Organization</b>
<b>Name</b>	Shakeel Khan	Hiranya Mukhopadhyay	M. Aslam Chaudhary	Mr. Aamir Nazir Gondal
<b>Title</b>	Principal Investment Operations Specialist,	Principal Public Management Specialist,	Joint Secretary, China/AIIB, Economic	Joint Secretary, External Finance Policy, Ministry of Finance, Finance Division

	Investment Operations Department, Region 2	Public Management, Financial Sector, and Trade Division, Central and West Asia Department	Affairs Division, Ministry of Economic Affairs Division.	
<b>Email Address</b>	skhan@aiib.org	hmukhopadhyay@adb.org	aslam26@gmail.com	js.efp@finance.gov.pk
<b>Estimated Date of Concept Decision</b>	May 2020			
<b>Estimated Date of Appraisal Decision</b>	May 2020			
<b>Estimated Date of Financing Approval</b>	Q2 2020			

<b>Independent Accountability Mechanism</b>	<p>AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to policy-based operations such as this one. Submissions to the PPM under the Program would, therefore, not be eligible for consideration by the PPM. ADB's independent accountability mechanism 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.</p>
---	---