



Project Summary Information

Date of Document Updating: June 16, 2020	
Project Name	COVID-19 Active Response and Expenditure Support (CARES) Program
Document Code	PD000403-PSI-PAK
AIIB member	Islamic Republic of Pakistan
Sector/Subsector	Others / Exceptions
Status of Financing	Under Preparation
Project Description	<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), which is extending 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 to increasing Pakistan's fiscal deficit by 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. The total countercyclical development expenditure package of \$7.2 billion consists of three broad areas of support: health measures, social safety net measures and economic stimulus measures. Additionally, GoP has also approved on 23 April 2020 a comprehensive COVID-19 Strategic Preparedness & Response Plan (Plan) including \$595 million in financing for priority activities. 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 the CARES program is provided for the purpose of meeting gaps in the GoP's development financing needs.</p>

Objective	The Program's objective is to mitigate the significant negative economic and social impacts caused by the COVID-19 pandemic. The Program will enable the GoP to effectively manage COVID-19 outbreak and reduce its immediate social and economic damages.
Expected Results	<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>Program Impacts</p> <p>(i) By June 2021 (a) Food consumption of the Benazir Income Support Program (BISP) category B women beneficiaries reached pre-COVID-19 level (inflation adjusted). (2019 Baseline: Pre-COVID food consumption to be determined); and</p> <p>(ii) COVID-19 testing must reach at least 8000 per 1 million population. (April 2020 Baseline: 142 per 1 million)</p> <p>Program Actions and Outputs</p> <p>By December 2020</p> <p>(i) The government imported additional 10,000 ventilators, (2019 Baseline: 0).</p> <p>(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).</p> <p>(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)</p> <p>(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).</p> <p>(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).</p> <p>(vi) Under the Financial Inclusion Strategy, at least 6 million female beneficiaries have the bank account. (2019 Baseline: 4 million)</p> <p>(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)</p> <p>(viii) Federal Board of Revenue released pending Rs 75 billion tax refunds. (2019 Baseline: 0)</p> <p>(ix) The State Bank of Pakistan reduced the capital conversion buffer to 1.5% to increase the size of loanable funds,</p>

	(2019 Baseline: 2.5%).			
Environmental and Social Category	ADB Category C for each of environment, involuntary resettlement and Indigenous Peoples (similar to Category C if AIIB's ESP were applicable).			
Environmental and Social Information	<p>This Loan will be co-financed with the ADB as lead co-financier, and the Program's environmental and social (ES) risks and impacts have been assessed in accordance with the provisions of ADB's Safeguard Policy Statement (SPS) applicable to policy-based lending (PBL). AIIB's Environmental and Social Policy (ESP) was designed to apply to investment projects and has no provisions for its application to PBL operations. Therefore, as permitted by a decision of the AIIB's Board of Directors, the provisions of the SPS applicable to PBL 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.</p> <p>Under its SPS, ADB has categorized the Program as Category C for each of 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 adverse ES impacts. The Program has also been categorized by ADB as "effective gender mainstreaming" at entry, as it will expand the social assistance programs for the poor and vulnerable with clear linkages to women's welfare. ES monitoring will be conducted based on guidelines and check lists determined by ADB.</p>			
Cost and Financing Plan	<p>Program cost: USD 1.0 billion</p> <p>Financing Plan:</p> <ul style="list-style-type: none"> • AIIB loan: USD 500 million • ADB loan: USD 500 million 			
Borrower	Islamic Republic of Pakistan			
Implementing Entity	Ministry of Finance			
Estimated date of loan closing	June 30, 2021			
Contact Points:	AIIB	ADB	Borrower	Implementation Organization

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Date of Concept Decision	May 26, 2020			
Date of Appraisal Decision	May 26, 2020			
Date of Financing Approval	June 16, 2020			

Independent Accountability Mechanism	AIIB's Policy on the Project-affected People's Mechanism (PPM) addresses issues raised under AIIB's ESP, which does not apply to this operation. 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 operation and allows them to report alleged noncompliance with ADB's operational policies and procedures, including SPS.
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