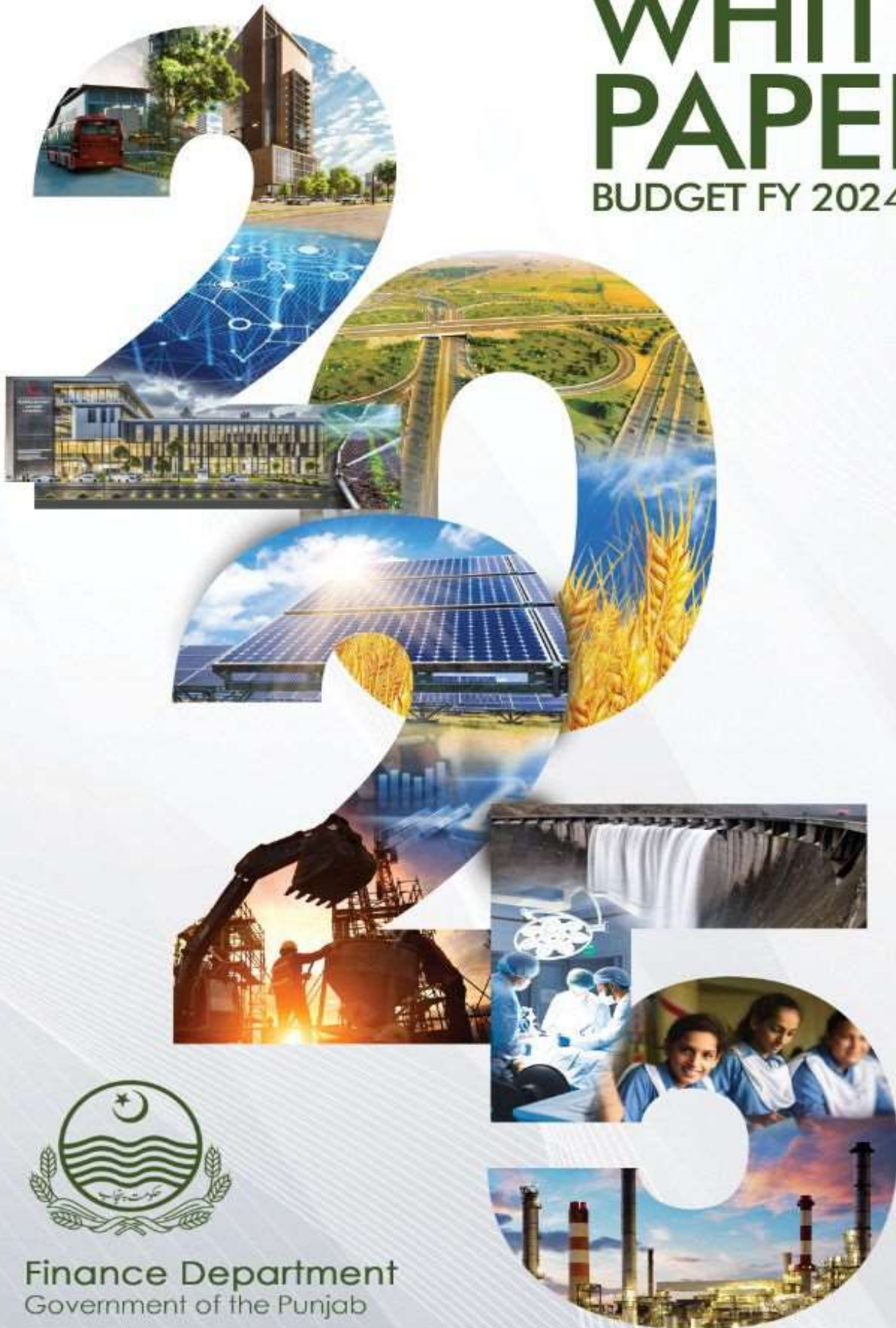


WHITE PAPER

BUDGET FY 2024-25



Finance Department
Government of the Punjab



Government of the Punjab
Finance Department

White Paper

Budget FY 2024-25

Message from the Finance Minister

It is with great pride and responsibility that I present to you the people-friendly Budget for Fiscal Year 2024-2025. This budget embodies our unwavering commitment to fostering a robust and sustainable economic environment while placing welfare of our citizens at the forefront. Our primary objective is to strike a harmonious balance between prudent financial management and introduction of initiatives that directly benefit the people of Punjab.

In formulating this budget, we have exercised stringent financial discipline. Significant emphasis has been placed on curtailing unnecessary expenditures to ensure that every rupee is allocated towards essential services and development projects. This approach not only aligns with our goal of fiscal prudence but also paves the way for a more resilient economy capable of weathering future uncertainties. By reducing inefficient spending, we have redirected resources towards sectors that promise substantial returns in terms of value for money public welfare and infrastructure development.

Furthermore, our budget includes a comprehensive development portfolio aimed at uplifting the socio-economic status of our citizens. Special attention has been given to sectors such as healthcare, education, and rural development, ensuring that benefits of growth are equitably distributed. We are introducing new public financial management reforms that will enhance transparency, accountability, and efficiency in the utilization of public funds. These reforms are designed to optimize resource allocation and improve the quality of public service delivery, thereby fostering greater trust and confidence in our governance.

This budget serves as a clear affirmation of our commitment to fostering inclusive growth. We have introduced several pro-people initiatives that focus on creating employment opportunities, supporting small and medium enterprises, and enhancing social security nets for the most vulnerable segments of our society. We firmly believe that these measures will not only stimulate economic growth but also ensure that the fruits of this growth are shared by all. As we embark on this new fiscal journey, I assure you that the Government of Punjab remains steadfast in its dedication to building a prosperous and equitable future for Punjab.



Mujtaba Shuja-ur-Rehman
Finance Minister
Government of the Punjab

PREFACE

The White Paper is a concise and essential document, encapsulating the expanse of fiscal landscape while shedding light on critical aspects of the budget. White Paper 2024-25 lays out a comprehensive overview of the macroeconomic outlook and challenges, along with a budget strategy to highlight medium-term forecasts for fiscal policy of the Province by holistically analyzing Punjab's revenue and expenditure. It further offers valuable insights into the major sources of provincial receipts and priority areas of expenditure. Special focus has been placed on the Province's development portfolio and commodity debt retirement, reflecting our commitment to accelerating sustainable and inclusive growth.



The succeeding pages outline a clear direction towards improved public service delivery and result-oriented spending, while remaining mindful of the key challenges faced by Punjab's economy. A thorough coverage of provincial debt, both domestic and foreign, underscores our commitment of reducing debt to sustainable levels. Particular emphasis has been attached to reining in the burgeoning commodity debt and limiting the ballooning pension expenditure. Additionally, the chapter on public financial management reforms highlights ongoing and determined efforts to instill greater discipline and innovation in the management of resources, ensuring transparency and efficiency.

Budget for Financial Year 2024-25 has been prepared in unprecedented economic circumstances. Amid myriad fiscal challenges, it was an uphill task to reach optimal balance: ensuring fiscal discipline while prioritizing welfare of the citizens. Economic uncertainties and constraints have necessitated careful consideration and strategic allocation of resources to address critical needs of the populace while ensuring fiscal sustainability.

Budget preparation saw extensive engagement with financial and taxation experts, business leaders, academia, researchers, civil society and legislators. Proposals emanating from these discussions were taken into account, particularly in sectors having a direct bearing on public welfare. Budget 2024-25 aims to propel Punjab on a trajectory of sustainable growth, while tackling tough economic conditions and providing immediate relief to the most deserving segments of society.

I extend my sincere appreciation to each member of the Finance Team for their dedicated and committed efforts in the preparation of the Annual Budget 2024-25.

Mujahid Sherdil
Finance Secretary
Government of the Punjab

LIST OF ABBREVIATIONS

ABS	Annual Budget Statement	MTFF	Medium-Term Fiscal Framework
ADB	Asian Development Bank	NFBE	Non-Formal Basic Education
ADP	Annual Development Program	NFC	National Finance Commission
AIT	Agriculture Income Tax	NHP	Net Hydel Profit
BE	Budget Estimate	NHSP	National Health Support Program
BF	Benevolent Fund	NSS	National Savings Scheme
BoR	Board of Revenue	OSR	Own Source Revenue
CBT	Climate Budget Tagging	PAHP	Punjab Affordable Housing Program
CCL	Cash Credit Limit	PCF	Provincial Consolidated Fund
CDC	Central Depository Company	P&D	Planning & Development
CDLs	Cash Development Loans	PEEF	Punjab Education Endowment Fund
CFU	Corporate Finance Unit	PEF	Punjab Education Foundation
CFY	Current Financial Year	PEFA	Public Expenditure Financial Accountability
CRE	Current Revenue Expenditure	PFC	Provincial Finance Commission
CVT	Capital Value Tax	PFM	Public Financial Management
C&W	Communication & Works	PGDP	Punjab Green Development Program
DMU	Debt Management Unit	PGFS	Punjab Green Financing Strategy
FBR	Federal Board of Revenue	PGPIF	Punjab General Provident Investment Fund
EPS	Estimated Provincial Surplus	PHNP	Provincial Health & Nutrition Program
FD	Finance Department	PRIDE	Punjab Resource Improvement & Digital Effectiveness Program
FIEDMC	Faisalabad Industrial Estates Development & Management Company	PIBs	Pakistan Investment Bonds
FY	Financial Year	PIEDMC	Punjab Industrial Estates Development & Management Company
GBT	Gender Budget Tagging	PIFRA	Project to Improve Financial Reporting & Auditing
GDP	Gross Domestic Product	PIMA	Public Investment Management Assessment
GDS	Gas Development Surcharge	PKLI	Pakistan Kidney & Liver Institute
GI	Group Insurance	PLA	Personal Ledger Account
GIS	Geographic Information System	PPF	Punjab Pension Fund
GoPb	Government of Punjab	PPMRP	Punjab Public Management Reform Program
GPF	General Provident Fund	PPP	Public Private Partnership
GRP	Gross Regional Product	PRA	Punjab Revenue Authority
GRR	General Revenue Receipts	PRAL	Pakistan Revenue Automation (Pvt.) Limited
GSDP	Gross State Domestic Product	PSDP	Public Sector Development Program
GST	General Sales Tax	PSIC	Punjab Small Industries Corporation
HUD&PHED	Housing Urban Development & Public Health Engineering Department	PSPA	Punjab Social Protection Authority
IBRD	International Bank for Reconstruction & Development	RIMS	Restaurant Invoice Monitoring System
IDA	International Development Agency	RE	Revised Estimate
JICA	Japan International Cooperation Agency	RLNG	Regasified Liquefied Natural Gas
KIBOR	Karachi Inter Bank Offered Rate	SBP	State Bank of Pakistan
L&DD	Livestock and Dairy Development	SED	School Education Department
LFY	Last Financial Year	SDGs	Sustainable Development Goals
LG&CD	Local Government & Community Development	SMDP	Smart Monitoring of Development Projects
LIBOR	London Inter-Bank Offered Rate	SNG	Sub-National Governance Program
LNFBED	Literacy & Non-Formal Basic Education Department	SPPAP	Southern Punjab Poverty Alleviation Project
LRMIS	Land Record Management Information System	S&GAD	Services & General Administration Department
MDGs	Millennium Development Goals	TEVTA	Technical Education and Vocational Training Authority
MICS	Multiple Indicator Cluster Survey	TFCs	Term Finance Certificates
MIS	Management Information System	TMA	Town/Tehsil Municipal Administration
MPC	Monetary Policy Committee	UIPT	Urban Immovable Property Tax
MPDD	Management & Professional Development Department	UNICEF	United Nations International Children's Emergency Fund
MTDF	Medium-Term Development Framework	WDD	Women Development Department

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Debt & Contingent Liabilities

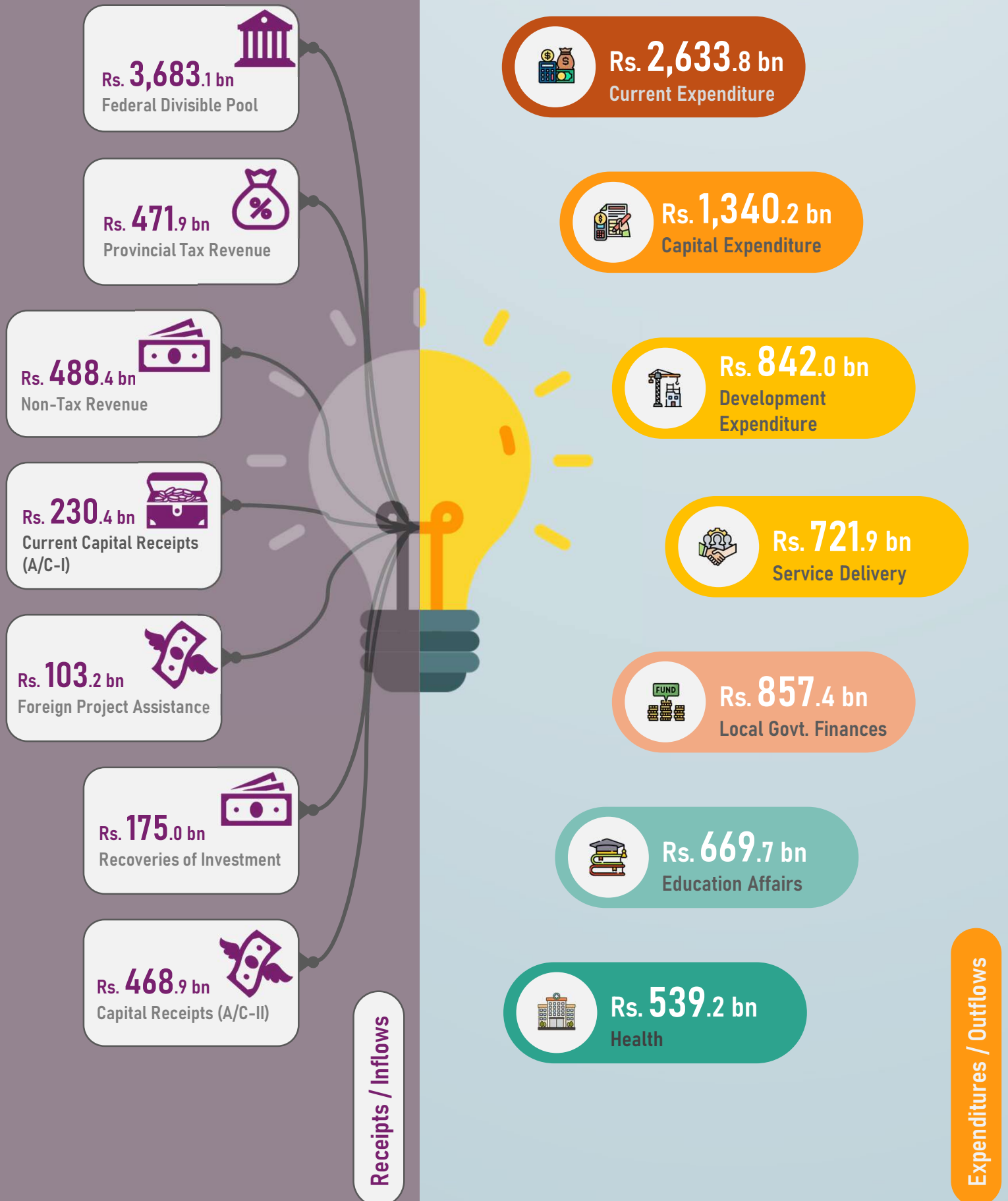
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Public Financial Management (PFM)
Reforms

FINANCIAL SNAPSHOT OF THE PUNJAB

FY 2024-25



EXECUTIVE SUMMARY

Financial Year 2023-24 is coming to a close with decreasing trend in international commodity prices, with accompanying easing of domestic inflationary pressures and shrinking of the current account deficit. During the year, Pak rupee remained largely stable against USD, after going through historic devaluation in the start of FY. However, record levels of interest rate set by State Bank of Pakistan, coupled with burgeoning debt servicing and high fiscal deficit, made economic policymaking a challenge in itself. While the indicators show an improvement trajectory, cautious approach is in order to continue the momentum as a number of fundamental structural adjustments are underway.

Owing to this fact, it was an uphill task to present a budget with balance of fiscal consolidation and prudent financial policies while having welfare of the populace right at the center. For FY 2024-25, the total General Revenue Receipts of Government of the Punjab are estimated at **Rs. 4,643.4 billion**; including Federal Divisible Pool (FDP) transfers of Rs. 3,683.1 billion and Provincial Revenues of Rs. 960.3 billion. Barring FDP share, Punjab Revenue Authority is the single largest tax-collecting entity with estimated tax collection of Rs. 300 billion for FY 2024-25. Current Expenditure of the Government is expected to be **Rs. 2,633.8 billion**. Moreover, increased expenditure allocation in key social sectors like health and education is a testament of Government of Punjab's commitment towards development of its human capital.

Government of the Punjab has embarked upon a journey of Public Financial Management (PFM) reforms in recent years. The enactment of Punjab Public Financial Management Act, 2022 was a first step in the right direction. In order to effectively manage the ballooning expense of pension, two sets of reforms have been identified: introduction of Defined Contribution (DC) pension scheme for new employees and reforms to existing Defined Benefit (DB) pension scheme. Furthermore, Provincial Government has approved Punjab Green Financing Strategy which aims to bolster green investments and strengthen climate-resilience in the Province. Four pillars underpin this Strategy; (i) targeted green investments in renewable energy and sustainable transport; (ii) SME financing for green projects; (iii) green PPPs; and (iv) major environmental legal and policy reforms.

Recent unprecedented hike in debt stock of Punjab, mainly on account of FX loss, necessitated implementation of prudent debt management policies to mitigate potential fiscal risk posed by it. Consequently, the Provincial Government approved policy parameters for borrowing from multilateral and bilateral donors. Resultantly, the total debt stock of Punjab is estimated to decrease to Rs. 1,685 billion in FY2024 from Rs. 1,708 billion in the previous year. Commodity operations of Punjab also became unsustainable mainly due to less repayment of accumulated debt and high interest rate. To check its unfettered growth, Government of Punjab not only approved imperative principles for future shape of commodity operations, but also repaid Rs. 469 billion of accumulated debt and outstanding commodity debt at the end of June-2024 is expected to be mainly secured by commodity stock.

Various key initiatives are being included in FY 2024-25 budget which include establishment of cancer hospital, Punjab school reorganization program, interest free loans to farmers, social protection programs, improvement of public transport infrastructure, sports improvement and many others. Government has proposed an amount of Rs. 842 billion for the Annual Development Program 2024-25, up from Rs. 655 billion in FY 2023-24. ADP 2024-25 has been formulated with the prime objective of fostering inclusive and equitable economic growth while ensuring investment in human capital and other priority sectors. It is expected that execution of this ADP will go a long way in realization of true potential of Punjab and removal of regional and socio-economic disparities. Annual Development Program 2024-25 is fulfilment of Government's promise of provision of quality education and health services, affordable housing, security, clean drinking water and resilient environment. Infrastructure development, welfare of farmers and marginalized segments of society, investment in water resources and civic amenities have been prioritized in ADP 2024-25.

Budget 2024-25 at a Glance

Classification	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
Current Budget			
General Revenue Receipts	3,331.7	3,144.6	4,643.4
Current Revenue Expenditure	2,074.1	2,037.9	2,633.8
A - Net Revenue Account – Surplus (+) / Deficit (-)	1,257.6	1,106.7	2,009.6
Current Capital Budget			
Current Capital Receipts (A/C-I)	50.6	42.8	230.4
Current Capital Expenditure (A/C-I)	637.9	486.4	871.3
B - Net Capital Account - Surplus (+) / Deficit (-)	(587.3)	(443.5)	(640.8)
C - Foreign Project Assistance	109.7	93.6	103.2
D - Annual Development Program	655.0	641.5	842.0
Estimated Provincial Surplus / Deficit (A+B+C-D)	125.0	115.2	630.0

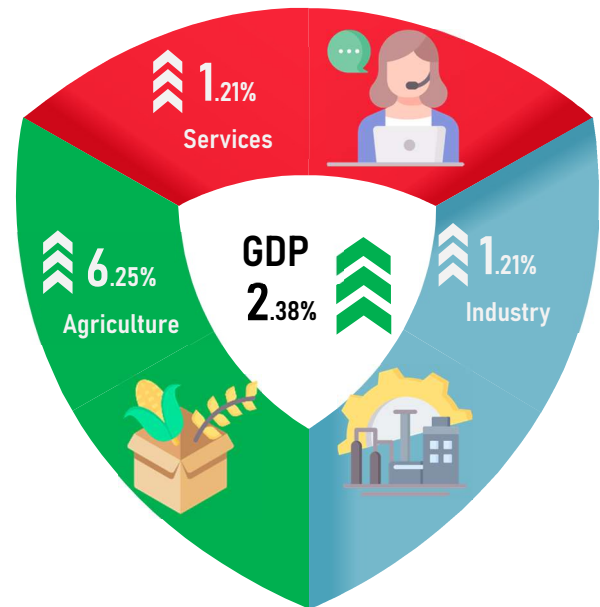
(Rs. in Billion)

Description	BE 2024-25	Description	BE 2024-25
A - General Revenue Receipts		A - Current Revenue Expenditure	
General Revenue Receipts	4,643.4	Current Revenue Expenditure	2,633.8
Federal Divisible Pool Transfers	3,683.1	01 - General Public Service	1,638.9
Provincial Tax Revenue	471.9	02 - Public Order and Safety Affairs	271.3
Provincial Non-Tax Revenue	488.4	03 - Economic Affairs	259.1
<i>Straight Transfers (Excl. excise duty on NG)</i>	12.0	04 - Environment Protection	1.5
<i>Net Hydel Profit</i>	15.0	05 - Housing and Community Amenities	21.4
<i>Net Hydel Profit Arrears</i>	25.0	06 - Health	271.8
<i>Federal Grants</i>	7.4	07 - Recreational, Culture and Religion	8.8
<i>Provincial Own Non-Tax Revenue</i>	429.0	08 - Education Affairs and Services	129.7
		09 - Social Protection	31.3
B - Current Capital Receipts		B - Current Capital Expenditure	
Capital Receipts	699.3	Capital Expenditure	1,340.2
Recoveries of Loans and Advances (A/C-I)	4.8	Repayment of Domestic Debt	350.0
Debt (A/C-I)	50.6	Repayment of Principal	120.8
Recoveries of Investment (A/C-I)	175.0	Investments	316.5
Recoveries of Investment-State Trading (A/C-II)	468.9	Loans and Advances (Principal)	83.0
Cash Credit Accommodation (A/C-II)	-	Loans to High Court Judges	1.0
		State Trading (Wheat) (A/C -II)	113.8
		Repayment of Commercial Bank Loans (A/C - II)	355.1
C- Development Receipts		C- Development Expenditure	
Foreign Project Assistance	103.2	Annual Development Program	842.0
		Core ADP	798.8
		Other Development Program	43.2
Total Receipts A/C-I	4,977.1	Total Expenditure A/C-I	4,347.1
Total Receipts A/C-II	468.9	Total Expenditure A/C-II	468.9
		Estimated Provincial Surplus	630.0
Total Provincial Consolidated Fund	5,446.0	Total Provincial Consolidated Fund	5,446.0

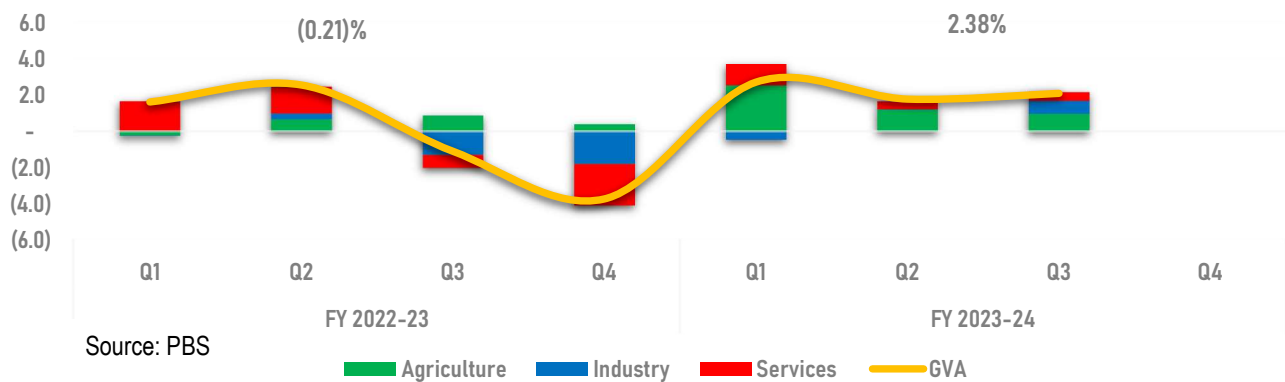
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MACROECONOMIC REVIEW & OUTLOOK

During FY 2024, GDP growth remained at 2.38%, over -0.21% last financial year, on account of 6.25% growth in Agriculture and 1.21% growth in both Industry and Services Sector as per Pakistan Economic Survey 2023-24. This indicates improvement in economic activities as growth decreased by 0.2% during FY 2023. In Budget 2023-24, the Federal Government was committed to medium-term economic recovery and stability. Government expected 3.5% GDP growth and 21.0% inflation in FY 2023-24. However, economic activities remained sluggish, and inflationary pressures surged due to unfavourable domestic and global developments in the first half.



GDP Growth of Pakistan

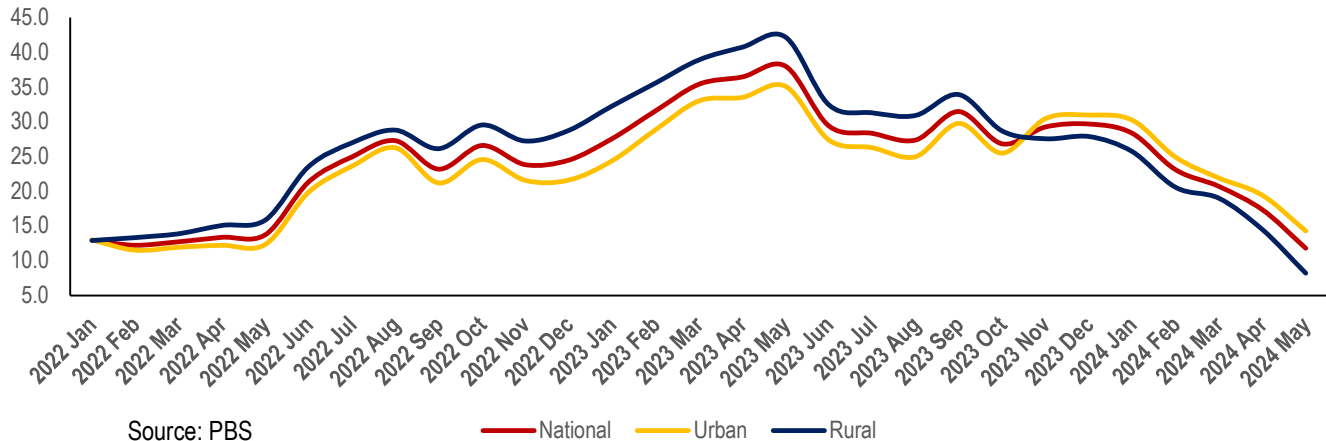


Inflation

Inflation has become a critical economic challenge in Pakistan. Government took several measures to address the challenge. Administrative operations against illicit foreign currency businesses and attempts to restrict commodity market smuggling and stockpiling have stabilized currency rates and commodity supplies. Punjab Government has also taken strict measures to smooth out the market supply of commodities. In the period from July to May of FY 2024, the CPI inflation (national) was 24.5%, lower than the 29.2% recorded in the corresponding period of the previous year. In May 2024, YoY CPI inflation (general) remained 11.8% compared to 38% recorded in May 2023. Inflation of 11.8% has been seen after almost 30 months. All these indicate that inflationary pressures on the economy are gradually easing particularly due to reduction in prices of wheat & wheat products and stability in international commodity prices.

Chapter I – Macroeconomic Review & Outlook

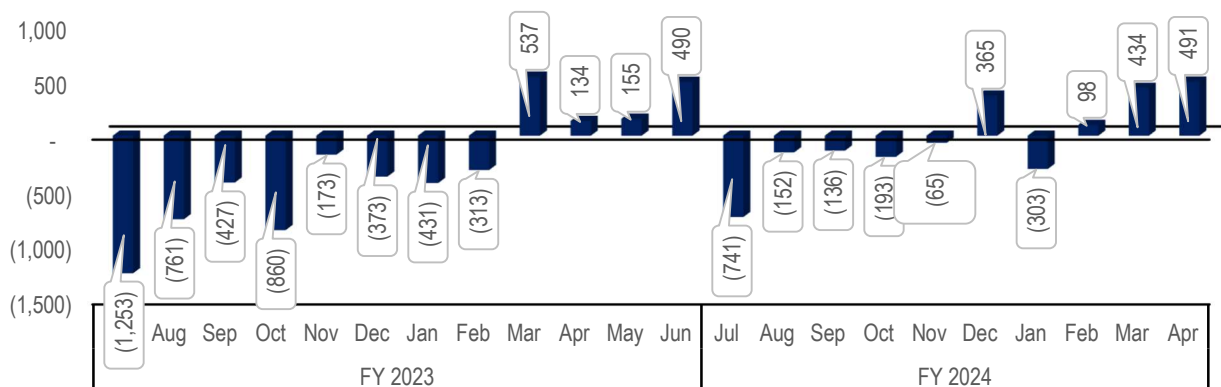
Inflation



External Sector's Performance

During Jul-Apr FY2024, the current account deficit decreased to \$0.2 billion from \$3.9 billion during the corresponding period last year. Due to government measures, current account performance improved despite an uncertain global economy. Both deficits, the trade deficit in goods and services (\$19.6 billion) and the primary income deficit (\$6.1 billion) were mainly offset by the secondary income surplus (\$25.5 billion), helping to shrink the current account deficit. A considerable drop in goods imports (5.0 percent) due to lower local demand, import management measures, and lower global commodity prices reduced the trade deficit in goods by \$4.8 billion compared to the same period last year. Government incentives and regulatory steps to increase workers' remittances through legitimate channels kept workers' remittance growth at 28% in April 2024. Moreover, the financial account remained at \$3.9 billion due to inflows from friendly countries.

Current Account Balance (\$ Million)



Monetary Policy

Monetary Policy Committee (MPC) decided to increase the Policy Rate to 22% on **June 26, 2023** to target inflation. However, data for the first half of FY 2024 suggests that economic activity is recovering at a moderate pace and current account recorded surplus in March. Moreover, inflation is decreasing at a pace much higher than expectation. Resultantly, MPC has reduced the Policy Rate to 20.5% on **June 10, 2024**.



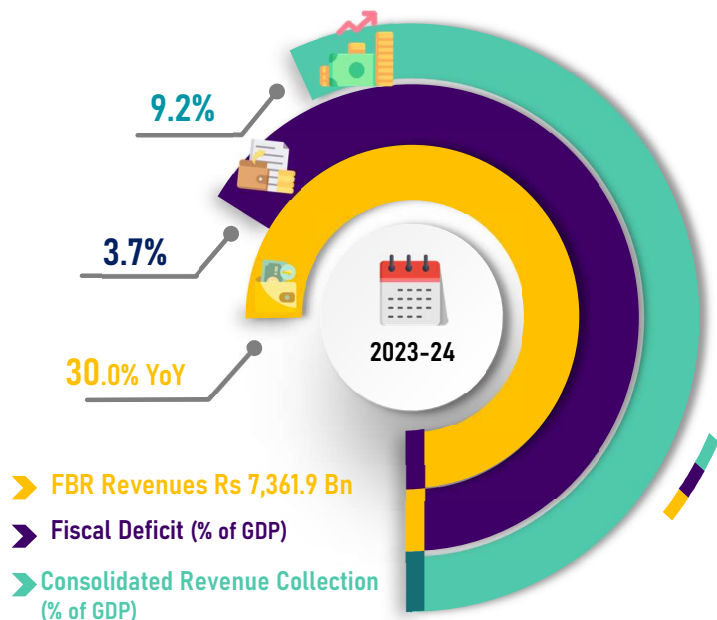
Policy Rate **20.5 %**



National Fiscal Performance

Federal and all provincial governments made an effort during the year to control expenditure and enhance revenue. Despite difficulties in controlling spending, consolidation initiatives improved revenue collection. As per fiscal operations published by Finance Division, Government of Pakistan, during July–April FY 2024, FBR revenues were Rs 7,361.9 billion, 30.0% higher on YoY. Fiscal deficit remained at 3.7% of GDP during July - March 2024. Consolidated revenue collection remained at 9.2% of GDP during July – March 2024. All provinces posted a combined budget surplus of Rs. 435 billion which helped in efforts to reduce overall fiscal deficit. Punjab's surplus of more than Rs. 156 billion resulted due to enhanced efforts on both revenue and expenditure sides. However, in the current fiscal year, a steep interest rate and inflation also hurt Punjab's efforts. Further, Punjab's own source tax collection remained less than desired due to subdued economic activities.

However, it is expected that overall improvement in macroeconomic conditions during FY 2024-25 will eventually benefit Punjab's economic landscape as well, contributing positively to national economic growth.

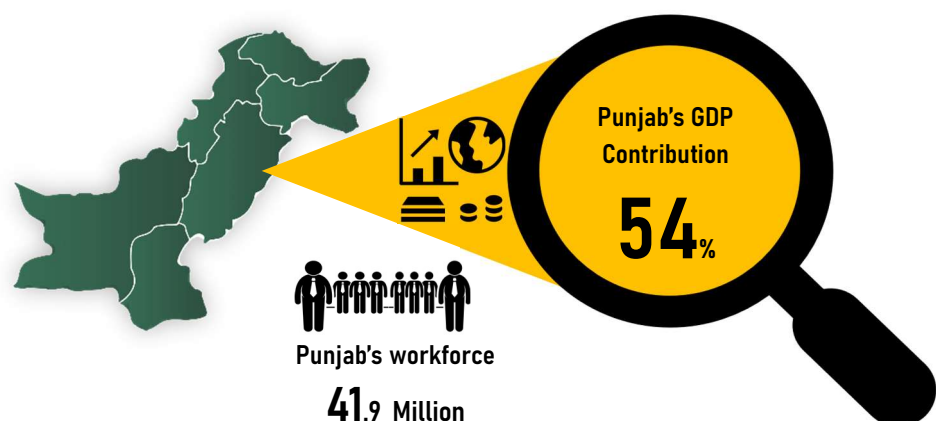


Outlook

Throughout the initial three quarters of the CFY 2023-24, there is a noticeable indication of a modest improvement in macroeconomic conditions, bolstered by positive growth in agriculture, diminishing inflationary pressures, and stability in external accounts. It is anticipated that the positive momentum in economic activities will continue for the remainder of FY2024. This is primarily attributed to a substantial increase in agricultural production, a stronger demand for exports, an improvement in the Composite Leading Indicator of Pakistan's main export markets, and the expectation of exchange rate stability.

Implication on Punjab's Economy

Punjab makes a significant contribution estimated at 54.2 percent to the national GDP. In terms of population, Punjab houses 127.7 million people, equivalent to 52.87 percent of the national population. As per Labour Force Survey 2020 - 21, Labour Force in Punjab is 41.9 million, 58 % of the national (Pakistan's Labour Force is 71.76 million) while the volume of employed persons is 39.1 million, 62.8% of national (Pakistan's volume of employed persons is 67.3 million)¹.



¹https://www.pbs.gov.pk/sites/default/files/labour_force/publications/lfs2020_21/LFS_2020-21_Report.pdf

Chapter I – Macroeconomic Review & Outlook

Punjab's contributions to agriculture, industries, and services sectors make it a vital player in the country's economy. As a result, the economic dynamics of Punjab can have both positive and negative effects on the overall economy due to backward and forward linkages. As per Punjab Growth Strategy 2023, Punjab's economic structure is estimated to consist of **62.4%** services, **20%** agriculture, and **17.6%** industry. Additionally, Punjab's economy has more private and public investment and net factor income from abroad².

A comprehensive framework for estimating provincial GDPs is required due to its economic significance. This is essential not only for informed economic and fiscal planning but also for devising targeted policies, ensuring effective resource allocation, and improving decision-making based on accurate economic data. Lack of detailed, region-specific GDP data has been a major obstacle in developing effective strategies for Punjab's economic advancement.

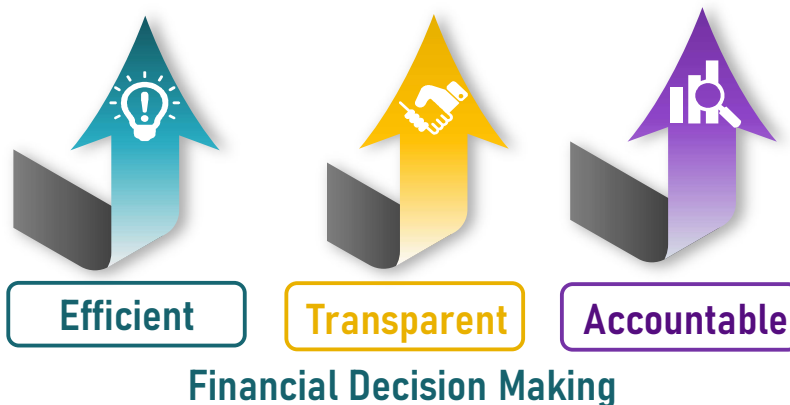
² https://pnd.punjab.gov.pk/system/files/PGS_2023%2019-21-145.pdf

BUDGET STRATEGY

2

Economic challenges faced by Punjab and their resonance with the Government's medium-term policies and priorities serve as the cornerstone of the province's financial planning. Emphasizing development-led growth, the focus is on anticipating broader contours of the fiscal landscape in the medium term while ensuring reasonable allocations for enhanced service delivery and initiatives aimed at assisting the underprivileged by the Government. In essence, the medium-term priorities hinge upon balancing the efforts of fiscal consolidation and aspirations for improving essential service delivery, development, growth targeting social protection and fiscal risks.

Medium-Term Fiscal Framework (MTFF)



This chapter broadly outlines the fiscal priorities of the Province in the light of latest economic forecasts translated in the form of FBR (Federal Board of Revenue) collections as well as the landscape of provincial own source collection in the wake of various policy measures of the Government. Similarly, expenditure forecasts have been formulated to strike a balance between the present outlays of current expenditure required for service delivery and the investment in development crucial for fostering economic growth. Estimates were forecasted prior to the budget-making commenced for FY 24-25 and assumptions may have changed. Therefore, these estimates acted as guidelines for setting the budgetary targets of the FY2024-25 seeking budgetary proposals and broad fiscal policy contours over medium-term.

Medium Term Revenue Projections

Below table represents GRR of the Province encompassing the Federal Divisible Pool's share allocated to Punjab and the Province's own revenue including Tax and Non-Tax; over the next three fiscal years, as outlined in the Medium-Term Fiscal Framework for the period FY 2025-27.

(Rs. in Billion)

GRR - General Rev. Receipts	Forecast		MTFF Estimates	
	2023-24	2024-25	2025-26	2026-27
FBR Collection	9,251	12,000	13,680	15,732
FDP Punjab's Share	2,659	3,449	3,932	4,522
YoY Growth - FBR	29%	30%	14%	15%
Tax Receipts	345	424	520	619
Non-Tax Receipts	164	201	224	243
Total Own Source Revenue (OSR)	509	625	744	862
YoY Growth - OSR	20%	23%	19%	16%
General Revenue Receipts (GRR)	3,168	4,074	4,676	5,384
YoY Growth GRR	27%	29%	15%	15%

Chapter II – Budget Strategy

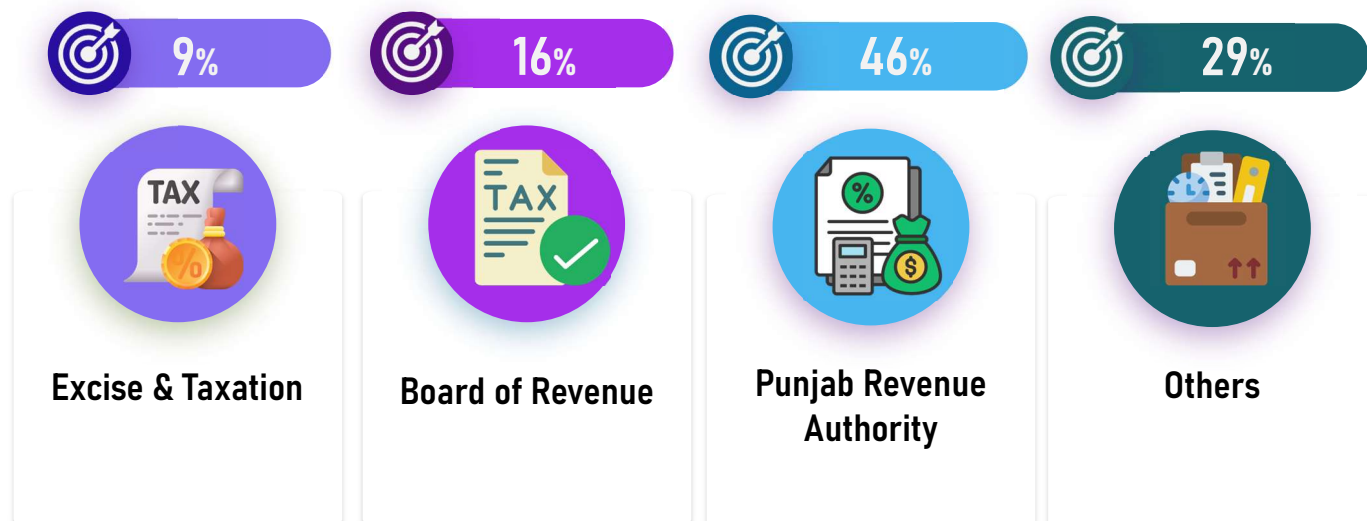
The baseline year, FY2023-24, is forecasted by analyzing the latest revenue collection trends of the Federal Board of Revenue (FBR) and the performance of provincial revenue collection agencies during the ongoing fiscal year. The assessment of base year (FY 2023-24) incorporates the impact of various policy measures of the Government to improve its revenue collection. As a result, the GRR of FY 2023-24 is expected to realize of a growth of 27%, slightly below the budgetary target of 34%. The primary contribution to this growth stems from the FBR, which is expected to achieve a 29% increase over the previous year, slightly lower than the target of 31%.

The projections of GRR under MTFF are based on following major components:

Share in Federal Divisible Pool (FDP): The estimates of share in FDP are determined based on NFC Award formula applied on the collections of FBR. The target of FBR is largely aligned with the Federal Government for FY2024-25 however; an average growth of 19% is targeted during the next three year which in case of last five years is around 17%. The basis of FBR estimates largely follow the growth of nominal GDP during the FY2026 & FY2027 whereas the FY2025 is based on potential target of FBR considering various policy measures of the Federal Government as well as the growth expectations under the IMF program.

Punjab's Own Source Revenue Collection: Own source revenue collection is estimated to realize an average growth of 19% during the next three fiscal years compared to 12% growth during the last five fiscal years. This is mainly due to innovative steps taken to expand the tax base while initiating processes to implement a more progressive tax regime. Major share of own source revenue collection is attributed to Punjab Revenue Authority collecting almost 46% of total own source revenue of the Government wherein average growth of 21% is targeted, followed by the Board of Revenue (BoR) having average contribution of 16% with expected growth of 27% and then the Excise & Taxation contributing on average 9% with the target growth of 18%. The Government has planned to take measures in a staggered manner to enhance its income considering the economic challenges and slow pace of recovery. Some of these measures include revision of court fees, enhancement of token tax fee of vehicles, shift to capital value base in Urban Immovable Property Tax (UIPT) and the increase in stamp duty rate in urban areas from FY2026 onwards.

Own Source Revenue Collection



Medium Term Expenditure Projections

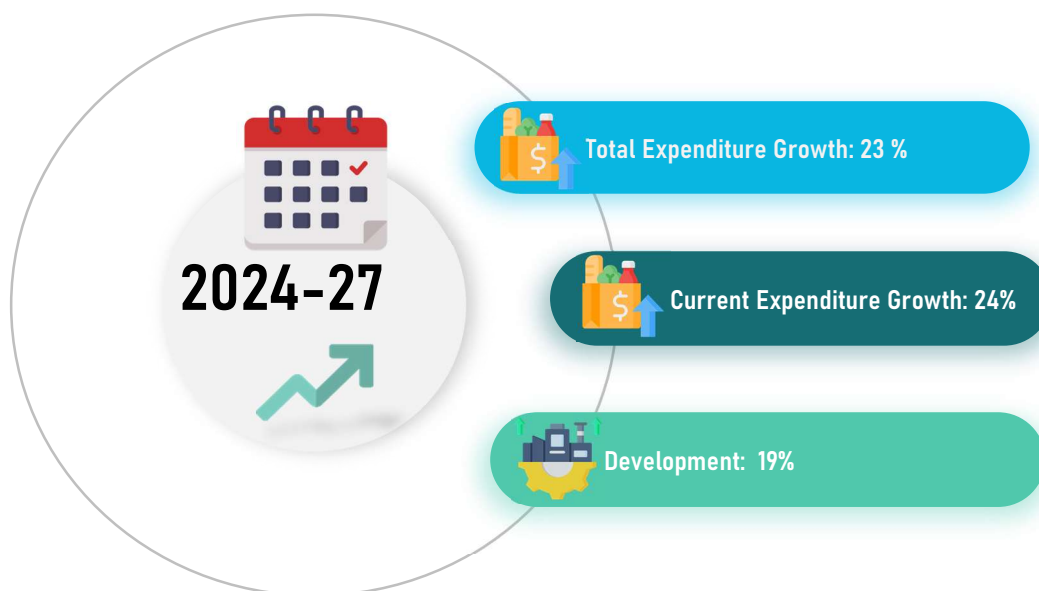
Punjab is dedicated to a policy of rationalized spending on current side while prioritizing broad-based developmental initiatives. Under the Medium-Term Fiscal Framework (MTFF), a three-year projection of expenditure has been formulated while ensuring alignment with the overarching priorities of the Government and the projection of economic indicators (e.g. inflation, FX impact, FBR growth etc.). The spending limits forecasted in the period of MTFF act as a guiding threshold for the Government to ensure alignment of expenditure with the resource envelop of the Government.

Chapter II – Budget Strategy

(Rs. in Billion)

Current Revenue Expenditure	Forecast	MTFF Estimates		
	2023-24	2024-25	2025-26	2026-27
Employee Related Expenditure	486	609	763	949
Employee Retirement Benefits	384	481	603	749
PFC	580	867	1,036	1,263
Service Delivery Expenditure	501	708	741	795
Total Current Expenditure	1,951	2,665	3,143	3,756
YoY% Current Exp. Growth	17%	37%	18%	20%
Total Development Expenditure	585	775	882	994
YoY% Development Exp. Growth	0%	33%	14%	13%
Total Expenditure	2,536	3,440	4,025	4,750
YoY% Total Exp. Growth	13%	36%	17%	18%

The above estimates of total expenditure for the next three fiscal years show an average growth of 23% compared to average growth of 19% during the last three fiscal years. Current expenditure growth projected over medium-term is 24% and development is 19%.



Net Capital Account Projections

Estimates of net capital receipt during the next three years show reducing balance, indicating a decline in the capital expenditure over the next three years. The reason of negative balance in the capital account is the expected payouts on account of loan repayments (including wheat debt retirement), loans & advances to public entities, and other investments (capitalization of funds) higher than the capital inflows (recovery of investments, debt financing etc.) during the same period.

Projections of the next year three years for capital account are given below:

Chapter II – Budget Strategy

(Rs. in Billion)

Net Capital Receipts	Forecast	MTFF Estimates		
	2023-24	2024-25	2025-26	2026-27
Capital Receipts	151	168	149	143
Capital Expenditure	517	733	482	497
Net Capital Receipts	(366)	(565)	(333)	(354)

Projections of Medium-Term Fiscal Framework

Government Fiscal Framework for next three years, assessed under certain economic assumptions and budgetary priorities of the Government, are summarized below:

(Rs. in Billion)

MTFF	Forecast	MTFF Estimates		
	2023-24	2024-25	2025-26	2026-27
General Revenue Receipts (A)	3,168	4,074	4,676	5,384
Current Expenditure (B)	1,951	2,665	3,143	3,756
Revenue Balance (C=A-B)	1,217	1,409	1,533	1,628
Net Capital Receipts	(366)	(565)	(333)	(354)
Development Expenditure	585	775	882	994

ESTIMATES OF RECEIPTS

3

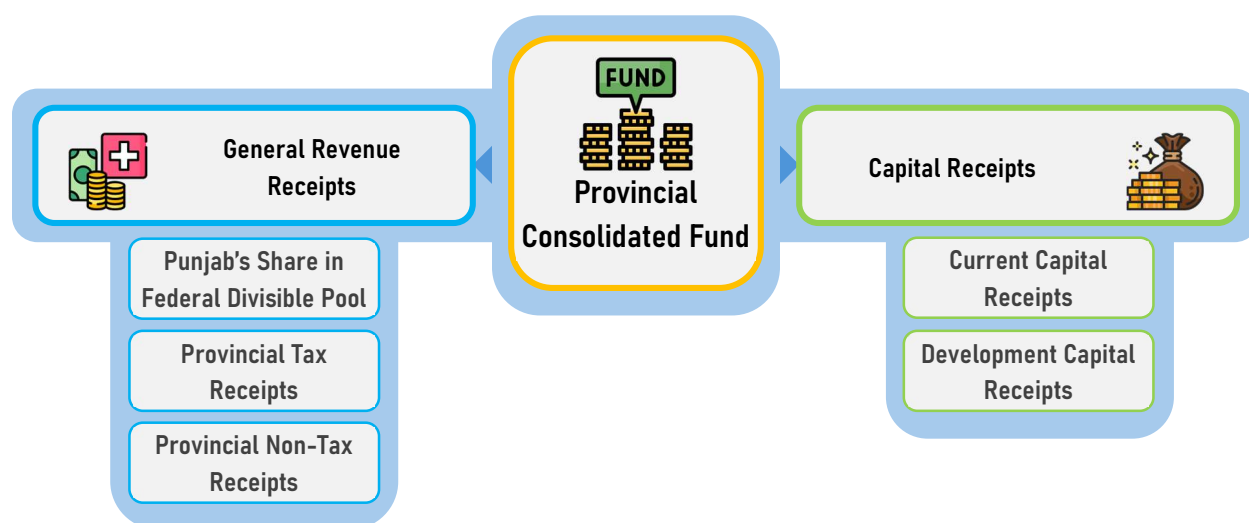
Chapter III – Estimates of Receipts

Annual Budget Statement is considered a virtual manifestation of the priorities and objectives of a Government; the plan is reflected in terms of estimates of Receipts and Expenditures during a Fiscal Year. This Chapter aims to provide a comprehensive analysis of the Receipts of the Provincial Government in FY 2023-24 and projections for FY 2024-25.

Classification of Receipts by the Provincial Government



The following diagram provides sub-categories of Receipts under the two main categories of Provincial Receipts:



Provincial Receipts comprise Federal Divisible Pool transfers, Own Source Revenue (Provincial Tax Receipts and Non-Tax Receipts) along with loan amounts raised by and returned to the Province. It is pertinent to mention that the Divisible Pool transfers per capita (inflation adjusted) have decreased over recent years, resulting in shrinking resources for provincial governments. To address the shortfall, Government of Punjab has been strategizing to enhance the Provincial Own Source Revenue while reducing dependence on Federal Divisible Pool transfers. A major area of focus has been increasing tax base through improvement in tax compliance and enhanced documentation of the economy. Moreover, the Government undertakes on-going engagements with multilateral development agencies to raise financial loans that contribute towards enduring development and progress in high impact sectors.

Ministerial Committee of the Cabinet on Resource Mobilization conducted multiple meetings with major tax-collecting agencies and conducted comprehensive analysis of Departmental proposals for the FY2024-25. This has resulted in generation of additional provincial revenue estimated at **Rs. 31.3 billion** for FY 2024-25. Following are the key recommendations finalized by the Committee:

Punjab's Resource Mobilization: Key Recommendations

- Transition of Property Tax Base from Rental Value to Capital Value
- Shifting of token tax regime from engine capacity (CC) based to invoice value based and enhancement of lifetime token tax of motor cars upto 1,000cc
- Increase in the royalty rates and excise duty of Mines & Minerals Department
- Revision of the existing rates of stamps applicable to different articles in Schedule I of the 1899 Stamp Act, 1899
- Amendments In Fourth and Fifth Schedule of Court Fees Act 1870
- Introduction of self-assessment, reward to whistle-blowers and compulsory registration of vehicles within Punjab

Chapter III – Estimates of Receipts

The table below summarizes the estimates of total Provincial Receipts:

Receipts	BE 2023-24	RE 2023-24	BE 2024-25
a. General Revenue Receipts	3,331.722	3,144.579	4,643.446
<i>Federal Divisible Pool (Incl. Excise Duty on N/Gas)</i>	2,706.405	2,664.793	3,683.103
<i>Provincial Taxes</i>	393.510	339.893	471.911
<i>Provincial Non-Tax</i>	231.807	139.893	488.432
b. Capital Receipts A/C-I	160.322	136.414	333.654
<i>Current Capital Receipts</i>	50.605	42.857	55.431
<i>Recoveries of Investment</i>	-	-	175.000
<i>Development Capital Receipts (Foreign Project Assistance)</i>	109.717	93.557	103.223
c. Capital Receipts A/C-II	988.621	483.092	468.905
Total Provincial Consolidated Fund (a+b+c)	4,480.666	3,764.085	5,446.006

General Revenue Receipts

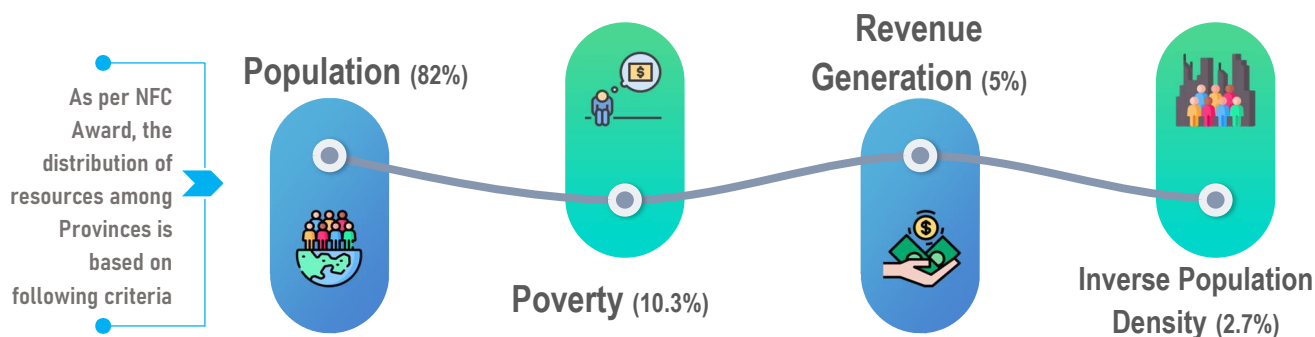
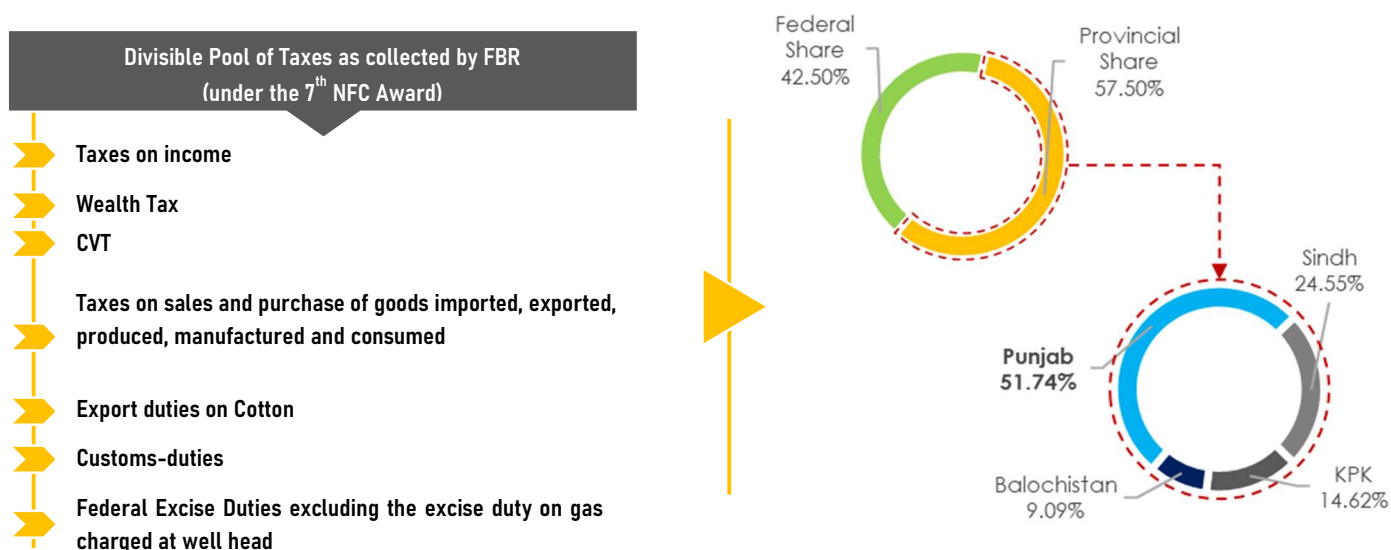
The primary components of General Revenue Receipts are **Federal Divisible Pool**, **Provincial Tax Receipts** and **Provincial Non-Tax Receipts**. The table below outlines the details of Budget Estimates and Revised Estimates of General Revenue Receipts for FY 2023-24 in comparison with the Budget Estimates for FY 2024-25:

General Revenue Receipts	BE 2023-24	RE 2023-24	(Rs. in Billion) BE 2024-25
Federal Divisible Pool Taxes	2,706.405	2,664.793	3,683.103
Tax on Income	1,213.304	1,062.738	1,553.868
Land Customs	348.764	378.526	434.549
Sales Tax	990.904	1,047.436	1,416.764
Capital Value Tax	0.270	3.083	4.567
Federal Excise	152.704	172.782	272.995
Excise Duty on Natural Gas	0.459	0.228	0.360
Provincial Tax Revenue	393.510	339.893	471.911
Board of Revenue	99.200	65.200	105.261
Excise, Taxation & Narcotics Control Department	45.500	43.508	56.950
Transport	1.210	0.985	1.200
Finance (Punjab Revenue Authority)	240.000	230.000	300.000
Energy	7.600	0.200	8.500
Provincial Non-Tax Revenue (Including Straight Transfers and Grants)	231.807	139.893	488.432
Income from Property and Enterprise	71.821	23.197	302.333
Receipts from Civil Administration and Other Functions	46.146	37.844	51.205
Extraordinary Receipts	30.500	5.000	30.500
Miscellaneous Receipts	83.340	73.852	104.394
Total General Revenue Receipts	3,331.722	3,144.579	4,643.446

Share in Federal Divisible Pool

Major source of revenue for the Provincial Government is the receipt of its share from the Federal Divisible Pool which constitutes approximately **80%** of the General Revenue Receipts projected for FY 2024-25. Under the 7th NFC Award, the Divisible Pool of Taxes as collected by FBR has been laid down as under:

Chapter III – Estimates of Receipts



Rs. 2,706.405 bn
B.E. FY 2023-24

+36.1%

Rs. 3,683.103 bn
B.E. FY 2024-25

Provincial Tax Revenue

The second component of the General Revenue Receipts is Provincial Tax Revenue. The details of taxes budgeted for FY 2024-25 is presented below:

Tax Receipts	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
Punjab Revenue Authority	240.000	230.000	300.000
Sales Tax on Services	235.000	224.800	294.000
Punjab Infrastructure Development Cess	5.000	5.200	6.000
Board of Revenue	99.200	65.200	105.261
Agricultural Income Tax	2.850	3.500	3.500
Registration of documents	0.360	0.104	0.119

Chapter III – Estimates of Receipts

Land Revenue	24.063	20.470	24.659
Capital Value Tax	0.000	0.039	0.000
Stamp Duty	71.928	41.087	76.984
Excise, Taxation & Narcotics Control Dept.	45.500	43.508	56.950
Urban Immovable Property Tax	20.666	18.841	28.850
Tax on Professions, Trades and Callings	1.350	1.340	1.650
Receipts under Motor Vehicles	19.558	19.252	22.204
Provincial Excise	3.527	3.721	3.846
Tax on Luxury Houses	0.150	0.142	0.150
Other Indirect Taxes	0.250	0.213	0.250
Energy	7.600	0.200	8.500
Electricity Duty	7.600	0.200	8.500
Transport	1.210	0.985	1.200
Motor Vehicles fitness certificate and route permit fee	1.210	0.985	1.200
Total Provincial Tax Revenue	393.510	339.893	471.911



PRA

- Sales Tax on Services
- Infrastructure Development Cess



BoR

- Agricultural Income Tax
- Stamp Duty
- Land Revenue



ET&NC Dept.

- Motor Vehicle Tax
- Urban Immovable Property Tax
- Provincial Excise
- Professional Tax



Energy Dept.

- Electricity Duty

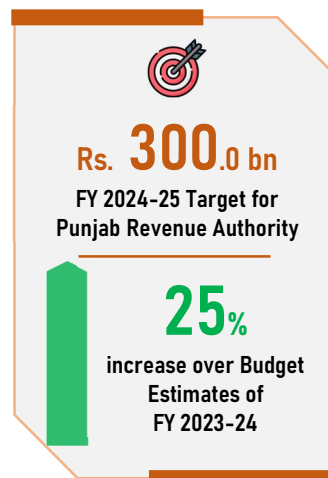


Transport Dept.

- Route Permit Fee
- Fitness Certificate Fee

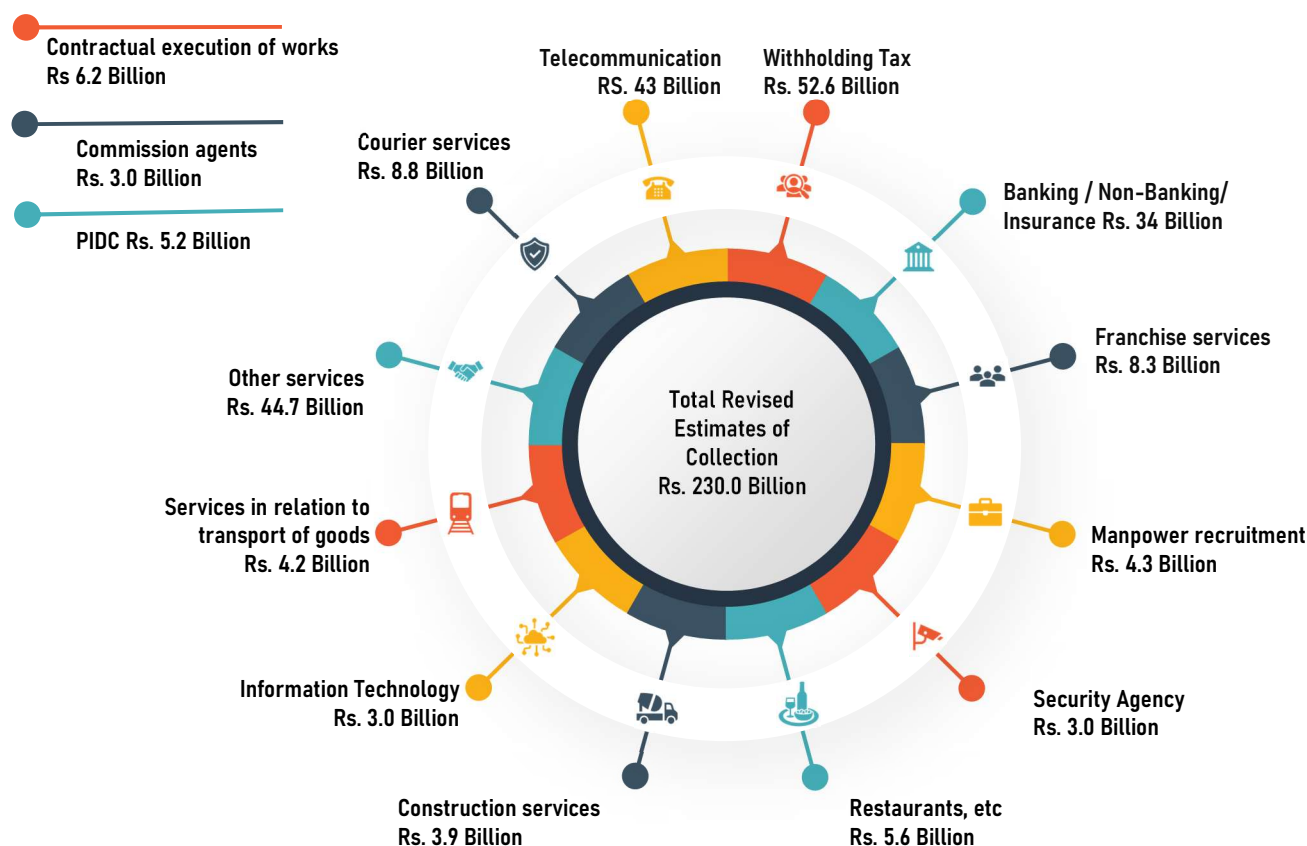
Punjab Revenue Authority (PRA)

Punjab Revenue Authority was assigned a revenue collection target of Rs. 240.0 billion for FY 2023-24. The target was based on the revenue collection trends of preceding years, revenue generation potential of the assigned taxes, expansion of tax base and tax policy measures taken by the Government. PRA has performed well in terms of collection showing phenomenal growth. The Revised Estimates for FY 2023-24 have been set at **Rs. 230.000 billion**. Following table shows the Revised Estimates of collection from major Services during the year:



Chapter III – Estimates of Receipts

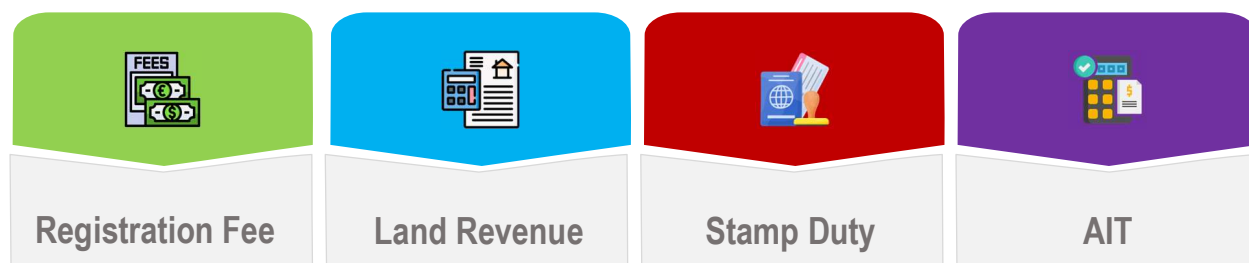
Sales Tax on Services Collection 2023-24 (Total Rs. 230.0 bn)



PRA has performed admirably to maintain a consistently high growth in revenue collection over the recent past. Based on revenue trends, PRA has been assigned a target of **Rs. 300.0 billion** for FY 2024-25 with an increase of **25%** over Budget Estimates of FY 2023-24. It is also pertinent to mention that the Government has maintained the reduced PSTS for numerous sectors from 16% to 5% to incentivize compliance and encourage broadening of the tax base.

Board of Revenue (BoR)

Board of Revenue's (BoR) collection target for FY 2024-25 is projected at **Rs. 105.261 billion**. The major tax heads under BoR's purview are elaborated as under:



Agricultural Income Tax:

Agricultural Income Tax (AIT) is an important Direct Tax of the Province, collected under the Punjab Agriculture Income Tax Act of 1997. It is levied as a fixed amount per acre of land, or as a percentage of income of owners of agricultural land, whichever is higher. The rates of Land Based Agricultural Income Tax were last revised in 2019. The BE for AIT for FY 2024-25 is set at **Rs. 3.5 billion** which is 22.8% higher than the BE of FY 2023-24.

Land Revenue:

Land revenue is an expansive category and includes a variety of receipts related to land revenue functions, the largest being mutation fee. This category of Provincial Tax Receipts carries significant potential and is expected to contribute up to **Rs. 24.7 billion** to the provincial exchequer during FY 2024-25.

Stamp Duty:

Provincial Government has reformed the system by introducing e-Stamps to facilitate taxpayers, plug leakages, and to ensure greater transparency in the process of transfer of property. It has resulted in increased revenue generation since implementation of the reform initiative. The Government of Punjab reduced Stamp Duty rates, for transactions of property in Urban areas to **1% from 5%** during the Covid-19 pandemic. Due to substantial rise of federal taxes (**3 times for filer and 4 times for non-filer**) receipts for the Government have declined over the same period. However, the Budget Estimates of Stamp Duty for FY 2024-25 have been pitched at **Rs. 77.0 billion** which is 7% higher than the BE of FY 2023-24.

Excise, Taxation & Narcotics Control Department

Excise, Taxation & Narcotics Control Department (ET&NC) provides services for collection of **eight** different levies / taxes. The Department aims to promote automation of its functions to optimize service delivery through reduced interface between public and Government officials. The major tax heads under purview of Excise, Taxation & Narcotics Control Department are indicated below:

Motor Vehicle Taxes:

Excise, Taxation & Narcotics Control Department collects 'Tax on Registration' and 'Token Tax' on motor vehicles. The BE 2023-24 of MV Taxes was Rs. 19.6 billion. The Revised Estimates for this tax have been pitched at Rs. 19.3 billion, while the target for the next Financial Year 2024-25 has been projected at **Rs. 22.2 billion** which is 13.5% higher than the BE of FY 2023-24.

Urban Immoveable Property Tax (UIPT):

Punjab Government has taken principled decision of shifting of Property Tax Base from **Rental Value to Capital Value**. Necessary legal changes in Urban Immoveable Property Tax have been proposed to enhance transparency, apart from increase in revenue, by transitioning from a rental-based valuation system to a capital value system. The current system assessment based upon rental value is outdated, discretionary and complex which does not contain an element of periodic/yearly updation. This shift will provide a clearer and more equitable method of assessing property taxes. Introduction of self-assessment will further promote transparency, as property owners will have a direct role in determining their tax obligations, fostering a sense of accountability within the community. Overall, these proposed measures seek to create a more efficient, robust and just property tax system that benefits the public at large.

The UIPT target (including tax on luxury houses) for FY 2024-25 has been set at **Rs. 29 billion** which is 39.3 % per higher than BE 2023-24. This is a tax devolved to Municipal Committees, Municipal Corporations and Metropolitan Corporation under Local Government legislation in Punjab. However, for administrative purposes, it is being collected by the Provincial Government on their behalf.

Professional Tax

Budget Estimates for FY 2024-25 with respect to Professional Tax has been set at **Rs. 1.650 billion** against the Revised Estimates for FY 2023-24 which came to Rs. 1.340 billion.

Provincial Non-Tax Revenue

Revised Estimates FY 2023-24 & Budget Estimates FY 2024-25 in respect of Provincial Non-Tax Revenue are reflected in the table below:



Chapter III – Estimates of Receipts

	(Rs. in Billion)		
Non-Tax Revenue	BE 2023-24	RE 2023-24	BE 2024-25
Income from Property and Enterprises	71.821	23.197	302.333
Electricity (Net Hydel Profit)	20.000	-	15.000
Net Hydel Profit Arrears	20.000	9.500	25.000
Interest on Loans to District Govts. / TMAs	0.019	0.019	0.019
Interest on Loans to Non-Financial Institutions.	0.610	0.677	0.623
Interest on Loans & Advances to Govt. Servants.	-	-	-
Interest on Loans – Others	0.004	0.002	0.003
Dividends	5.688	6.499	6.688
Profit from Commercial Accounts of Administrative/Attached Deptt.	10.000	1.000	2.000
Proceeds from Cash Management Fund	10.000	-	240.000
Profit from Punjab Pension Fund	5.500	5.500	13.000
Civil Administration and other Functions	46.146	37.844	51.205
Fiscal Administration	1.950	2.450	2.500
Law and Order	10.991	13.984	15.056
Justice	1.300	1.328	1.410
Police Department	9.300	12.350	13.250
Jails including Civil Defense	0.391	0.306	0.396
Community Services	4.650	3.960	4.933
Communications & Works	4.205	3.892	4.623
Public Health	0.445	0.068	0.310
Social Services	27.800	16.887	27.801
Education	2.300	1.704	2.301
Health	25.500	15.183	25.500
Housing and Physical Planning	0.755	0.563	0.915
Extraordinary Receipts	30.500	5.000	30.500
Board of Revenue	30.500	5.000	30.500
Miscellaneous Receipts	83.340	73.852	104.394
Agriculture	2.510	2.900	3.000
Fisheries	0.508	0.590	0.654
Forest & Wildlife	1.393	0.941	1.333
L&DD	1.926	1.500	1.971
Cooperatives	0.004	0.003	0.004
Irrigation	10.000	5.000	19.050
Industries	1.610	0.972	1.646
Mines & Minerals	19.850	15.000	31.000
Home	2.109	1.124	2.155
Misc.	25.519	16.200	24.168
Federal / Foreign Grants	5.100	17.923	7.441
Straight Transfers	12.811	11.699	11.972
Total	231.807	139.893	488.432

Rs. 19.85 bn
Mines & Minerals
Budget FY 2023-24



Rs. 15.0 bn
Mines & Minerals
(Revised Estimates FY 2023-24)



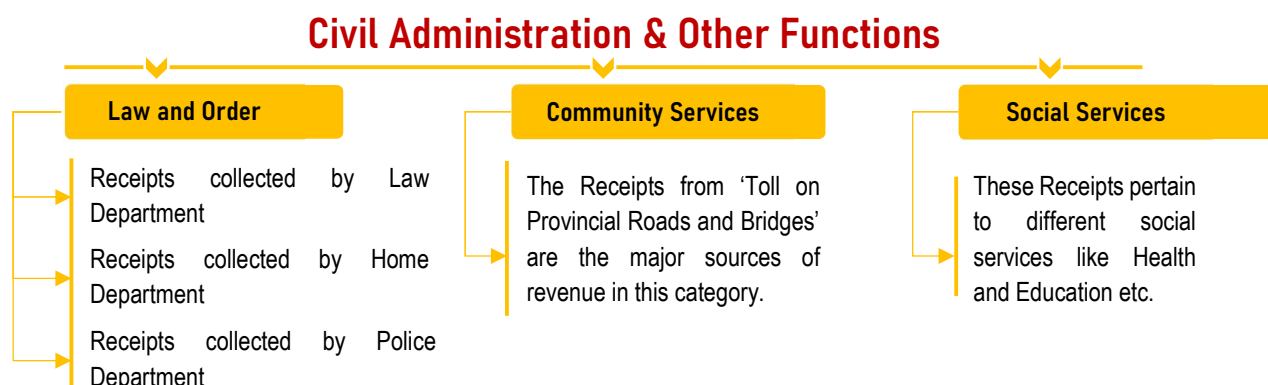
Rs. 31.0 bn
Mines & Minerals
Budget FY 2024-25

Income from Property & Enterprises consists primarily of profits of hydroelectricity generating units, referred to as ‘Net Hydel Profits’ (NHP), located in Punjab – in line with Article 161 (2) of the Constitution of Pakistan 1973. An amount of Rs. 8.9 billion was received as arrears of NHP during FY2023-24 against BE of Rs. 40 billion, RE has been pitched at Rs. 9.5 billion. The NHP payment (regular and arrears) for FY 2024-25 is budgeted at Rs. 40.0 billion.

Chapter III – Estimates of Receipts

The other main source of Revenue within the Non-Tax category is '**Interest on Loans**' advanced by the Government to financial and non-financial institutions.

The revenue from '**Civil Administration & Other Functions**' has been budgeted at Rs. 51.205 billion for FY 2024-25 and comprises of the following:



Extra Ordinary Receipts are Provincial Non-Tax Revenue receipts which are realized from sale of land by Board of Revenue. The Budget Estimates under this head have been pitched at Rs. 30.5 billion for FY 2024-25.

Under **Miscellaneous Receipts**, the Budget Estimates for FY 2024-25 have been estimated at **Rs. 104.4 billion**.

Under Article 161 (1) of the Constitution and the NFC Award, **Straight Transfers** to the Provinces include Excise Duty on Natural Gas, net proceeds of the Royalty on Natural Gas, Royalty on Crude Oil and Gas Development Surcharge. The table below presents an overview of Straight Transfers receipts (excluding Excise Duty on Natural Gas):

Component	BE 2023-24	RE 2023-24	(Rs. in Billion) BE 2024-25
Royalty on Crude Oil	9.961	8.642	8.914
Royalty on Natural Gas	2.300	1.822	2.095
Gas Development Surcharge	0.550	1.235	0.963
Total	12.811	11.699	11.972

Federal Grants

Public Sector Development Program (PSDP) grants, received from the Federal Government, are essentially a pass-through item as far as Provincial revenues are concerned since these are transferred onwards to respective executing agencies for implementation of the relevant Federal Development Projects. Foreign Grants can be classified as **Development** (Projects) or **Non-Development** (Programs), depending upon the nature/purpose.



Component	BE 2023-24	RE 2023-24	(Rs. in Billion) BE 2024-25
Foreign Grants (Dev + Non-Dev)	5.100	6.161	7.441
PSDP Grants / Federal Grant (Dev + Non-Dev)	-	11.762	-
Total	5.100	17.923	7.441

Foreign Development Grants	BE 2023-24	RE 2023-24	BE 2024-25
IFAD-Southern Punjab Poverty Alleviation Project Program	-	0.074	-

Chapter III – Estimates of Receipts

AFD - Project Management Unit for Construction of Wastewater Treatment Plant at Babu Sabu, Lahore	0.001	0.014	0.021
JICA-Project for Improvement of Water Treatment Plant and Water Distribution System in Faisalabad (Old Jhal Khanuana)	2.296	2.254	1.802
Japan Govt - Upgrading of Mechanical System for Sewerage and Drainage Services in WASA, Multan	1.190	1.069	0.855
Establishment of Excellence Hubs in the Field of Renewable Energy – (KFW Development Bank, Germany Assisted)	-	-	0.189
Improvement of Equipment for Exhibition, Conservation and Storage of Cultural Heritage	-	0.014	0.077
Total (Development Grants)	3.487	3.425	2.944
Foreign Program Grants	BE 2023-24	RE 2023-24	BE 2024-25
IBRD-TF-B8491-01-National Health Support Program	0.806	1.368	2.248
IBRD-TF-B8974-01-National Health Support Program	0.807	1.368	2.249
Total (Program Grants)	1.613	2.736	4.497
Grand Total (Foreign Grants)	5.100	6.161	7.441

Current Capital Receipts

Current Capital Receipts of the Province include all loans raised by the Provincial Government (except for loans for specific development projects) and recoveries of loans granted to provincial entities / authorities / financial institutions, provincial employees or the District Governments. Current Capital Receipts may be credited either to the Provincial Government's Account No. I (Non-Food Account) or Account No. II (Food Account), depending on the nature of the receipt. For the Financial Year 2024-25, the

total Current Capital Receipts are estimated at **Rs. 699.336 billion** compared to Budget Estimates of Rs. 1,039.226 during FY 2023-24. The table below provides a detailed comparison of Current Capital Receipts for FY 2023-24 and FY 2024-25:



Credited to Account I

- Money raised through loans
- Recoveries of Investment
- Budgetary support programs of multilaterals
- Recoveries of principal amount of loans advanced by the Government to its Employees and Autonomous Bodies

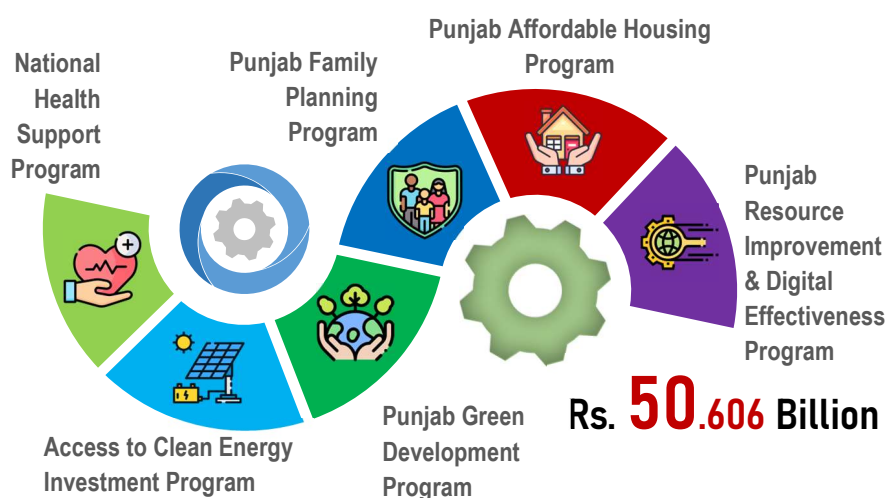
Recorded in Account II

- Receipts from sale of wheat
- Financing for procurement of wheat

Receipts	BE 2023-24	RE 2023-24	(Rs. in Billion) BE 2024-25
Loans & Advances/ Recoveries of Loans and Advances	2.650	2.771	4.825
From District Governments/TMAs/Local Bodies	0.015	0.015	0.015
From Non-Financial Institutions	2.565	2.666	4.720
From Government Servants	0.070	0.090	0.090
From Private Sector (Taccavi Loans)	0.000	0.000	0.000
Debt	47.955	40.086	50.606
Permanent Debt-Domestic	-	-	-
Permanent Debt-Foreign	47.955	40.086	50.606
Recoveries of Investment	-	-	175.000
Sale Proceeds of Wheat (A/C-I)	-	-	175.000
Account No. I Total	50.605	42.857	230.431
Recoveries of Investment-State Trading Schemes	645.271	449.306	468.905
Cash Credit Accommodation	343.350	33.786	-
Account No. II Total	988.621	483.092	468.905
Total Current Capital Receipts (Account No. I & II)	1,039.226	525.949	699.336

Chapter III – Estimates of Receipts

Account No. I - Permanent Debt: The Budget Estimates for FY 2024-25 for the permanent debt (foreign) have been set at **Rs. 50.606 billion**. Government is likely to receive budgetary support loans from international development partners under National Health Support Program, Punjab Family Planning Program, Punjab Green Development Program, Punjab Resource Improvement & Digital Effectiveness (PRIDE) Program, Punjab Affordable Housing Program (PAHP) and others.



Detail of Loans	BE 2023-24	RE 2023-24	BE 2024-25
National Health Support Program	4.680	6.384	10.492
Access to Clean Energy Investment Program	1.786	-	2.608
Punjab Family Planning Program	-	6.057	4.761
Strengthening Markets for Agriculture and Rural Transformation (SMART) Punjab	4.570	5.700	-
Punjab Cities Program	5.304	5.700	-
Punjab Green Development Program	12.904	1.853	16.668
Punjab Resource Improvement and Digital Effectiveness (PRIDE)	12.635	9.262	12.242
Punjab Affordable Housing Program (PAHP)	6.076	5.130	3.835
Total	47.955	40.086	50.606

Account No. II - Public Debt (Food Account):

Food Account of the Province, commonly known as Account No. II, is also maintained with the State Bank of Pakistan. However, it is meant exclusively for transactions relating to state trading in food commodities by the Food Department.



During FY2024-25, an amount of **Rs. 468.905 billion** is estimated receipts of Account-II compared to Rs. 988.621 billion budgeted for FY 2023-24.

Development Capital Receipts

Loans obtained from multilateral donor agencies through the Federal Government for specific foreign-assisted development projects are termed as **Development Capital Receipts** or **Foreign Project Assistance**. **Rs. 103.223 billion** worth of loans are expected to be realized during the FY 2024-25 in this regard.

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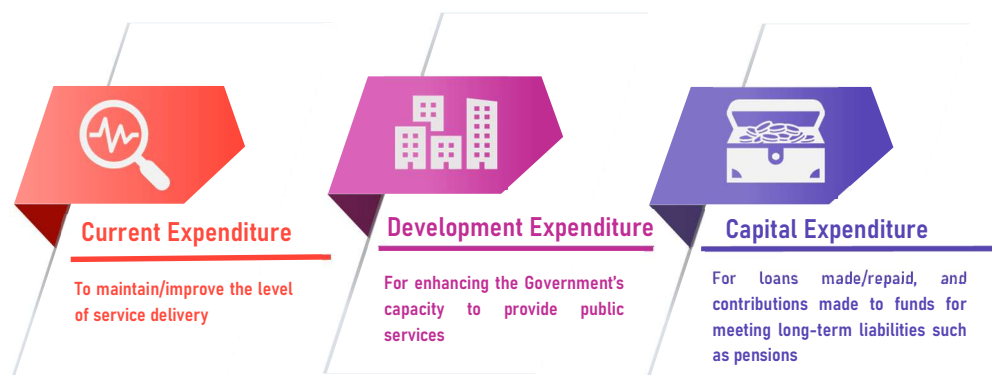
ESTIMATES OF EXPENDITURES

Chapter IV – Estimates of Expenditures

For the Government of Punjab, FY2024-25 heralds pro-people initiatives while grappling with fiscal limitations and challenges. The Government is geared towards improving service delivery alongside prudent spending while prioritizing benefits to the common man; be it through provision of improved public services or subsidies. To achieve this amidst financial constraints, non-essential spending will be discouraged through stringent monitoring and regular reviews of spending priorities.

The Government of Punjab is a strong proponent of an inclusive budget, the benefits of which should reach all segments of society, particularly the marginalized ones.

Major Components of Government Expenditure



Classification	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
Current Expenditure	2,712.042	2,524.300	3,505.101
Social Sector	999.749	1,006.493	1,294.878
Infrastructure Development	109.904	142.104	119.414
Production Sector	371.565	309.664	512.579
Services Sector	1,190.293	1,046.535	1,423.412
Miscellaneous	40.531	19.504	154.818
Expenditure A/C-II (Food)	988.621	483.092	468.905
State Trading (Wheat) (A/C-II)	513.440	124.234	113.777
Repayment of Commercial Bank Loans (A/C-II)	475.181	358.858	355.128
Development Expenditure	655.0	641.527	842.000
Annual Development Program	655.0	641.527	842.000
Total Expenditure	4,355.663	3,648.919	4,816.006



Against various components of expenditure, a comparison of allocations in FY 2023-24 and FY 2024-25 is explained below:

Classification	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
Current Expenditure	2,712.042	2,524.300	3,505.101
Expenditure A/C-II (Food)	988.621	483.092	468.905
Development Expenditure	655.0	641.527	842.000
Total Provincial Expenditure	4,355.663	3,648.919	4,816.006

Chapter IV – Estimates of Expenditures

Social Sector

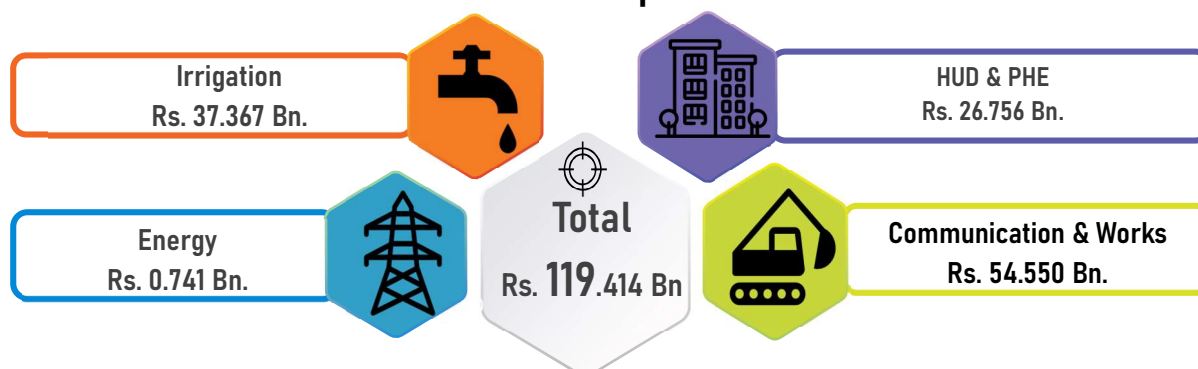
Social Sector	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
School Education	472.265	471.779	530.938
Higher Education	63.850	54.719	71.566
Special Education	0.500	0.499	0.792
Literacy and Non-Formal Basic Education	0.789	0.661	0.948
Youth Affairs & Sports	1.979	1.952	2.109
Specialized Health & Medical Education	184.437	188.965	214.840
Primary & Secondary Healthcare	173.388	179.186	195.716
Population Welfare	10.851	9.127	12.691
Social Welfare & Bait-ul-Maal	4.005	3.548	4.739
Women Development	0.527	0.344	0.590
Local Government & Rural Development	87.158	95.713	259.949
Total	999.749	1,006.493	1,294.878

Public health, be it preventive or curative, remains a top priority area for the Government. The focus is on providing the best possible patient care by engaging adequate number of well qualified and trained professionals and best available medical equipment along with medicine stocks at all levels, be they BHUs, RHCs, THQs, DHQs or teaching/allied hospitals. Equally prioritized is preventive care which entails large scale door to door vaccination drives and other noteworthy initiatives requiring engagement of human resource and purchase of medicines/vaccines and supporting equipment. Another important area of public sector spending is provision of clean drinking water, sanitation services and community development. Funds are being transferred as PFC share to Metropolitan Corporations, Municipal Corporations, Town/Tehsil Councils and Union Councils. The local governments are well positioned to incur expenditure at their level to address public needs.

Infrastructure Development

Infrastructure Development	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
Communication & Works	45.040	44.686	54.550
Irrigation	32.002	36.570	37.367
Energy	5.157	22.144	0.741
Housing, Urban Development & Public Health Engineering	27.705	38.704	26.756
Total	109.904	142.104	119.414

Infrastructure Development BE 2024-25



Production Sector

(Rs. in Billion)

Production Sector	BE 2023-24	RE 2023-24	BE 2024-25
Agriculture	50.621	20.230	52.595
Forestry, Wildlife & Fisheries	8.945	8.300	9.790
Food	275.102	249.662	412.755
Livestock & Dairy Development	19.467	15.775	20.526
Industries, Commerce & Investment	14.708	13.607	14.213
Mines & Minerals	1.623	1.266	1.682
Tourism & Archaeology	1.099	0.824	1.018
Total	371.565	309.664	512.579

The province serves as the food basket for the country. The production sector, therefore, remains of critical importance for food security and agri-based industry. Additionally, relief on essential household items is also being planned to support needy segments of society.

Services Sector

Services sector includes expenditure on provision of services related to the executive and legislative organs. The Government remains committed to improving the performance of its administrative and regulatory institutions with the provision of adequate, yet rationalized, budget for carrying out of its operations.

Services Sector	BE 2023-24	RE 2023-24	BE 2024-25
Services & General Administration	64.272	59.563	67.279
Labour & Human Resource	1.699	1.026	1.764
Transport	21.703	25.697	27.974
Home Department	25.959	33.943	28.217
Police	163.365	195.087	187.365

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Law & Parliamentary Affairs	3.188	3.060	4.032
Provincial Assembly	4.928	3.318	5.017
Management & Professional Development	0.378	0.363	0.436
Chief Minister's Secretariat	1.030	1.482	1.234
Chief Minister's Inspection Team	0.160	0.208	0.169
Governor's Secretariat	0.751	0.777	0.830
Board of Revenue	105.084	80.340	66.194
Excise & Taxation	3.557	3.712	3.835
Punjab Emergency Services	14.779	15.271	17.928
Relief	1.645	0.682	1.662
Finance	777.795	622.006	1,009.476
Total	1,190.293	1,046.535	1,423.412

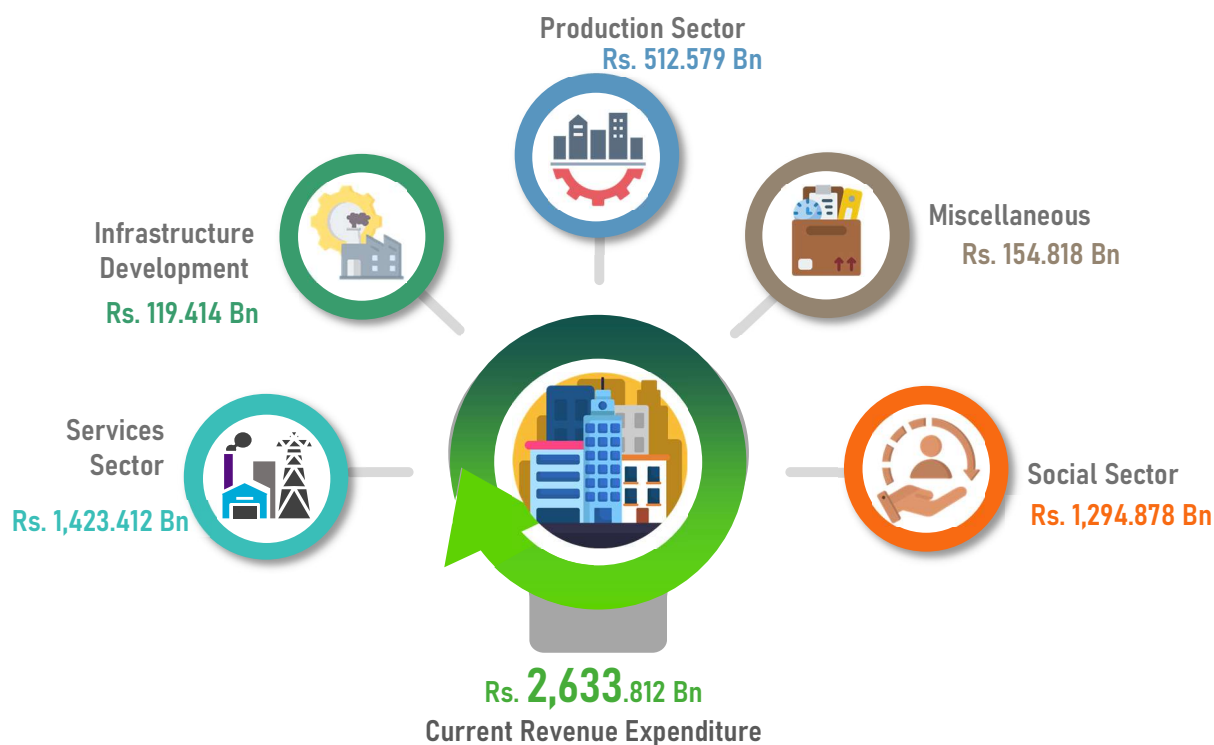
Miscellaneous

The Planning & Development Board (P&D Board) formulates the development portfolio of the province to incorporate all sectors of the landscape receive due importance and allocation in the development budget. P&D Board monitors and evaluates all development activities on a regular basis to ensure timely completion and proper closure of projects and programs.

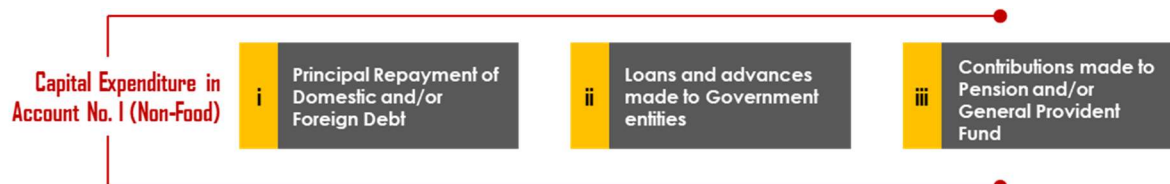
(Rs. in Billion)

Miscellaneous	BE 2023-24	RE 2023-24	BE 2024-25
Environment & Climate Change	1.717	1.012	1.757
Information & Culture	3.475	4.386	5.499
Auqaf & Religious Affairs	0.350	1.241	0.341
Human Rights & Minorities Affairs	0.607	0.298	1.494
Planning & Development	27.745	5.440	138.367
Zakat & Ushr	0.476	0.538	0.527
Cooperatives	2.304	2.186	2.417
Prosecution	3.857	4.403	4.416
Total	40.531	19.504	154.818

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CAPITAL EXPENDITURE



The Government of Punjab maintains Provincial Account No. II (Food) with the State Bank of Pakistan. Capital expenditure from this account is incurred on state commodity trading operations in food grains, especially procurement of wheat for maintaining critical stocks.

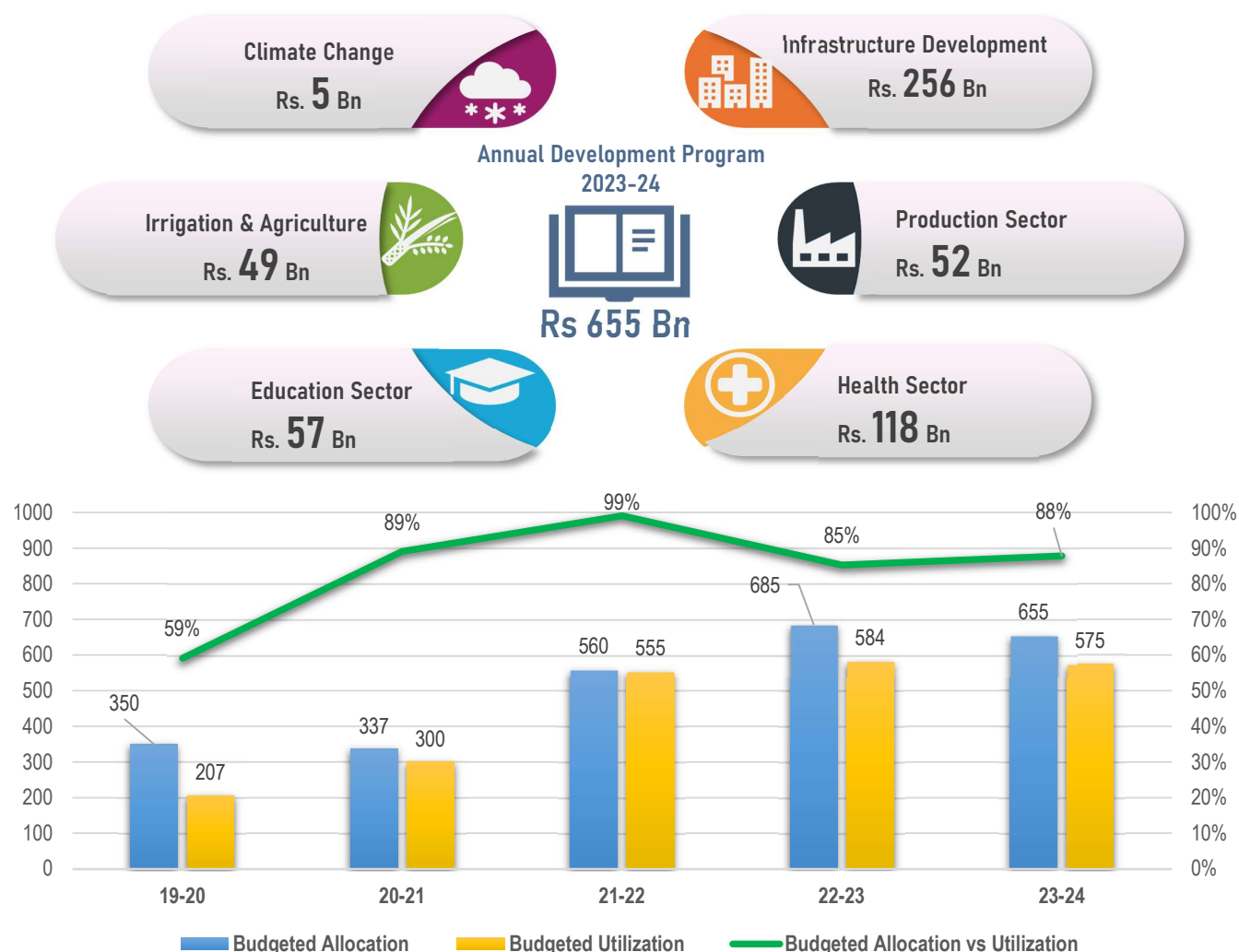
Capital Expenditure	(Rs. in Billion)		
	BE 2023-24	RE 2023-24	BE 2024-25
Debt Management - Repayment of Principal	120.438	113.975	120.840
Investment	121.884	12.000	316.473
Loans and Advances	141.599	116.162	82.953
Loans to High Court Judges	1.000	0.296	1.000
Loans to Government Servants	-	-	-
Repayment of Domestic Debt	253.000	244.000	350.000
Total Account No. I	637.921	486.433	871.266
Total Account No. II	988.621	483.092	468.905
Total Capital Expenditure	1,626.542	969.525	1,340.171

Chapter IV – Estimates of Expenditures

Annual Development Program

The size of the Annual Development Program 2023-24 was set at Rs. 655 billion, in line with the Government's focus on sustainable economic development, it allocated Rs. 256 billion for infrastructure development, Rs. 236 billion for Social Sector and Rs. 52 billion for Production Sector. Similarly, an amount of Rs. 116 billion was allocated to Health Sector. Whereas Rs. 57 billion for Education Sector. Furthermore, Rs. 20 billion was allocated for the improvement of Irrigation Sector and Rs. 29 billion for the Agriculture Sector. Rs. 5 billion was allocated in FY 2023-24 to address Climate and Environmental governance challenges.

During the current year, Planning & Development Board released Rs. 604 billion to the executing agencies and it is expected that Rs. 575 billion would be utilized by the end of the Financial Year. A total of 1,610 schemes are expected to be completed during the year under review.



Major Achievements during FY 2023-24

Following are the major achievements during FY 2023-24.

Health

- 7.1 million People received medical treatment under Universal health Insurance Program during 2023-24.

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- District Head Quarter Hospitals at Sahiwal, Gujranwala and DG Khan have been upgraded to the level of teaching hospitals with an amount of Rs. 25 billion.
- Mother & Child Block in Sir Ganga Ram Hospital, Lahore,
- (Rs. 10 billion) expansion of Institute of Cardiology, Multan (Rs. 5.5 billion) and Dera Ghazi Khan Institute of Cardiology have been completed and functionalized (Rs. 5.4 billion).
- Institute of Urology & Transplantation Rawalpindi” has been operationalized with an amount of Rs. 6 billion.
- Fatima Jinnah Dental hospital jubilee town, Lahore

Education

- 17-Schemes pertaining to ‘Establishment of Colleges’ have been completed in districts Bhakkar (04), Jhang (02), Attock (01), RY Khan (01), Sialkot (01), Narowal (01), DG Khan (01), Bahawalpur (01), Chiniot (01), Khanewal (01) and Mianwali (03), with cost of Rs. 3 billion
- Missing Facilities have been provided in 21-Colleges with cost of Rs. 1 billion
- 03-Schemes of Provision of Missing Facilities in Universities have been completed at Multan, Vehari and Gujrat Districts with a cost of Rs. 0.4 billion
- 44,000 needy and talented students were provided financial assistance during 2023-24 (19,000-fresh & 23,000-already being awarded) with a cost of Rs. 1 billion through Punjab Education Endowment Fund (PEEF)
- Basic education provided to 405,840 out of school children through 13,463 Non-Formal Basic Education Schools (NFBES)
- Completion of 06-Buildings of Special Education Institutions at Sambrial (District Sialkot), Kot Radha Kishan (District Kasur), Jaranwala (District Faisalabad), Hassanabdal (District Attock), District Vehari) and (District Lodhran) at a cost of Rs. 0.9 billion
- 09 Buses have been procured for provision of free Transport service to special students in Punjab at a cost of Rs. 0.2 billion

Information Technology

- Establishment of Citizen Facilitation and Service Centers at Chakwal and Sialkot completed (Cost: Rs. 0.13 billion)
- Online Payments of Govt. Receipts (Cost: Rs. 0.4 billion)
- Forensic Information Management System (FIMS) for PFSA (Cost: Rs. 0.1 billion)

Water Resource Development

- Rehabilitation of Trimmu Barrage & Panjnad Barrage (Cost Rs. 17 billion)
- Remodeling of SMB Link Canal and Enhancing Capacity of Mailsi Syphon (Cost Rs. 4 billion)
- Rehabilitation and Modernization of Islam Barrage (Cost Rs. 3 billion)

Agriculture & Livestock

- Lining of 2,086 watercourses
- Installation of high efficiency irrigation systems on 5,281 Acres
- Provision of solar system for drip and sprinkler systems operations on 4,632 Acres
- Construction of 271 water storage ponds
- Provision of lodging facility to 1,000 female students at University of Agriculture Faisalabad
- Establishment of Centre of Excellence for olive Research and Training (CEFORT) at Barani Agriculture Research Institute Chakwal
- Establishment of Fruit Research Institute at Bahawalpur
- Establishment of Cotton Research Sub-Station, Rajanpur
- Provision of Subsidized Agriculture Machinery to 3,000 Farmer / Service Provider
- Establishment of Livestock Nutrition and Fodder Research Institute in Cholistan

Sports & Tourism

- Establishment of Sports Complex at Faisalabad City (Cost Rs. 0.7 billion)
- High Performance Cricket Centers completed at Faisalabad and Sialkot (Cost Rs. 2 billion)
- 04 Sports complexes at Sabzazar, Islamia Ground, Gulberg Guru-Mangat Road, Lahore completed and operationalized in Lahore
- Replacement of Astro Turf at National Hockey Stadium Nishtar Park Lahore (Cost Rs. 0.4 billion)

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- Construction of Football Stadium, Sports Complex and Sports Facilities in Muridke, District Sheikhupura (Cost Rs. 0.17 billion)
- Construction of New Stadium / Sports Complex at Abdul Hakeem, District Khanewal (Cost Rs. 0.17 billion)

Industries, Commerce & Investment

- Establishment of Women Resource Center and Incubator to uplift the socio-economic conditions of female prospective entrepreneur (Cost Rs. 0.03 billion)
- Established Business Facilitation Center at Lahore, Gujranwala, Faisalabad, Sialkot, Multan and Rawalpindi to resolve regulatory issues and create conducive environment for businesses/ industrialists
- Punjab Home Based and Domestic Worker Survey (Cost Rs. 0.16 billion)
- Strengthening of Labour Inspection Regime to Ensure Workplace Compliance in Punjab (Cost Rs. 0.2 billion)

Urban Development

- Development of signal free corridor from main boulevard Gulberg (Center Point) to Walton Road (Defence Morr) (Cost Rs. 2.4 billion)
- Construction of underpass along Bedian Road at roundabout near Lahore Ring Road (LRR), Lahore (Cost Rs. 2.3 billion)
- Construction of under pass at Samanabad, Multan Road, Lahore. (Cost Rs. 2 billion)
- Provision of exit ramp/flyover from existing Abdullahpur Flyover, Faisalabad (Cost Rs. 1.4 billion)
- Provision of overhead pedestrian crossing facilities on different locations in Lahore (Cost Rs. 0.6 billion)
- Up-gradation / Dualization of Main Barki Road from Lahore School of Economics (LSE) to BRB Canal Bridge, Lahore. (Cost Rs. 0.6 billion)

Local Government & Community Development

- Establishment of Segregation, Treatment and Disposal plant/facility for Solid Waste Management at Sahiwal (Cost Rs. 0.4 billion)
- Restoration of Historical Buildings inside Walled City Lahore (Cost Rs. 0.07 billion)
- Construction / Rehabilitation of internal roads in Jhang city (Cost Rs. 1.1 billion)

Roads

- Lahore Ring Road - Southern Loop (SL-3) Construction of Road from Raiwind Road upto Multan Road
- Construction of Dual Carriageway from G.T. Road (Benazir Chowk) to Lahore-Sialkot Motorway (Wahndo Interchange), (Length = 15.20 KM), District Gujranwala
- Re-Construction / Widening of Road from Kot Harra to Jalalpur Bhattian. (L=41.09 Kms), District Hafizabad
- Construction of Dual carriageway from Daska to Sambrial (Length = 16.00 KM) District Sialkot
- Rehabilitation of 2700 KM roads completed under Roads Rehabilitation Program

Public Buildings

- Completion of Construction of Judicial Complex (Courts Block) at Nankana Sahib (Cost Rs. 1.6 billion)
- Completion of Expansion of Elite Police Training School Bedian Road Lahore (Cost Rs. 0.6 billion)
- Completion of 20 Police Stations in the Punjab

Forestry

- Development of Pabbi National Park (Cost Rs. 0.24 billion)
- Up-gradation / Rehabilitation of Chichawatni Forest and Wildlife Park District Sahiwal (Rs. 0.07 billion)
- Afforestation along Vehari Burewala D.M. Road to Railway Crossing V-Chowk Vehari (KM 364-367/L) and D.M. Road D.M. from P.I Link Canal to Burewala City (KM 345-347/L) District Vehari (Rs. 0.12 billion)

Annual Development Program 2024-25

An evidence-based policy and development framework is essential to effectively harness Punjab's potential to deliver sustainable development and equitable economic growth that ensures basic security and prosperity for all. The Annual Development Program 2024-25 centers around building momentum for economic growth, helping Punjab achieve its potential and mitigating social economic risks. More funds would be spent

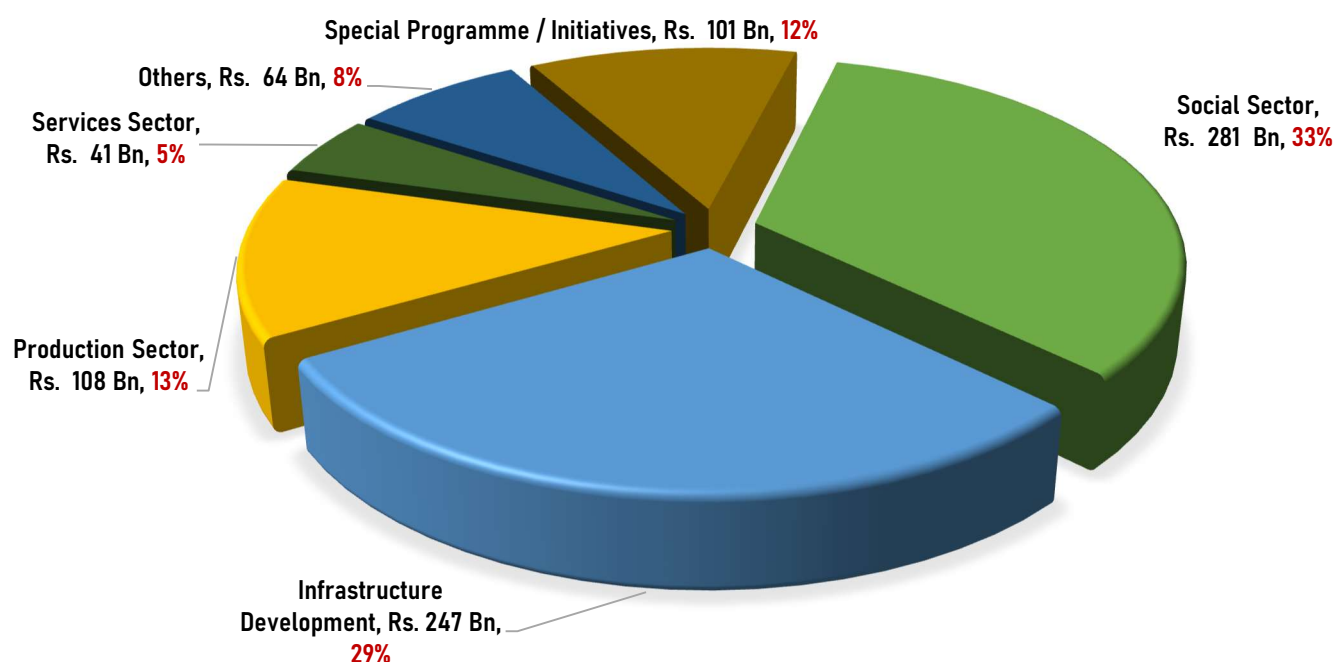
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on generating economic activities, departing from the past practice of focusing on investment in brick and mortar. In light of these objectives, the guiding principles adopted for ADP 2024-25 are as follows:



Government of the Punjab has allocated an amount of Rs. 842 billion for the Annual Development Program 2024-2025, as compared to Rs. 655 billion in 2023-24. Out of this total, Rs. 331 billion is proposed for ongoing projects including ODP, Rs. 404 billion for the new initiatives, and Rs. 106.2 billion for Foreign Funded Projects (Rs. 103.2 billion for Foreign Project Assistance and Rs. 2.9 billion for development grants). The Social sector has a share of 33%, Infrastructure 29%, Production sector 13%, Services 5%, Special initiatives 12% and others 8% in the total allocation.

Sectoral Shares in ADP 2024-25



Chief Minister's Initiatives (Rs. in Billion)

Chief Minister's Initiatives (Rs. Billion)

- Establishment of Nawaz Sharif Institute of Cancer Treatment and Research, Lahore (Cost Rs. 56 billion)
- Nawaz Sharif Institute of Cardiology, Sargodha (Cost Rs. 9 billion)
- Revamping and Rehabilitation of Punjab institute of Mental Health Lahore (Cost Rs. 2 billion)
- Chief Minister Population Management and Family Planning Program (Cost Rs. 1 billion)
- Program for Revamping of 220 RHCs (Phase-I) and 1133 BHUs (Phase-I & II) (Cost Rs. 55 billion)
- Screening Children for Diseases that can mitigate Future Disabilities and Prevent Stunted Growth (Cost Rs. 2 billion)
- Establishment of Cath Labs at selected DHQs and developing Allied facilities in existing buildings (Cost Rs. 2.4 billion)
- Provision of Ambulance Service for Motorways of Punjab (Cost Rs. 0.7 billion)
- Establishment of National University Murree (Cost Rs. 1 billion)
- CM Punjab Laptop Program (Cost Rs. 10 billion)
- Undergraduate Scholarships Program (Cost Rs. 2.5 billion)
- Chief Minister Punjab Schools Meal Program (Cost Rs. 1 billion)
- Construction and establishment of Autism School at Lahore (Cost Rs. 0.7 billion)
- Rehabilitation of Multan-Vehari Road Length 93.5 Km (Cost Rs. 13 billion)
- Rehabilitation of Faisalabad-Chiniot- Sargodha Road Section from Chiniot to Lalian District Boundary District Chiniot (Length = 32.60 Km) (Cost Rs. 12.5 billion)
- Reconstruction / Rehabilitation of GT road from Quaid Azam interchange (Lahore Ring Road) to Wahga Border, District Lahore (Cost Rs. 3.89 billion)
- Development of Kartarpur Corridor, District Narowal. (Cost Rs. 1 billion)
- Program for Rehabilitation of 75 Roads, length 2400 KM in Punjab (Cost Rs. 296 billion)
- Roads Restoration Program (482 Schemes, length 4900 KM) (Cost Rs. 135 billion)
- Apni Chhat Apna Ghar Program (Cost Rs. 10 billion)
- CM Lahore Development Program (WASA, 9 Zones) (Cost Rs. 78 billion)
- CM Lahore Development Program (MCL, 9 Zones) (Cost Rs. 59 billion)
- EPA; Up gradation, restructuring, revamping and automation (Cost Rs. 0.5 billion)
- CM Punjab green credit program (Cost Rs. 1 billion)
- Chief Minister's Skilled Punjab Program (Cost Rs. 3 billion)
- Punjab Socio Economic Registry (PSER) (Cost Rs. 9.5 billion)
- Empowering women by way of IT training across Punjab (Cost Rs. 1 billion)
- Chief Minister skill development program for Transgender (Cost Rs. 1 billion)
- SMOG less & Climate Resilient Punjab (Cost Rs. 10 billion)
- Chief Minister's fund for promotion of IT hardware production (Cost Rs. 1 billion)
- Aquaculture: Shrimp Farming in Punjab (Cost Rs. 8 billion)
- Establishment of Model Fish Market at Lahore (Cost Rs. 5 billion)
- Establishment of Hatchery Facilities for Pangasius and Other high Value Fish Species (Cost Rs. 0.4 billion)
- CM Punjab Plant for Pakistan (Cost Rs. 8 billion)
- CM initiative for Agro forestry for forest waste land (Cost Rs. 1 billion)
- Punjab Wildlife Census (Cost Rs. 0.53 billion)
- Master Planning and Implementation for Eco-tourism at Changa Manga Wildlife Reserve, Lal Suhanra National Park, Wetlands and Protected Areas in Punjab (Cost Rs. 1.5 billion)
- Establishment of Model Agricultural Malls in Punjab (Cost Rs. 1.25 billion)
- Chief Minister's Program for Solarization of Agriculture Tubewells in Punjab (Cost Rs. 9 billion)
- Internship Scheme for Agriculture Graduates (Cost Rs. 1 billion)
- Import Substitution and Export Enhancement through Promotion of Sesame, Soybean and Canola (Cost Rs. 1 billion)
- Chief Minister's fund for Promotion of E-mechanization through indigenous manufacturing of agricultural machinery (Cost Rs. 1 billion)

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- Chief Minister Punjab Kissan Card (Cost Rs. 10 billion)
- Chief Minister's Punjab Green Tractor Program (Cost Rs. 30 billion)
- CM Punjabi Film Fund (Cost Rs. 2 billion)
- CM Skill Development Initiatives (TEVTA) (Cost Rs. 0.2 billion)
- Establishment of garments cities in Punjab (Cost Rs. 3 billion)
- Establishment of E-Libraries for students and general public (Cost Rs. 1 billion)
- Global IT Certification Program (Cost Rs. 0.56 billion)
- CM Punjab DASTAK Program (Cost Rs. 0.34 billion)
- Establishment of CM Complaint Helpline (Cost Rs. 0.3 billion)
- Smart Safe Cities (Phase II) 19 Districts (Cost Rs. 3.8 billion)
- CM Maryam Nawaz Free WiFi Initiative by PSCA (Cost Rs. 0.55 billion)
- Establishment of Safe City Girls Hostel at Lahore (Cost Rs. 0.398 billion)
- Chief Minister's program for promotion of exports and international trade (Cost Rs. 1 billion)
- Provision of Wheelchairs, prosthetics, hearing aids, and other such assistive devices to PWDs (Cost Rs. 1 billion)
- Chief Minister Youth Internship Program (Cost Rs. 1 billion)
- Khelta Punjab Phase-I (Cost Rs. 7 billion)
- Program for Rehabilitation of Existing Sports Facilities (Cost Rs. 6.5 billion)
- Induction of 630 Eco-Friendly Buses and Construction of Bus Depots in Lahore, Multan, Rawalpindi, Bahawalpur, Faisalabad (Cost Rs. 49 billion)
- Feasibility Study by International Consultants for Construction of New Mass-transit Systems in Lahore (Cost Rs. 0.5 billion)
- Feasibility Study for tourist glass train from Rawalpindi to Murree (Cost Rs. 0.1 billion)
- Establishment of Day Care Centers Through Punjab Day Care Fund Society (Cost Rs. 1 billion)
- Chief Minister Roshan Gharaana Program (Cost Rs. 9.5 billion)
- Chief Minister Fund for indigenization of solar panel production / manufacturing (Cost Rs. 1 billion)
- CM Initiative for renewable energy mix (PC-II) (Cost Rs. 0.3 billion)
- CM Punjab: Foot and Mouth Disease eradication Program (Cost Rs. 7.5 billion)
- Livestock Asset Transfer to Rural Women in South Punjab (Cost Rs. 2 billion)
- CM Punjab Livestock Card (Cost Rs. 2 billion)
- Murree Development Program (Cost Rs. 10 billion)

Other Major Initiatives

Other Major Initiatives

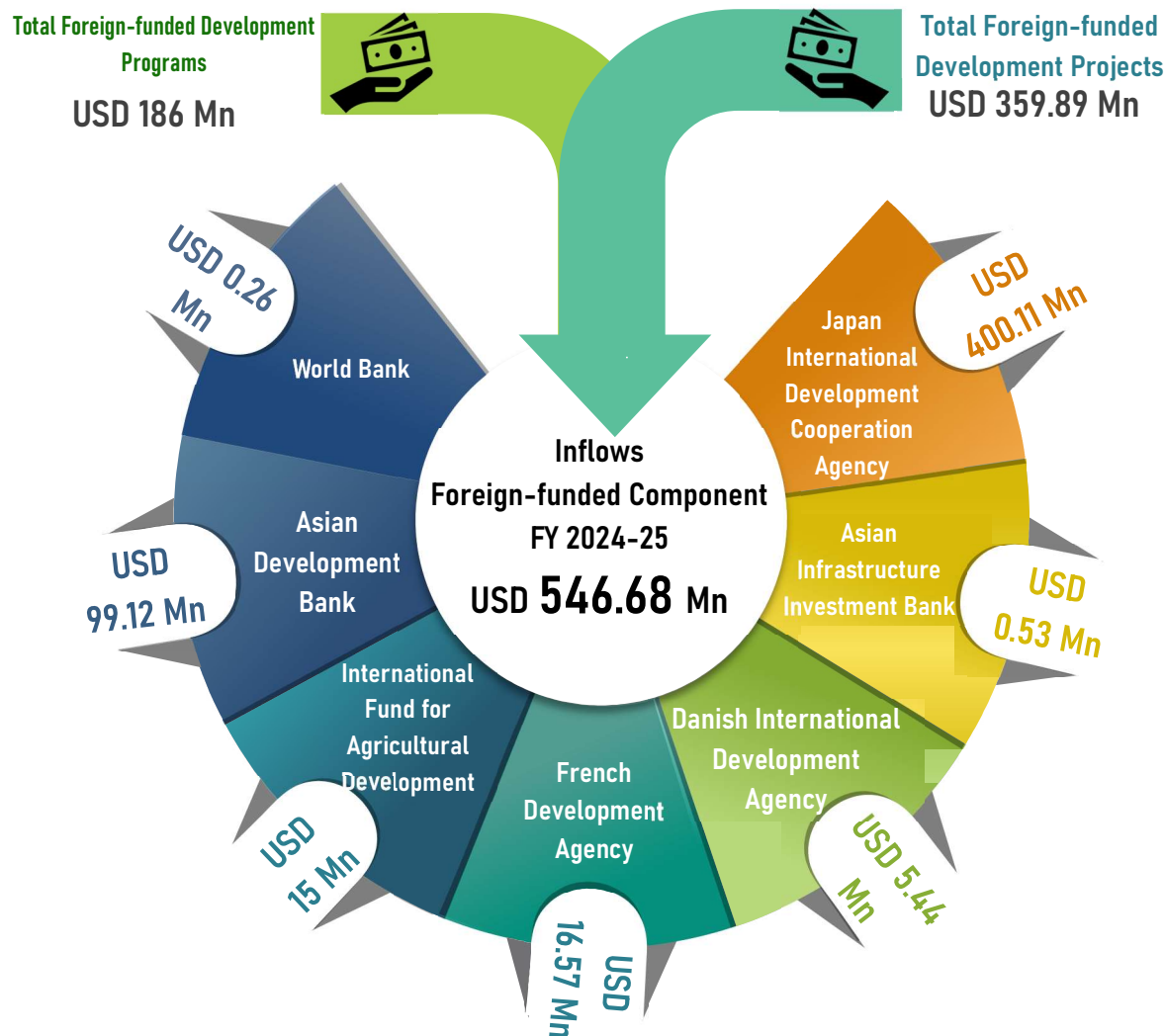
- Establishment of National University, Murree (Cost Rs. 1 billion)
- Continuation of 20,257 NFEI'S under Punjab Non-Formal Education Project Central zone, South zone and North zone to provide basic education to 622,000 out of schools children (Cost Rs. 8.8 billion).
- Minority Development Fund (Cost 2.5 billion)
- Establishment of Eco Tourism Facility at Lal Suhanra National Park as per International best practices (Conservation of Desert Ecosystem) (Cost Rs. 2 billion)
- GIS Based Protection Regime and Establishment of Digital Communication Cell in Forestry, Wildlife and Fisheries Department (Cost Rs. 1.2 billion)
- Establishment of State-of-the-Art Wildlife Hospital at Safari Zoo, Lahore (Cost Rs. 2 billion)
- Immersive Wildlife Experience (cinema and moving theatre) in Punjab (Cost Rs. 1 billion)
- Provision of High-Tech Equipment through Outsourcing / Pay for performance model (Cost Rs. 1 billion)
- Functionalization of HVACs and Lifts, and other mechanical infrastructure at Tertiary care hospitals (Cost Rs. 1.5 billion)
- Improving Water Management and Irrigation Systems in Punjab (IWMISP) (Cost Rs. 33 billion)

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- Concrete Lining of Irrigation Channels to Improve Water Delivery Performance and Conveyance Efficiency-III (Cost Rs. 4 billion)
- Genetic Improvement of Non-Descript Cattle through Provision of Exotic Semen (Cost Rs. 1 billion)

Foreign Funded Projects

Foreign funded development projects in Punjab for FY 2024-25 amounting to US\$ 359.891 million have been included in the Annual Development Program (ADP). These projects focus on improving Water Supply & Sanitation, Agriculture, Irrigation, Health, Education, Industry, Energy, Physical Infrastructure, Urban Development, Information Technology and Governance.



Expected cash inflows for FY 2024-25 amounting to US\$ 546.681 million in the shape of Programs (US\$ 186 Million) and Projects (359.891 Million) comprise of loans and grants provided by our major International Development Partners including the World Bank (US\$ 400.11 Million), Asian Development Bank (US\$ 99.12 Million), Danish International Development Agency (US\$ 5.440 Million), French Development Agency (US\$ 16.570 Million), International Fund for Agricultural Development (US\$ 15.000 Million), Asian Infrastructure Investment Bank (US\$ 0.53 Million), and Japan International Development Cooperation Agency (US\$ 0.260 million).

Following are the major initiatives by Government of the Punjab in collaboration with international agencies for FY 2024-25:

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WORLD BANK ASSISTED PROJECTS	ASIAN DEVELOPMENT BANK ASSISTED PROJECTS
- Punjab Urban Land System Enhancement (PULSE) Project - Punjab Rural Sustainable Water and Sanitation Project (PRSWSP) - Punjab Tourism for Economic Growth Project (PTEGP) - Punjab Human Capital Investment Project (PHCIP) - Punjab Cities Program (PCP) - Punjab Resilient and Inclusive Agriculture Transformation (PRIAT) - Strengthening Markets for Agriculture and Rural Transformation (SMART) - Punjab Green Development Program (PGDP) - Punjab Resource Improvement and Digital Effectiveness (PRIDE) - National Health Support Program (NHSP) - Punjab Affordable Housing Program (PAHP) - Getting Results: Actions, Delivery of Quality Education Services (GRADES) - Punjab Family Planning Program (PFPP)	- Project Readiness Financing (PRF) for Punjab Water Resources Management - Punjab Intermediate Cities Improvement Investment Program (PICIIP) - PRF for Urban Development Projects - Construction of Jalalpur Irrigation Canal - Enhancing PPPs in Pakistan (Punjab) - Access to Clean Energy - Punjab Arterial Roads Improvement Project - Developing Resilient Environment & Advancing Municipal Services (DREAMS-I) - Improving Work Force Readiness in Punjab
JAPAN INTERNATIONAL COOPERATION AGENCY (JICA) FUNDED PROJECTS	FRENCH DEVELOPMENT AGENCY (AFD) FUNDED PROJECT
- Improvement Water Treatment Plant and Water Distribution System in Faisalabad - Improvement of equipment for exhibition, conservation and storage of cultural heritage - Upgrading of Mechanical System for Sewerage and Drainage Services in WASA Multan	- Heritage & Urban Regeneration: Tourism Development in Lahore Fort and its Buffer Zone - Extension of Water Resources Faisalabad City Phase-II - Project Management Unit for Construction of Wastewater Treatment Plant at Babu Sabu, Lahore
DANISH INTERNATIONAL DEVELOPMENT AGENCY (DANIDA)	ASIAN INFRASTRUCTURE INVESTMENT BANK (AIIB) PROJECTS
Construction of Eastern Wastewater Treatment Plant at Faisalabad City	- Lahore Water and Wastewater Management Project: Sewerage Scheme for Larech Colony to Gulshan-e-Ravi - Construction of Surface Water Treatment Plant at BRBD Lahore
INTERNATIONAL FUND FOR AGRICULTURE DEVELOPMENT (IFAD) FUNDED PROJECTS	KFW DEVELOPMENT BANK GERMANY
Southern Punjab Poverty Alleviation Project	Establishment of Excellence Hub(s) in the field of Renewable Energy (KfW Bank Germany assisted project in TEVTA Punjab)

Sectoral Allocations

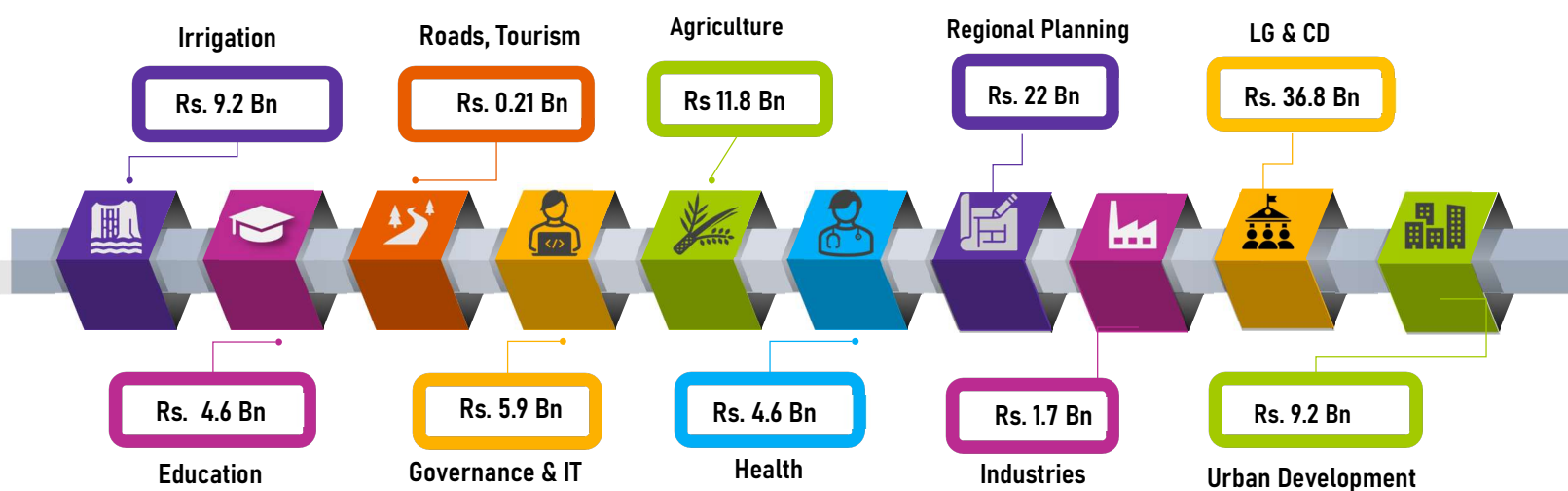
For FY 2024-25, the highest expected cash inflows are to be received in the LG&CD sector amounting to US\$ 124.620 Million followed by Regional Planning (US\$ 75.540 Million), Agriculture (US\$ 40 Million), Irrigation (US\$ 31.200 Million), Urban Development (US\$ 31.05 Million), Governance & IT (US\$ 20 Million), Health (US\$ 15.580 Million), Education (US\$ 15.50 Million), Industries (US\$ 5.641 Million), Roads (US\$ 0.500 Million), and Tourism (US\$ 0.26 Million)

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Foreign-funded Projects & Grants under ADP 2024-25

(Rs. in Billion @ US \$ 1=Rs. 295)

Sr. No	Sectors	Allocation
1	LG&CD	36.8
2	Regional Planning	22
3	Education	4.6
4	Health & Family Planning	4.6
5	Agriculture	11.8
6	Governance & IT	5.9
7	Industries	1.7
8	Irrigation	9.2
9	Urban Development	9.2
10	Roads	0.14
11	Tourism	0.07



DEBT & CONTINGENT LIABILITIES

5

Government debt constitutes outstanding principal amount of financial liabilities of Government of Punjab (GoPb) which require payment of interest. Government borrowing remains vital part of financing mechanism for developing countries and sub-national governments. These borrowings complement the available funding to support resource-intensive infrastructure projects aimed at fostering economic growth and assist in expediting social development goals. Government Debt excludes the debt of Public Corporations controlled by Government of Punjab.

Punjab's overall debt comprises two major components: **Domestic** debt and **External** debt. Domestic debt constitutes borrowing from the Federal Government, whereas External debt encompasses predominantly concessional long-term foreign currency loans obtained from multilateral and bilateral creditors.

At the end of June 2024, debt stock of Government of Punjab stands at **Rs. 1,685 billion**, out of which Rs. 1,683 billion is from external lenders, while Rs. 1.7 billion is from domestic sources. Collectively, these loans represent 2.9% of Punjab's Gross State Domestic Product (GSDP). Bifurcation of debt stock & its various attributes are summarized below:

	FY23	FY24	Year-on-Year Growth
Government Debt	1,708	1,685	-1.34%
Domestic Debt³	2.6	1.7	-35%
External Debt	1,705	1,683	-1.3%
<i>Exchange Rate (Rs./USD)</i>	<i>286.6</i>	<i>278.6</i>	
<i>External Debt (USD bn)</i>	<i>5.95</i>	<i>6.04</i>	<i>1.5%</i>
Punjab's GDP⁴	45,885	57,353	
As % of GDP	3.7%	2.9%	
Government Debt			
- Domestic Debt	0.01%	0.01%	
- External Debt	3.7%	2.9%	
Average Revenue (last 3 years)	2,118	2,607	
As % of Revenue	81%	65%	
Government Debt			
- Domestic Debt	0.1%	0.1%	
- External Debt	81%	65%	

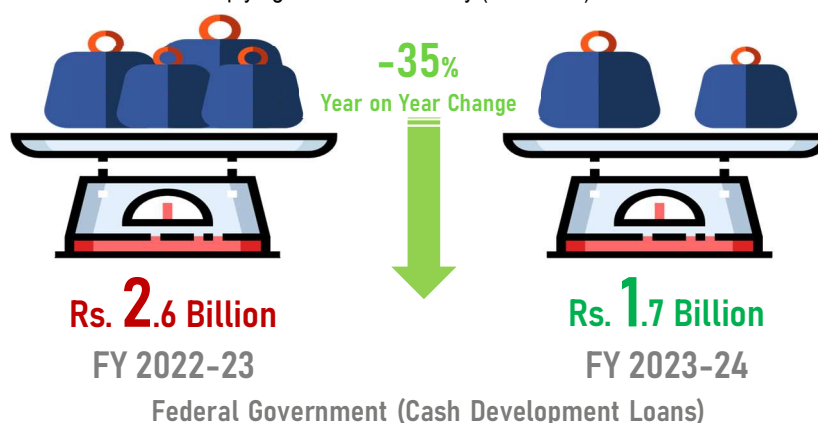
Note: FY implies Financial Year, Figures for Debt Stock for a Financial Year imply figures on the last day (30th June) of that Financial Year

Domestic Debt

Domestic debt constitutes borrowing from the Federal Government primarily taken for agriculture programs, on fixed interest rates with original maturity of 25 years. These loans have been mostly repaid and only a small portion is outstanding.

External Debt

The Government's External Debt primarily consists of concessional, long-term loans in foreign currency, acquired from various multilateral creditors like the World Bank, Asian Development Bank, Japan International Cooperation Agency, and International Fund for Agricultural Development.



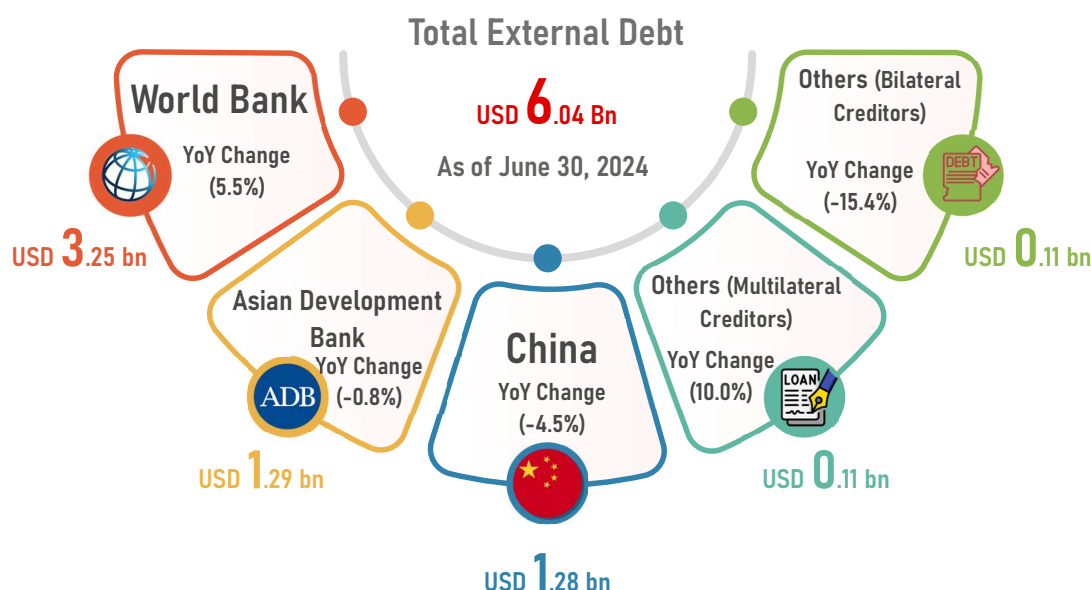
³ Domestic debt amount is exclusive of outstanding commodity/wheat debt obtained by Food Department for procurement of wheat secured against wheat stock and Guarantee of the Federal Government

⁴ Punjab's GDP is estimated at 54.2% of Pakistan's GDP. For FY24, GDP estimates prepared by PBS have been used

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Additionally, it includes loans from bilateral creditors such as China, Japan, and France. These funds are borrowed by the Federal Government and then channelled to the Government of Punjab. This debt can be categorized broadly into Project Loans, which are intended for long-term public infrastructure investments, and Program Loans, which provide medium-term budgetary support and are often tied to specific legal or policy reforms. Creditor-wise composition is provided below:

	FY23	FY24	(USD in Billion) YoY growth%
Total External Debt	5.95	6.04	1.5%
Multilateral Creditors	4.48	4.65	3.8%
- World Bank	3.08	3.25	5.5%
- Asian Development Bank	1.30	1.29	-0.8%
- Others	0.10	0.11	10.0%
Bilateral Creditors	1.47	1.39	-5.4%
- China	1.34	1.28	-4.5%
- Others	0.13	0.11	-15.4%

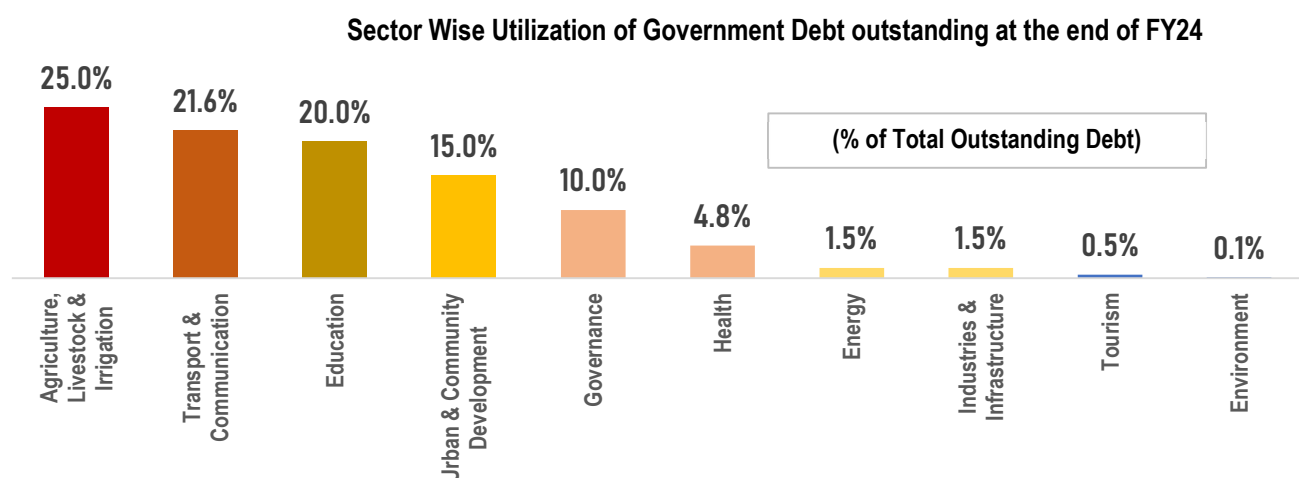


The above figures consist of USD equivalent value of the outstanding debt (which is denominated in various currencies) at the end of the respective Financial Year. External Debt of the Government is denominated mainly in US Dollar (70%), followed by Special Drawing Rights (22%), Japanese Yen (4%) and other currencies (4%).

Utilization of Government Debt

Sector-wise classification is made on the basis of nature and scope of loan utilization. Major portion of debt is for Agriculture, Irrigation & Livestock sector, followed by Transport & Communication, Education and Urban Development. The purposes for which debt is utilized provide important insights into the Governments' priorities. Key sectors for infrastructure development projects are identified in partnership with Planning & Development Board Punjab, while programs are identified in partnership with concerned Departments of Punjab Government. The utilization of Government Debt outstanding at the end of FY 2024 can be analyzed through the following table:

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Debt Profile⁵

The debt profile of public debt encompasses an overview of the maturity profile of the underlying loan portfolio along with an examination of servicing schedule of interest costs. It segregates how principal amounts are amortized over time, typically through periodic payments, along with projections regarding interest payments through time. Evaluation of debt profile allows for evaluation of potential repayment needs and risks associated with rising interest rates or changes in economic conditions. Effective management of the debt profile is essential for managing debt service obligations and minimizing financial vulnerabilities.

Maturity Profile

The maturity profile of public debt portfolio refers to the distribution of debt obligations due over future years. This profile typically spans short-term, medium-term, and long-term debt obligations. Government of Punjab's debt amortization structure is fairly smooth, where 34 percent of total debt portfolio is payable within next 5-years and further 28 percent is payable over 10-year period, whereas 38 percent is payable over long-term horizon with amortization spread across next 24-years. This indicates that the maturity profile of GoPb is well balanced and longer tenor of underlying loans provides the Government a predictable repayment schedule.

	1 year	2-3 years	4-5 years	6-7 years	8-10 years	>10 years	Total
Total Debt	6.5%	13.3%	14.1%	14.6%	13.7%	37.8%	100.0%

Debt Servicing Projections⁶

Debt Servicing comprises both principal repayment and interest expenses to be incurred during a fiscal year. Analyzing the anticipated principal and interest payments pertaining to debt obligations over forthcoming years is crucial for assessing the potential risk of debt distress in the future. This aids in pinpointing periods characterized by large principal repayments or interest payments, enabling proactive measures to address such challenges effectively.

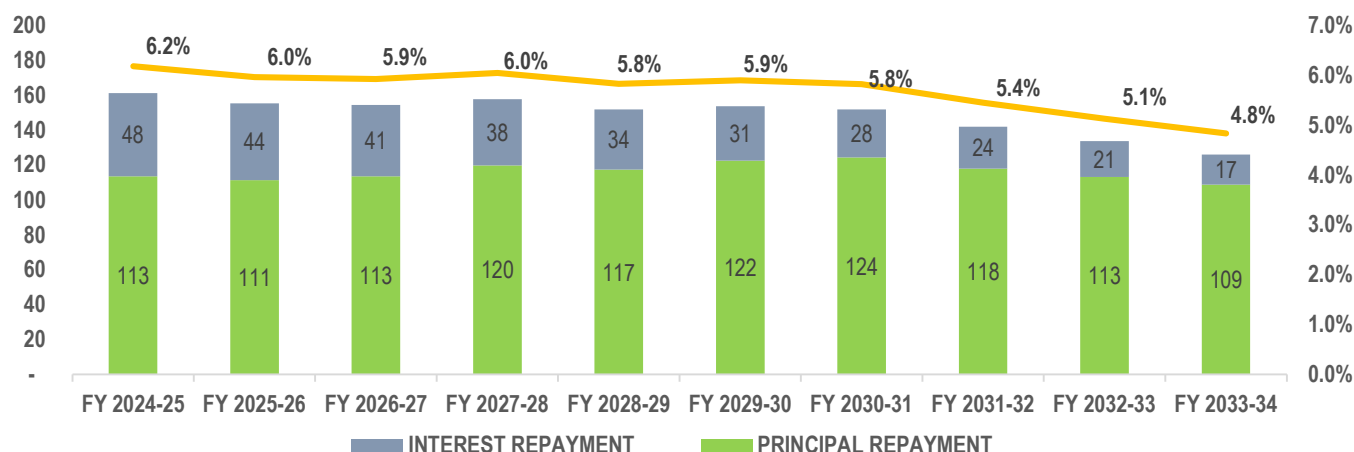
The debt servicing and redemption profile of Punjab's debt is also quite smooth and is spread over a period of 33 years. Ratio of Debt Servicing to Revenue is also a good measure to assess the risk of debt distress. Lower ratio demonstrates debtor's ability to service debt without distress. In Punjab, ratio of debt servicing expense to Average Revenue of last three years is projected at 6.2% for FY2024-25. However, with

⁵ Exchange rates of foreign currencies communicated by Finance Division has been used for conversion of foreign currencies into Rupee equivalent for debt servicing as well as for debt stock

⁶ Ibid.

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improvement in revenue collection in future years will further improve this ratio going forward. Projections of principal repayments and interest servicing for the next 10 years is presented below:



Risk Analysis of Punjab's Debt Profile

A number of indicators are being used to monitor and control risks associated with the Government's debt. Risk indicators act as a guideline to devise future borrowing strategies. The Public Financial Management Act, 2022 also instituted various limits on Public Debt and Guarantees to keep liabilities of the Government within prudent thresholds. All Risk Indicators and PFM limits of Punjab's Public Debt portfolio remain within prescribed thresholds and there is sufficient space available to avail additional economically beneficial borrowing.

Exchange Rate Risk

Foreign exchange risk refers to exposure of debt portfolio to change in exchange rate. The public debt is vulnerable to exchange rate risk, as fluctuations in currency values can affect the cost of servicing foreign-denominated debt. Sudden currency devaluations may increase the burden of repayment, impacting the government's fiscal stability.

Government of Punjab's debt by virtue of its composition (**99.9% external debt**) remains exposed to Foreign Exchange (FX) risk. Owing to this, any change in parity of USD and other foreign currencies with Pak Rupee has an impact on valuation of the GoPb debt portfolio when translated into Pak Rupee terms. However, this seemingly high risk is partially mitigated by two factors:



low interest rates on foreign loans offset the adverse consequences of exchange rate depreciation; and



overall size of Punjab's External Debt is low as a percentage of the provincial GDP

Provincial Guarantees

Government guarantee is an arrangement where Government ensures to undertake payment of a debt or performance of a financial obligation in the event of a default by the primary creditor. Government of Punjab has awarded guarantee support to various GoPb owned entities and projects. Guarantees limit for provinces are defined by National Economic Council (NEC), to be used for issuance of Provincial Guarantee and for domestic borrowing by the province.

Chapter V – Debt & Contingent Liabilities

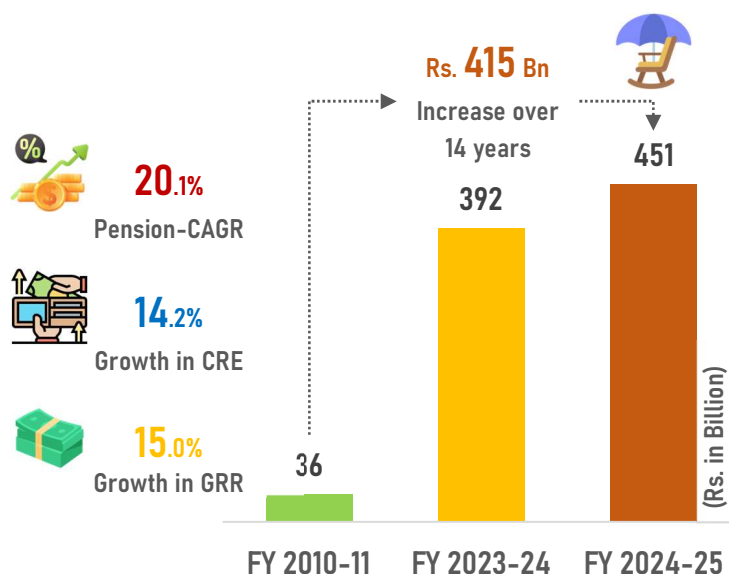
The Government issues guarantees mainly to Public Corporations and Public Private Partnerships (PPPs) as support to enhance the financial viability of the projects undertaken by these entities. Currently, the outstanding guarantees pertain mainly to Public Corporations operating in the energy sector and PPP projects in the roads and transport sectors. The size of provincial guarantees issued by the Punjab Government is quite low and stands at Rs. 59.67 billion as compared to provincial revenues.

Pension

The Government has a **Defined-Benefit (DB)** Pension Scheme for its permanent employees. Considering the rising burden of pension expenditure, the Government has followed a more systematic approach to the valuation, reporting, reforming, and funding of pension liability over the last few years by replacing the existing scheme with the Defined Contribution Pension Scheme w.e.f. 8th of January, 2024.

Pension Expenditure

Pension is the second-largest expenditure of the Government of Punjab's Current Revenue Expenditure after Salary. The significant increase in pension cost is a matter of concern as it has risen sharply from Rs. 36 billion in FY 2010-11 to Rs. 392 billion in FY 2023-24. Pension Expenditure has grown at a compound annual growth rate (CAGR) of 20.1% since FY10-11, while Current Revenue Expenditures and General Revenue Receipts have grown by 14.2% and 15.0%, respectively during the same period. If this trend continues, it will constrain the Government's fiscal space for other future current and/or development expenditures.



Punjab Pension Fund

Punjab Pension Fund has been created to partially invest funds set aside by the Government to meet its future pension liability. The Fund is expected to earn a net return of Rs. 31 billion in FY 2023-24, and the assets of the Punjab Pension Fund are expected to reach **Rs. 140 billion** by the end of June 30, 2024. The Government has made a total contribution of Rs. 48.8 billion to the Fund until June 2023, while the Fund has earned the remaining amount through its investments. The Punjab Pension Fund has also contributed Rs. 5.5 billion in FY 2023-24 towards payment of the Government's Pension liabilities.

General Provident Fund

In addition to the Pension Scheme, the Government requires its permanent employees to subscribe to the General Provident (GP) Fund, a Defined Contribution Scheme. The Government of Punjab passed the Punjab General Provident Investment Fund Act, 2009 to establish an investment fund to manage GP Fund liabilities of the government.

The Punjab General Provident Investment Fund's assets are expected to reach **Rs. 23 billion** on June 30, 2024. The Government contributed Rs. 10 billion to the Fund to date, while the Fund earned the remaining Rs. 13 billion through its investments.

Commodity Debt

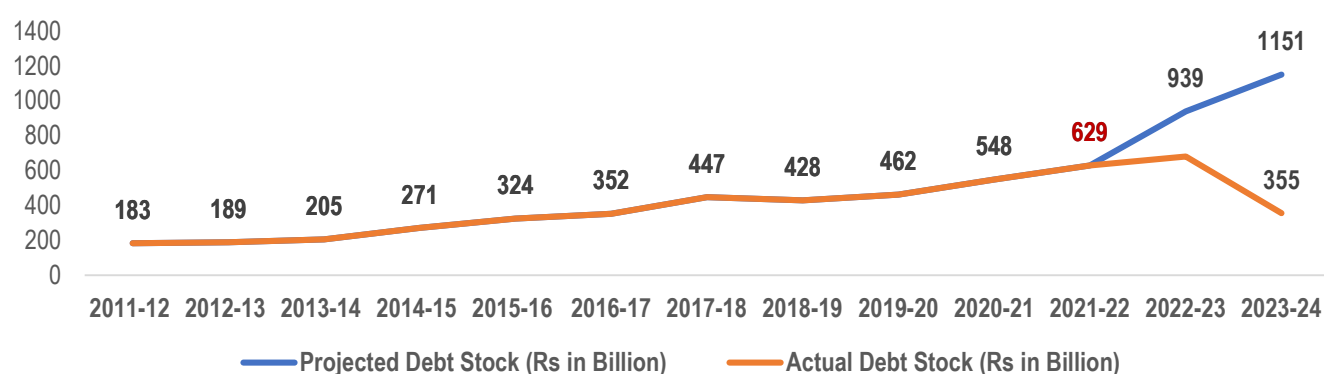
Provincial commodity operations are carried out on an ongoing basis by the Government through the Food Department with the objective of ensuring food security and to provide stability to wheat price in the province. These operations require large quantities of wheat to be purchased, at support price decided by the Provincial Cabinet every year during wheat harvesting season which is then subsequently released for the public.

Chapter V – Debt & Contingent Liabilities

Purchase of wheat stock requires large amount of funds which are borrowed from commercial banks so that the budgetary resources of the Provincial Government are not burdened for this purpose. These loans, by virtue of being backed by underlying wheat stock, are self-liquidating in nature. In addition to the underlying commodity stock, Federal Government issues Cash Credit Limit (CCL) – a form of Guarantee – to the Provincial Government facilitating in securing loans at competitive rates for commodity operation. During this activity, certain incidental charges in the form of interest, storage costs, freight etc. are also incurred increasing the cost of wheat to the Government. Government issues wheat to flour mills to ensure smooth provision of flour to the public. The difference between cost price (purchase price plus incidentals) of wheat and lower release price is financed from additional debt.

However, limited repayment of debt over the years took the form of an ever-increasing debt which was rolled over every quarter, financed through additional bank loans, posing considerable challenge to the fiscal health of the province. The size of commodity debt surged to **Rs. 629 billion** by 2022 and was projected to escalate to Rs. 1,151 billion by 2024. The escalating debt burden, coupled with high interest rate environment, the existing model for commodity operations was becoming unsustainable and posed a threat to the sustainability of commodity operations and carried significant fiscal risk for the Government.

Actual vs Projected Commodity Debt



Recognizing the urgency to tackle debt challenge and mitigate the unchecked growth of commodity debt, Provincial Cabinet approved imperative principles for future shape of commodity operations with directions to retire unsecured portion of commodity debt (portion of debt not secured by wheat stock). This resulted in debt repayment of Rs. 745 billion during FY-2023 and FY-2024, out of which **Rs. 469 billion** (FY23: 225, FY24: 244) was paid by Finance Department, GoPb specifically for accelerated debt repayment, while the remainder was generated through the sale of wheat. The level of commodity debt is depicted in the following table:

Commodity Debt	(Rs. in Billion)	
	FY23	FY24
Commodity Debt – Opening Balance	629	680
Repayment	(386)	(359)
New Borrowing	437	34
Commodity Debt – Closing Balance	680	355⁷

As of June 2024, the outstanding commodity debt is anticipated to stand at Rs. 375 billion (including Rs. 20 billion interest), secured by wheat stock valued at Rs. 221 billion (based on price of Rs. 3,900 per maund) resulting in unsecured portion of debt at Rs. 154 billion. To restrict further debt accumulation and improve sustainability of commodity operations, various proactive measures are being implemented. These include constraints on the volume of wheat procurement, timely servicing of commodity debt, and the transition from general subsidies to targeted subsidies and other social protection programs to prevent additional accumulation of commodity debt.

⁷ This amount is expected to be Rs. 375 billion by end of FY 2024-25, including Rs. 20 billion of Interest.

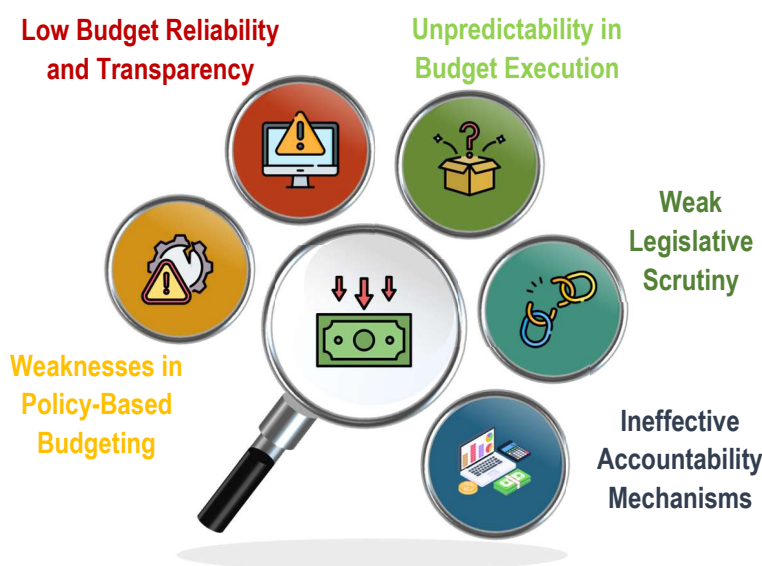
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PUBLIC FINANCIAL MANAGEMENT (PFM) REFORMS

Chapter VI – Public Financial Management (PFM) Reforms

Public Financial Management (PFM) is the backbone of Government's fiscal policy. A robust PFM system helps bring greater transparency and reliability to the entire fiscal policy lifecycle. Over the years, Government of the Punjab (GoPb) has achieved some key milestones in its journey towards PFM reforms, demonstrating the priority assigned to this policy reform space. More recently, the reform initiatives include the implementation of a robust fiscal constitution for the province in the form of Punjab PFM Act and allied instruments, institutionalization of Medium-Term Budget Framework, strengthened oversight of the Legislature over the provincial fiscal affairs, reforms in the area of financial management related to HR and pensions, revenue mobilization strategy, measures for enhanced revenue mobilization, curtailing operational expenditure and rationalizing subsidies, effective debt management, addressing various fiscal risks including provincial circular debt management to name a few.

In 2019, Public Expenditure and Financial Accountability Assessment (PEFA) identified gaps in the Punjab PFM system including:



A systematic approach was adopted by Finance Department to address the issues highlighted in PEFA 2019. Finance Department took international development partners on board to structure the reform agenda by developing a holistic Public Financial Management Reform Strategy 2025 (PFMRS 2025). After approval of the Strategy by GoPb, the World Bank adopted the same as the foundational document for its USD 304 million Program titled '*Punjab Resource Improvement and Digital Effectiveness (PRIDE)*'. PFMRS is a comprehensive strategy covering all aspects of a strong PFM system. It comprises of nine pillars, each addressing a major area within the PFM system.

Enactment of the Punjab Public Financial Management (PFM) Act

The Punjab PFM Act addressed the critical gaps in the PFM landscape of the province, such as absence of a legal PFM framework – an outstanding constitutional requirement since 1973, lack of guidelines on government's provincial fiscal policy, absence of governing rules / procedures / practices for fiscal management of the province and lack of recognised good practice in key PFM areas.

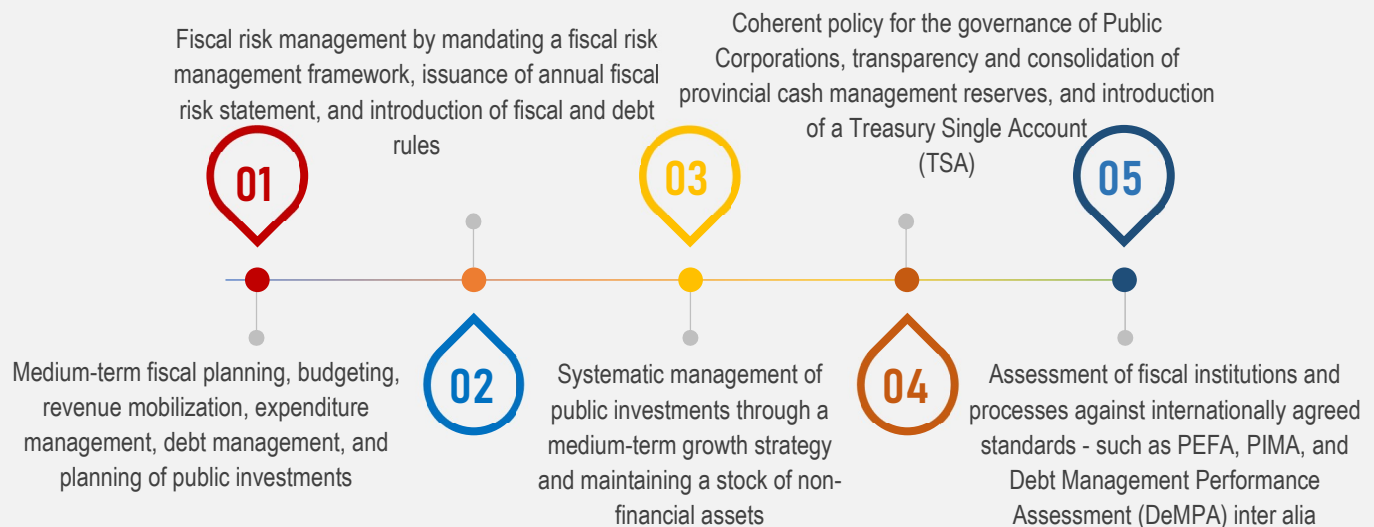
The Punjab PFM Act provides an overarching legislative framework for PFM in Punjab covering:



GoPb has legislated a key legal instrument to improve the legal and regulatory framework of PFM, as envisaged under Article 119 of the Constitution of Pakistan

Punjab Public Financial Management (PFM) Act, 2022

Chapter VI – Public Financial Management (PFM) Reforms



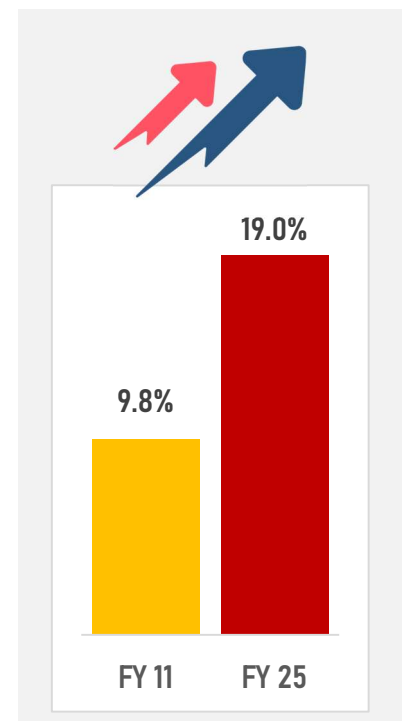
Addressing the Challenge of Circular Commodity Debt

Over time, the debt stock pertaining to commodity operations grew rapidly due to increasing general subsidies and rollover of the debt retirement which stood at **Rs 629 billion** (more than 25% of government revenues) at end of FY22. The debt was expected to increase to **Rs. 940 billion** by Q4FY23 and to **Rs 1,150 billion** by Q4FY24 (more than 50% of the government revenues). The debt stock had already ballooned to a level that without tackling it, there could have been consequences for the fiscal health of the province including severely constraining the operational and development spending. Finance Department, in collaboration with the Food Department, devised and implemented a plan for management of this circular commodity debt and move to a regime of targeted subsidy support on the following contours - check the growth of debt by gradual retiring of existing debt owed to the banks, restrict the further accumulation of debt by eliminating the mismatch between release price of procured wheat and cost to the government, ensure budgetary allocations to retire the existing debt and markup on continued basis, and shift to a graduated targeted social protection scheme instead of current model of general subsidies.

Expenditure Rationalization Through Pension Reforms

Finance Department has been endeavouring to maximize its existing resources by reforming the pension system. The Government has identified the mounting pension liabilities as one of the key risks to the fiscal health of the province in the years to come. GoPb has undertaken a comprehensive review of the policy options for the pension system, including the development of a Defined Contribution scheme for new employees, along with changes to the existing Defined Benefits scheme.

Pension payments in Punjab are accounting for approximately 19% of current expenditure in FY2024- 25 (more than doubling from 9.8% in FY11). A comprehensive review undertaken by Finance Department highlighted the need for reforms to ensure fiscal sustainability. It proposed two categories of reforms: introduction of new Defined Contribution (DC) Pension Scheme for new employees, and (ii) reforms to the existing Defined Benefit (DB) Pension Scheme applicable to existing employees. After thorough deliberations at various levels with multiple stakeholders, Government approved the Punjab Pension Reform Plan in 2023. Defined Contribution Pension Scheme has been approved for implementation for new employees of the Government and which not only is fair and contributory in nature but is expected to lower the government's pension liability significantly over the coming years. Similarly, various reforms in the existing Defined Benefit Scheme



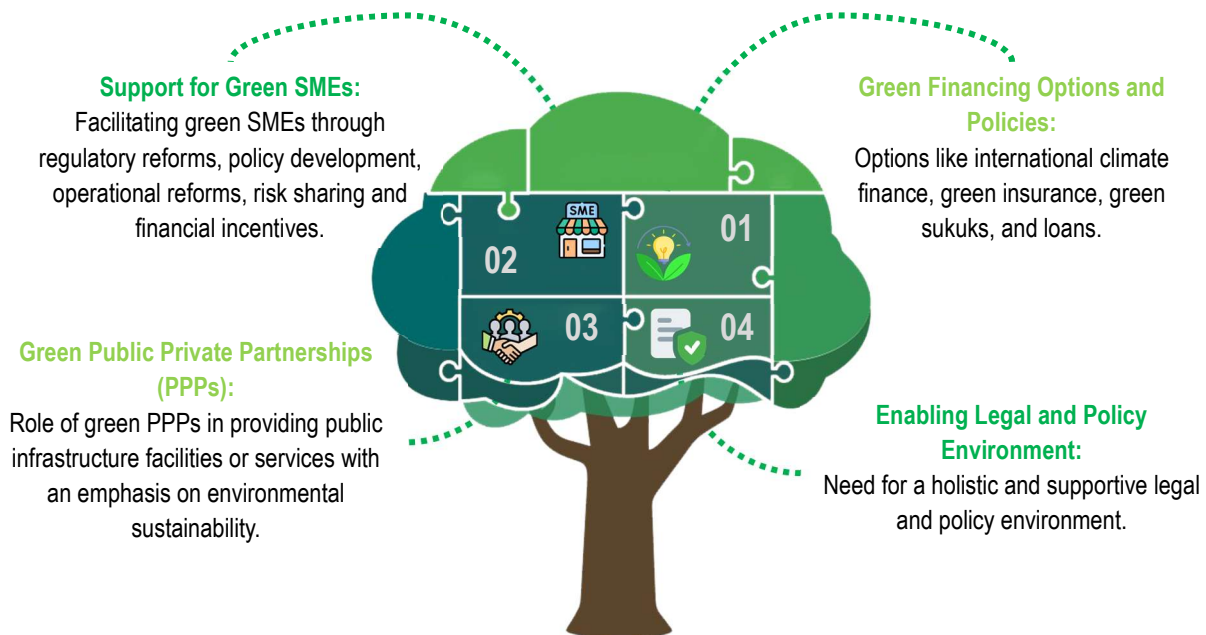
Chapter VI – Public Financial Management (PFM) Reforms

are in consideration by the Government which are aimed at rationalizing Government's pension liability on existing employees.

Punjab Green Financing Strategy: Climate Change-Aware Fiscal Management

Pakistan potentially faces a major climate change challenge. Besides loss of human lives and livelihoods, climate change is taking its toll on the country's economy. As per a recent study by IMF⁸, climate change will weigh on inclusive growth, per capita incomes, macroeconomic stability, socioeconomic stability and equality. Climate adaptation is, therefore, an urgent priority for Pakistan as recognized by the National Climate Change Policy, National Adaptation Plan and Nationally Determined Contributions (NDCs). Punjab contributes roughly 54% to the National GDP and the industrial and agricultural base of the economy and is particularly affected by pollution because of increasing pollutant emissions from industries, vehicles, power generation, open trash and crop burning.

To step up efforts to strengthen environmental management and mainstream green development, GoPb has approved Punjab Green Financing Strategy (PGFS). It aims to mobilize and deploy green finance towards environment friendly projects across various sectors, enhancing both economic and environmental benefits. This strategy aligns with national and international frameworks like the Sustainable Development Goals 2030, the Paris Agreement, and the National Climate Change Policy. It identifies the barriers impeding green financing in Punjab, including project economics, financing challenges, institutional and political barriers, macroeconomic risks, limited local innovation support, and low economies of scale. It follows a dual approach of financing green projects and greening finance. The four key pillars of the Punjab Green Financing Strategy are:



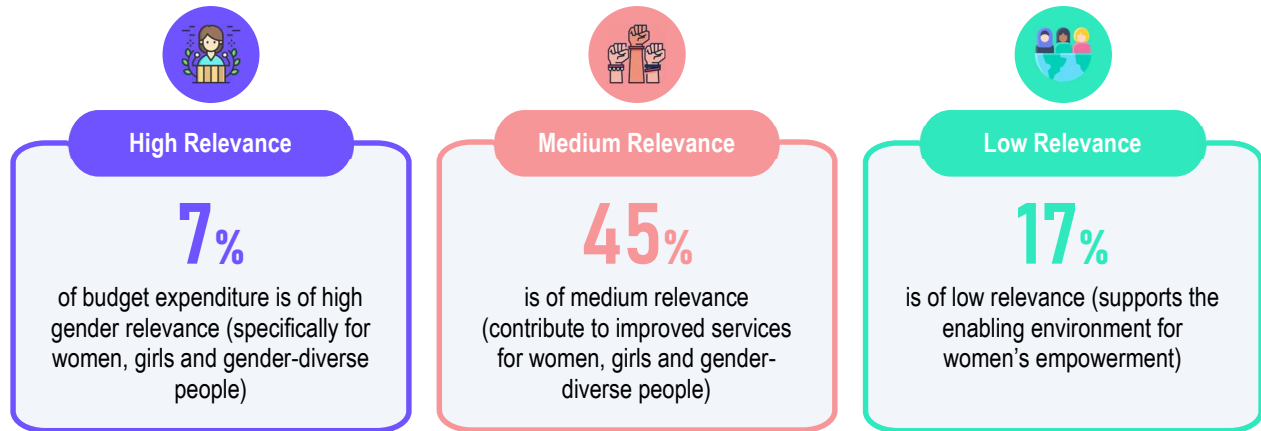
Environment Endowment Fund has been identified as the key in offering financial support and policy levers for strategic capital deployment in crucial areas such as SMEs, green PPPs, capacity building, sectoral green investments, and adaptation investments.

In addition, as part of the efforts towards addressing climate impact and accessing climate finance, Finance Department undertook an assessment of GoPb's budget and spending using Climate Budget Tagging (CBT) to assess climate change expenditure based on PIFRA's FMIS data. The exercise helped to monitor and track climate-related budget and expenditures, and the Government's climate-change responsiveness. CBT has been institutionalized as an approved climate classification methodology of public investments and is core part of SMDP – the main public investment planning system of the GoPb used by P&DB. From ADP FY25, all new schemes being planned for inclusion in the ADP are classified on climate relevance through CBT.

⁸ IMF Departmental Paper – March 2022 *Feeling the Heat: Adapting to Climate Change in the Middle East and Central Asia*

Budget Transparency and Inclusion

To promote gender responsive budgeting and to integrate regular gender budget analysis into government planning and budgeting, Gender Budget Tagging & Tracking (GBT&T) has been undertaken in government financial systems, under the overall guidance of the working group in P&D Board. A detailed analysis has been carried out which shows that:



Efforts are underway in making GBT planning, analysis and regular reporting a part of the financial management and planning systems such as SMDP and IFMIS.

Budget transparency and accountability are important elements in budget efficiency. Conducting consultative workshops on budgetary proposals is a permanent feature through which Finance Department solicits proposals from citizens, experts, academia, research and industry. Similarly, the budget proposals are also solicited through various digital means and social media to ensure maximum participation.

Conclusion

A strong PFM system is an essential aspect of the institutional framework for effective governance in the province. Improving PFM systems allows the Government to make best use of its resources, and GoPb is committed to bring in reforms for greater transparency and accountability.

FOR FURTHER INFORMATION



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