



The World Bank

Debt Management Strengthening Programme at Ministry of Finance, Government of Pakistan (P161451)

REPORT NO.: RES37704

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
DEBT MANAGEMENT STRENGTHENING PROGRAMME AT MINISTRY OF FINANCE, GOVERNMENT OF PAKISTAN
APPROVED ON MARCH 24, 2017
TO
ISLAMIC REPUBLIC OF PAKISTAN

MACROECONOMICS, TRADE AND INVESTMENT

SOUTH ASIA

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ABBREVIATIONS AND ACRONYMS

CD	Country Director
DFID	Department for International Development (<i>United Kingdom</i>)
EA	Environmental Assessment
EAD	Economic Affairs Division
DPCO	Debt Policy and Coordination Office
FY	Fiscal Year
ID	Identity (<i>Project ID</i>)
NO.	Number
MU	Moderately Unsatisfactory
MS	Moderately Satisfactory
PDO	Project Development Objective
PSDP	Public Sector Development Program
TAGR	Trust Fund for Accelerating Growth and Reform
TF	Trust Fund
USD	United States Dollar
US\$	United States Dollar



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BASIC DATA

Product Information

Project ID P161451	Financing Instrument Investment Project Financing
Original EA Category	Current EA Category
Approval Date 24-Mar-2017	Current Closing Date 28-Jun-2019

Organizations

Borrower Islamic Republic of Pakistan	Responsible Agency Debt Policy Co-ordination Office, Ministry of Finance
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Financing (in USD Million)

SUMMARY

Total Project Cost	0
Total Financing	0
Financing Gap	0

DETAILS

Project Development Objective (PDO)

Original PDO

Strengthening institutional capacity of DPCO to undertake its enhanced role of managing market and credit risks.



Summary Status of Financing

TF	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-A4468	24-Mar-2017	06-Jun-2017	06-Jun-2017	28-Jun-2019	1.53	.54	.99

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

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I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Debt Management Strengthening Program at Ministry of Finance was approved by the World Bank on 24th March, 2017 and the Grant Agreement (GA) was signed on 6th June, 2017 which was also the effectiveness date of the project. The project aims at improving debt management practice in the Government of Pakistan (GoP) by assisting the authorities in strengthening two key functions: (i) implementation of the debt management strategy, risk management and coordination functions of Debt Policy Coordination Office (DPCO); and (ii) obtaining financing in the external markets in the External Finance (EF) Wing, Ministry of Finance (MoF).
2. The project has had satisfactory progress against its Project Development Objectives (PDOs). The project has achieved the target for PDO 1 (applicable within the timeline under review) to have an approved Debt Management Strategy 2015/16 - 2018/19. The project also achieved the target for PDO 2 as the DPCO undertook statutory responsibility and ensured compliance with the Fiscal Responsibility and Debt Limitation Act (FRDLA) by publishing annual Debt Policy Statements for 2017-18 in February 2018 and for 2018-19 in March 2018.
3. However, the progress on other elements of the project have been gradual and uneven. Changes in the Ministry of Finance, especially after the elections in July 2018 have slowed progress and generated uncertainty, which the authorities are in the process of addressing. Capacity building activities were undertaken but due to changes in the top financial management, approvals were slow. The project is therefore slow on disbursements – as only 35 percent of the total amount has been disbursed until May 2019. While it is certain that the original project amount of US\$1.53 million will not be fully disbursed by the project, an extension of the project by two months (as requested by the Ministry of Finance) would allow for better achievement of the PDOs, especially those associated with capacity building of the DPCO.



II. DESCRIPTION OF PROPOSED CHANGES

A. Change in Loan Closing Date(s):

- 4. The proposed restructuring responds to a request by the Economic Affairs Division (EAD) of the Government of Pakistan to restructure the Project through an extension of the project closing date by two months from June 30, 2019 to August 31, 2019 (Letter No. 5(14)WB-IV/17 of 31st May, 2019). Consistent with this request, the restructuring proposes an extension of the project closing date until August 31, 2019.

B. Change in Disbursement Estimates:

- 5. The disbursement estimates will be changed to spread out the disbursement projections over the project period (revised till August 31st, 2019).

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I. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Additional Financing Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓



Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A4468	Effective	30-Apr-2018	28-Jun-2019	31-Aug-2019	30-Oct-2019

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