

Early Warning System

AIIB-000704

Pakistan: Building Resilience with Countercyclical Expenditures (BRACE) Program

Early Warning System

AIIB-000704

Pakistan: Building Resilience with Countercyclical Expenditures (BRACE) Program

Quick Facts

Countries	Pakistan
Financial Institutions	Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB)
Status	Approved
Bank Risk Rating	C
Voting Date	2022-11-09
Borrower	Islamic Republic of Pakistan
Sectors	Education and Health
Investment Type(s)	Loan
Investment Amount (USD)	$ 500.00 million
Loan Amount (USD)	$ 500.00 million
Project Cost (USD)	$ 2,000.00 million

Project Description

According to AIIB, the objective of the proposed BRACE program is 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.

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.

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:

- Social Protection: 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.
- Food Security Measures: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)
- Support for Businesses:This component will supportKamyab JawanProgram (a youth vocational training, entrepreneurship, and employment initiative) as well as provide support for exporters.

ENVIRONMENTAL AND SOCIAL INFORMATION

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.

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.

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.

Investment Description

- Asian Development Bank (ADB)
- Asian Infrastructure Investment Bank (AIIB)

Financing Plan:

• AIIB loan: USD 500 million

• ADB loan: USD 1,500 million

Contact Information

PROJECT TEAM LEADERS

Asian Infrastructure Investment Bank

Ghufran Shafi

Senior Investment Operations Specialist, Investment Operations Department, Region 2

gshafi@aiib.org

Asian Development Bank

Sana Masood

Economist (Public Finance)

smasood@adb.org

BORROWER

Nasira Batool

Joint Secretary,
Economic Affairs Division
Ministry of Finance, Revenue & Economic Affairs
The Islamic Republic of Pakistan

Batool27ctp@gmail.com

IMPLEMENTING ENTITY

Aamir Nazir Gondal

Joint Secretary,
External Finance Policy, Ministry of Finance, Finance Division

js.efp@finance.gov.pk

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 Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

Bank Documents

- Project Summary (November 11, 2022) [Original Source]

Media

- AIIB Signs USD500-Million Agreement at COP27 to Support Pakistan’s Economic Resilience