

GOVERNMENT'S COUNTERCYCLICAL EXPENDITURE MEASURES

1. The government introduced a countercyclical development expenditure program (or CDEP) in the fiscal year (FY) 2023 national budget to (i) increase social protection, (ii) increase food security, and (iii) enhance support for businesses. Detailed information and cost estimates are highlighted in the Table below.

Countercyclical Development Expenditure Program (FY2023)

	PRs millions	\$ millions
<u>Social Protection</u>	369,778	1,688
Benazir Income Support Program:	364,078	1,662
<i>Unconditional cash transfer</i>	240,100	1,096
<i>Fuel subsidy scheme</i>	48,000	219
<i>Conditional cash transfer for education</i>	35,320	161
<i>National Socio-economic registry</i>	1,703	8
<i>Undergraduate scholarship</i>	9,270	42
<i>Conditional cash transfer for health and nutrition</i>	21,480	98
<i>Employee related expenses</i>	3,578	16
<i>Administration and other program expenditure</i>	4,627	21
Bait-ul-Maal	3,700	17
Pakistan Poverty Alleviation Fund	2,000	9
<u>Food Security</u>	71,000	324
PASSCO	7,000	32
USC	17,000	78
Fertilizer plant subsidy	15,000	68
Subsidy for import of urea or fertilizer	6,000	27
Agriculture relief initiatives	10,000	46
Sales tax exemptions on import of seeds and tractors	16,000	73
<u>Support for Businesses</u>	70,000	320
Entrepreneurship and employment schemes	10,000	46
Support for export-oriented industries:	60,000	274
<i>Subsidy for electricity</i>	20,000	91
<i>Subsidy for RLNG</i>	40,000	183
Total	510,778	2,331

FY = fiscal year, PASSCO = Pakistan Agricultural Storage & Services Corporation Ltd, PRs = Pakistan Rupee, RLNG = regasified liquefied natural gas, USC = Utilities Stores Corporation.

Source: Government of Pakistan.

2. The targeting and distribution of benefits to low-income households and those affected by the macroeconomic and cost-of-living crises will be done through agencies and channels that have been tried and tested including, most recently, through the 2020 COVID-19 pandemic. For example, (i) social protection measures will be channeled through the Benazir Income Support

Programme, Pakistan's flagship social protection program, (ii) food security measures through the Pakistan Agricultural Storage and Services Corporation Limited and Utilities Stores Corporation, and (iii) enhanced support for businesses through various entrepreneurship and employment schemes of the government.