

 Early Warning System

AIIB-000526

Pakistan: Second Resilient Institutions for Sustainable Economy (RISE-II) Development Policy Financing



Quick Facts

Countries	Pakistan
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	U
Voting Date	2023-09-19
Borrower	Islamic Republic of Pakistan
Sectors	Education and Health, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 250.00 million
Loan Amount (USD)	\$ 250.00 million
Project Cost (USD)	\$ 600.00 million



Project Description

According to AIIB, the objectives of the RISE-II program are to enhance the policy and institutional framework to improve fiscal management, and improve the regulatory framework to foster growth and competitiveness.

RISE-II is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Bank and co-financed with the World Bank (WB) as a Development Policy Financing (DPF) under the WB's DPF Policy to further key institutional and policy reforms. AIIB co-financed RISE-I with WB in 2020, which was first in the proposed programmatic series to assist the Government of Pakistan (GoP) strengthen its policies for improved macroeconomic management and business competitiveness in the medium term.

The objectives of the second programmatic operation are to strengthen the country's macroeconomic management and support a more sustained and inclusive growth by mitigating the compounded socioeconomic effects of the COVID-19 pandemic and other exogenous and domestic shocks. The proposed operation will provide external financing to help GoP implement critical policy reforms to accelerate economic recovery and build the foundations for sustainable growth. Specifically, RISE-II seeks to further address key institutional and policy constraints for effective fiscal management and private sector investments to induce economic growth and reduce poverty by (i) enhancing the policy and institutional framework to improve fiscal management, and (ii) improving the regulatory framework to foster growth and competitiveness. Reforms supported by the programmatic series are relevant to current economic challenges and have already contributed to important outcomes of strengthening institutions for fiscal and debt management, broadening tax base and reducing distortions, eliminating trade barriers, and rationalizing power sector subsidies.

ENVIRONMENTAL AND SOCIAL INFORMATION

This Loan will be co-financed with the WB as lead co-financier, and the Program's Environmental and Social (ES) risks and impacts have been assessed in accordance with the WB's DPF Policy. AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to DPF operations. Therefore, as permitted by the decision of the AIIB's Board of Directors set forth in the Decisions to Support the Facility, the DPF Policy will apply to this operation in lieu of AIIB's ESP. This will ensure a harmonized approach to addressing the ES risks and impacts of the Program.

One of the Prior Actions could lead to adverse environmental effects in the long term, as tariff reforms will increase export opportunities for Small and Medium Enterprises (SMEs) and higher SME production, leading to more industrial pollution, worsening air and water quality, contaminating soils, and illegal industrial urban sprawl. Overall, Pakistan has adequate legislation, policy guidelines, and institutional mechanisms in place for managing environment and natural resources.



Investment Description

- Asian Infrastructure Investment Bank (AIIB)

Program cost: USD 600 million

Financing Plan: • AIIB loan: USD 250 million • WB loan: USD 350 million (equivalent IDA credit)



Contact Information

PROJECT TEAM LEADERS

Asian Infrastructure Investment Bank

Ghufran Shafi

Senior Investment Operations Specialist,
Investment Operations Department
Region 2

gshafi@aiib.org

World Bank

Derek H. C. Chen

Senior Economist

smasood@adb.org

BORROWER

Government of Pakistan

Nasira Batool

Joint Secretary,
Economic Affairs Division,
Ministry of Economic Affairs,

Batool27ctp@gmail.com

IMPLEMENTING ENTITY

Government of Pakistan

Imdad Ullah Bosal

Finance Secretary,
Ministry of Finance,

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.aiib.org/en/contact/information-request/index.html>

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely



Bank Documents

- [Project Summary \(September 26, 2023\)](#) [\[Original Source\]](#)