Fiscal Risks Statement
FY 2023-24

Finance Department
Government of the Punjab

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List of Acronyms & Abbreviations

BOR	Board of Revenue
CCL	Cash Credit Limits
ET&NCD	Excise, Taxation & Narcotics Control Department
FBR	Federal Board of Revenue
FDP	Federal Divisible Pool
FRS	Fiscal Risk Statement
GDP	Gross Domestic Product
GoPb	Government of Punjab
GRR	General Revenue Receipts
GSDP	Gross Sub-national Domestic Product
MTFF	Medium-Term Fiscal Framework
NEC	National Economic Council
NHP	Net Hydel Profits
OSR	Own Source Revenues
OSTR	Own Source Tax Revenue
PFD	Punjab Food Department
PPPs	Public Private Partnerships
PRA	Punjab Revenue Authority
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises
PSCs	Public Sector Corporations

Introduction

The Government of the Punjab has promulgated the Punjab Public Financial Management (PFM) Act 2022. Section 19 of the PFM Act requires that the Finance Department prepare a Fiscal Risks Statement on an annual basis and submit it to the Government for approval. The Government may review, and approve the Fiscal Risks Statement, and shall lay it before the Provincial Assembly along with the Annual Budget Statement.

Fiscal risks give rise to deviations in which actual fiscal outcomes differ from the budgeted fiscal targets, thereby, constraining the fiscal space. Fiscal risks encompass a range of factors that may result in deviations from budgeted fiscal results, such as government revenues and expenditures. Fiscal risks are of different types like macroeconomic risks stemming from economic fluctuations, contingent liabilities originating from guaranteed and non-guaranteed loans, and economic losses caused by natural disasters (e.g., earthquakes and floods) affecting infrastructure and assets, etc. The goal of the Fiscal Risks Statement is to identify fiscal risks relevant to Punjab, assess their fiscal implications, and explain the fiscal risk management plan.

1. Medium-Term Fiscal Framework (MTFF) for 2024-26

The medium-term fiscal projections are mentioned in the Budget Strategy Paper which describes the government's fiscal policy priorities for the medium term. Therefore, its assumptions and forecasts are essential for fiscal risk management strategies.

The projections of MTFF are based on a set of assumptions including macroeconomic environment, government priorities and various policy measures of the government. Changes in aforesaid variables like GDP growth, revenue collection, inflation, interest rates and exchange rates including political stability may affect the projections made in the MTFF leading to deviations from the planned targets. Thus, the underlying assumptions of these projections need to be monitored to take appropriate measures to deal with the associated risks. A snapshot of MTFF for 2024-26 is provided below:

Table 1: Medium-Term Fiscal Framework *(Rs. Billion)*

	Baseline	Projected		
	2022-23	2023-24	2024-25	2025-26
A - General Revenue Receipts	2,491	3,200	3,794	4,379
B - Current Expenditure	1,667	2,074	2,244	2,564
C = (A-B) Revenue Balance	**824**	**1,126**	**1,550**	**1,815**
D - Net Capital Receipts	(226)	(337)	(64)	(55)
E = (C+D) Available Resource for Development	**598**	**789**	**1,486**	**1,760**
F - Development Expenditure	589	655	760	877
G = (E-F) Budget Surplus/ (deficit)	**9**	**134**	**726**	**883**

Source: Budget Strategy Paper FY2023-24 to FY2025-26, Finance Department, Government of Punjab

2. Key Fiscal Risks

2.1 Macroeconomic Environment

The economic performance of a country is affected by both domestic and international economic conditions. Additionally, ongoing structural weaknesses such as a limited tax base, ineffective tax administration, challenging business conditions, unproductive state-owned enterprises, and low labour productivity not only impede economic performance but also pose potential risks.

A medium-term macroeconomic forecast is usually based on assumptions such as Gross Domestic Product (GDP) growth, tax-to-GDP ratio, inflation, exchange rate, and commodity prices. Any variation in these fundamental economic assumptions impacts the fiscal condition, both at the national and provincial levels. Thus, any slowdown in economic activities at the national level tends to obscure the economic conditions of various regions, notably Punjab − the most populous Province of the country. Further, economic activities in Punjab also play a crucial role in the country's economy due to its significant contribution to industries, agriculture, and services sectors.

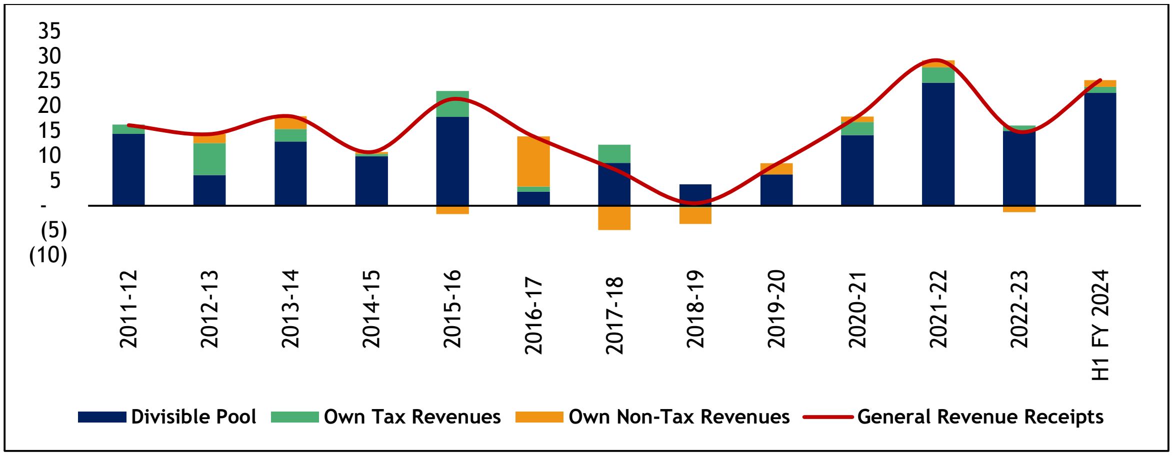
Pakistan's economy faced declining foreign reserves putting unprecedented pressure on its currency which resulted in significant depreciation during the last two years. These negative fluctuations in exchange rates posed risks to the vulnerability of a debt portfolio as the Punjab Government`s debt is heavily denominated in foreign currency.

Macroeconomic risks are mainly dealt at the national level and are normally beyond the control of the Provincial Government, however, the Punjab Government is cognizant of these risks and takes measures to contribute toward the sustainable growth of the country through its agenda of inclusive economic development.

2.2 Fiscal Structure

The fiscal structure and distribution formula have implications for Provincial Governments due to their reliance on Federal tax collections in the form of Federal Divisible Pool (FDP). Any shortfall in Federal tax collections will ultimately affect the Provincial receipts. Punjab calculates its portion of the Federal Divisible Pool based on the target set for revenue collection by the Federal Board of Revenue (FBR). The share of Punjab in the Federal Divisible Pool constitutes approximately 80% of its annual total revenues. Thus, the resource envelope in the provincial budget is formulated based on the target set for revenue collection given in the Federal Budget Strategy Paper. The following graph shows the growth of the total revenue receipts of the Province i.e. (GRR) led by the share of FDP over the years:

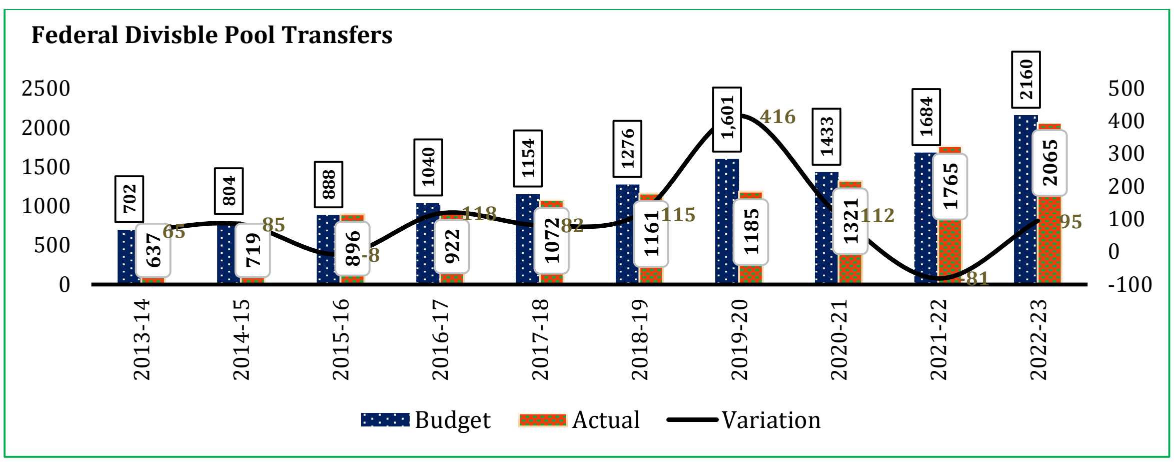
Figure 1: Contribution of Components in the Growth of General Revenue Receipts



Source: Finance Department, Government of Punjab

Since the Divisible Pool transfers constitute a significant portion of General Revenue Receipts of the Province, even a slight deviation between the Federal Board of Revenue's projected and actual collection results in significant variation in GRR. Therefore, the Punjab Government faces a significant risk if a substantial deviation occurs between the budgeted and actual revenue collection of the Federal Government. The graph below reflects the trend of deviation from the planned level of FDP share of Punjab.

Figure 2: Difference between budget and actual Federal Divisible Pool Transfers



Source: Annual Budget Statements, Finance Department, Government of Punjab

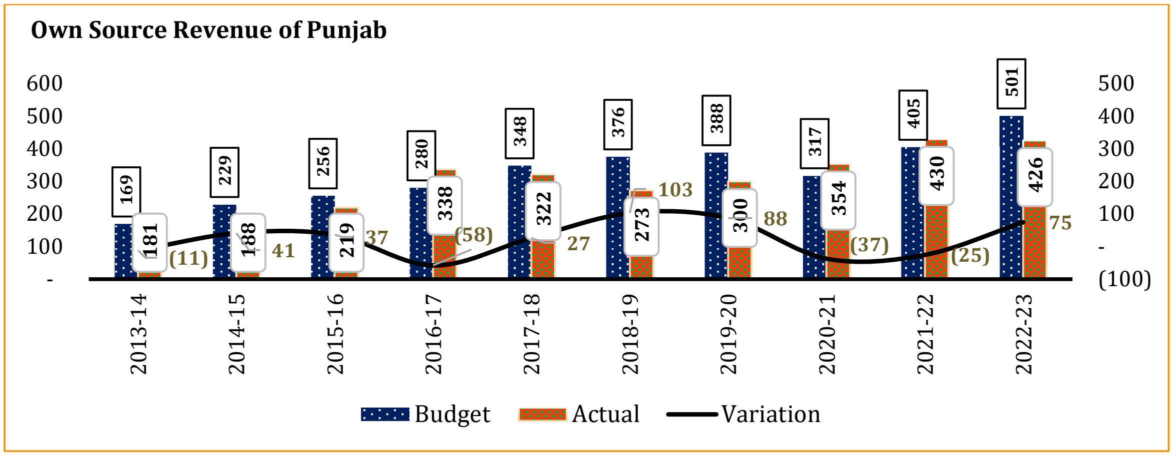
Historically, there have been significant deficiencies in the transfer of funds under the Federal Divisible Pool (FDP) to the Punjab. Over the past five years, there has been an average difference of Rs. 131 billion in the budgeted and actual federal transfers, which accounts for approximately 8.1% of the average budgeted FDP share.

During first half of the ongoing fiscal year 2023-24, the performance of the Federal Board of Revenue (FBR) remained on track based on significant growth in GDP at current prices. Further, the Federal Government has also taken measures to increase taxes which contributed positively to its revenue collection. Thus, during first half of 2023-24, Rs. 1,184.5 billion was received against the Divisible Pool compared to Rs. 930.5 billion received during the same period last year. However, on the flip side, persistent high inflation in the country has adversely affected the provincial expenditures.

2.3 Own Source Revenue

The Punjab Government has been striving to enhance revenue collection from provincial taxation. In the past five years, approximately 20% of the revenue has been generated from internal sources. However, the gap between the budgeted and actual collections of Own Source Revenue (OSR) exacerbates the fiscal constraints of the Government of Punjab.

Figure 3: Difference between budget and actual Own Source Revenue Collection



Source: Annual Budget Statements, Finance Department, Government of Punjab

Based on the last five years' average, FDP has contributed 80% towards GRR, whereas own source tax revenue contributed 14% towards GRR followed by a 6% contribution from provincial non-tax revenue including PSDP grants, Straight Transfers, and Net Hydel Profits (NHP). The situation requires the Province to channel efforts towards increasing its own source revenue collection, and reducing its reliance on federal transfers.

During H1 2023-24, Rs 160.9 billion was collected as Own Tax Revenue compared to Rs 147.2 billion collected in the same period last year. Further, the performance of tax-collecting agencies reveals that the Punjab Revenue Authority (PRA) is the most significant contributor, with 65% of the total tax collection. BOR and ET&NCD follow with respective shares of 22% and 13%.

Despite various efforts, however, the proportion of Own Source Revenue (OSR) in General Revenue Receipts (GRR) is significantly low, making it a high-impact risk. The Government of Punjab has implemented a Revenue Mobilization Strategy to address the risk. The strategy highlights the need for a comprehensive business plan for each taxation agency. This plan encompasses policy initiatives and measures aimed at expanding the tax base and increasing revenue from existing tax sources. Punjab Revenue Authority (PRA) has also initiated the integration of third-party business databases to identify potential tax evaders and increase the tax base in Punjab.

The target of Punjab's Own Source Tax Revenue as % of GDP set in Revenue Mobilization Strategy & Plan is presented below:

Table 2: Target of OSTR Collection as % of GDP

As % of GDP	2021-22 Actual	2022-23 Budget Estimates	Target		
			2023-24	2024-25	2025-26
Own Source Tax Revenue	**0.78%**	**0.78%**	**0.90%**	**1.00%**	**1.10%**
Sales Tax on Services	0.45%	0.43%	0.48%	0.54%	0.60%
Property Tax	0.04%	0.05%	0.08%	0.10%	0.12%
Motor Vehicle Tax	0.05%	0.04%	0.08%	0.10%	0.12%
Stamp Duty	0.14%	0.16%	0.18%	0.20%	0.20%

Source: Revenue Mobilization Strategy & Plan 2023/24 – 2025/26, Finance Department, GOPb

For FY 2022-23, the OSR to GDP ratio remained at 0.64% which is lower than the budgeted target of 0.78%. Likewise, it is expected to remain at 0.62% during FY 2023-24 which is less than the target envisaged in the Revenue Mobilization Strategy & Plan for the respective years. To address this risk, the Provincial Government needs to introduce various tax / non-tax policies and administrative measures.

2.4 Commodity Operations Debt

The Punjab Food Department (PFD) has been regularly conducting wheat procurement operations to ensure food security and to maintain stability in wheat prices. Significant amounts of wheat are purchased at a support price determined by the Provincial Government annually during the wheat harvesting season and distributed among flour mills for further sale to the public at reduced prices. Acquisition of wheat stock is financed through commercial bank borrowing. Furthermore, the Federal Government provides Cash Credit Limits (CCL) to Provincial Governments to help them secure loans for commodity operations at competitive rates. Throughout this process, additional charges such as interest, storage costs, and freight are accumulated, ultimately raising the government's cost price of wheat. The government provides wheat to flour mills at a price lower than the cost to facilitate a consistent supply of flour to the public, which in turn has subsidy implications for the government financed through bank loans leading to a gap between the amount of wheat debt and wheat stock i.e unsecured debt accumulated over the years. Unsecured commodity debt which is the difference between total debt and wheat stock, and is being financed through additional bank loans that are rolled over every quarter.
Financing of commodity operations was also highlighted as high risk in earlier Fiscal Risks Statements 2021-22 & 2022-23. The increasing circular debt poses a significant risk to the fiscal stability of the Province. The accumulation of debt associated with wheat operations over recent years is shown in the following Table.

Table 3: Commodity Debt *(Rs. Billion)*

Currencies	Jun-2021	Jun-2022	Jun-2023	Dec-2023
Commodity Debt – Opening Balance	462	548	629	510
Repayment	(133)	(164)	(386)	(94)
New Borrowing & Accrued Markup	219	245	437	34
Commodity Debt – Closing Balance	**548**	**629**	**680**	**450**
Interest Payment	36	41	87	66

Source: Punjab Debt Bulletins, Finance Department, Government of Punjab

At the end of June 2022, the commodity debt was Rs. 629 billion and following the next harvesting, it was expected to reach the level of Rs. 950 billion by the end of June 2023. The existing framework for commodity operations characterized by a significant debt burden and a high interest rate environment, was becoming fiscally unsustainable which was likely to squeeze fiscal space in the coming years.

Recognizing the urgency to tackle the debt challenge and mitigate the unchecked growth of commodity debt, the Punjab Government approved imperative principles for the future shape of commodity operations with directions to retire the unsecured portion of commodity debt amounting to Rs 469 billion during FY 2022-23 and FY 2023-24. The recognition of this risk followed by the government's decision led to the disbursement of Rs 469 billion for retirement of unsecure debt during these two years. Consequently, the total outstanding commodity debt stood at Rs. 450 billion at the end of Dec 2023 secured by wheat stock amounting to Rs. 414 billion (based on the price of 4,700 per maund) resulting in an unsecured debt portion of only Rs. 36 billion. To mitigate the accumulation of additional debt and enhance the sustainability of commodity operations, a multitude of measures are currently being executed.

To prevent further accumulation of commodity debt, measures consist of implementing restrictions on the quantity of wheat procured, ensuring timely servicing of commodity debt, and shifting from general subsidies to targeted subsidies and other forms of social protection programs that need to be implemented in full spirit. Further, the IMF also observed categorically in the Q1 of 2024 Memorandum of Economic and Financial Policies (MEFP) under the Stand-By Arrangement, that Provincial Governments must address the decade-long accumulation of commodity debts and implement time-bound plans to ensure timely retirement of this debt.

2.5 Pension Expenditures

Pension expenditure was also reported as a risk in both the Fiscal Risks Statement for FY 2021-2022 and FY 2022-2023. The escalating yearly pension expenditure has constrained the fiscal capacity in allocating funds for public investments and the provision of services to the public. The earlier pension scheme swiftly transformed into an unsustainable financial burden for the government. Based on the actuarial assessment of 2019, the pension liability in Punjab has escalated to Rs. 6,598 billion, representing the present value of forthcoming pension payments. The yearly pension expenditures have increased to around Rs. 311 billion in FY2022-23. These expenses have grown at a compound annual growth rate of 17% over the past decade, while revenues have increased at a rate of 13% over the same period. Over the past decade, the annual pension expense as a proportion of revenue has risen from 9% in FY14 to 13% in FY23. Furthermore, it was expected that share of pension expense in current revenue expenditure would increase from 13% in FY14 to 19% in FY23 based on the earlier pension scheme. Thus, it was anticipated that pension expenses would account for an increasing proportion of revenue, reaching 16% by 2030 and 23% by 2040. Further, unfunded pension liability poses a significant risk to the provincial finances which demands radical measures to manage the growing volume of pension expenses.

Finance Department, therefore, developed a Pension Reforms Plan which has recently been approved by the Provincial Government. The reform plan includes the revision of the pensionable service age, the introduction of a defined contribution scheme, biometric verification of pensioners, withdrawal of medical allowances, rationalization of allowances in pension pays, etc. The reforms regarding the revision of the pensionable service age, the introduction of a defined contribution scheme, and the biometric verification of pensioners have been approved and implemented, while the remaining will also be implemented gradually. It is expected that the successful implementation of reforms will help the Government to ease out its fiscal space significantly over the medium to long term horizon.

2.6 Public Debt

Punjab's debt levels are currently quite low when measured as a percentage of its GSDP (Gross Sub-national Domestic Product) or its annual revenue. At the end of December 2023, the Government of Punjab's (GoPb) debt stock amounted to Rs. 1,704.5 billion. The classification of debt into external and domestic reveals that 99.0% of the debt stock is comprised of foreign loan obtained from multilateral and bilateral institutions while 1.0% domestic debt obtained from Federal Government. Combined, these loans account for 2.97% of Punjab's GSDP as of Dec 2023.

Servicing of debt entails anticipated principal and interest payments on outstanding debt. The aggregate debt servicing amount for the fiscal year 2022-23 was Rs. 115.0 billion which is anticipated to be Rs. 153.4 billion during the fiscal year 2023-24. Out of the budgeted debt servicing of Rs. 153.4 billion for FY 2023-24, an amount of Rs. 76.74 billion has already been paid during two quarters (Jul-Dec 2023).

The following Table provides a summary of the Redemption Profile of the Principal Amount of the Loan:

Table 4: Redemption Profile of Principal Amount *(Rs. Billion)*

Redemption of Principal Amount[1]	2021-22	2022-23	2023-24
Total Loan Repayment (External+ Domestic)	52.64	84.56	112.9

Source: Finance Department, Government of Punjab

It is pertinent to highlight that 99% of Punjab`s debt is denominated in foreign currency including USD, JPY, Yuan, SDR, etc. carrying serious repercussions in terms of debt growth and its servicing when compared to local currency during the period of local currency depreciation. Furthermore, 27% of the debt is based on a floating rate which is subject to periodic interest rate revisions due to the loans' association with floating reference rates (i.e. SOFR, TONA, EURIBOR, etc.). With the rising interest rates globally and the depreciation of PKR against foreign currencies, debt servicing in PKR terms may experience a higher demand as a percentage of revenue of the Province. Thus, the underlying challenge for the Province is to manage its debt operations to finance its large and growing development needs without impairing its capacity to repay the debt.

Finance Department is of the view that given the prevailing macroeconomic situation, which has been forecast to continue in the medium term, involving a volatile exchange rate and high-interest rate environment, it is advisable to adopt prudent policies for additional foreign borrowing. Thus, following are some of the borrowing parameters:

I. The Punjab Government will continue to engage bilateral and multilateral development partners to raise concessional financing;
II. Given the elevated levels of international benchmark rates and volatile exchange rates, new debt from non-concessional sources may not be contracted. However, the Planning & Development Board may consider obtaining loans strictly for projects involving physical asset creation for which it cannot provide funds from within provincial resources or 'ring-fence' funds for these purposes;
III. To improve the maturity profile of the Government debt portfolio, it will be a priority to maximize the average time to maturity (ATM) of its loan portfolio;
IV. The Government will also aim to keep a smooth redemption profile of its debt portfolio to avoid peaks in the debt repayment schedule;
V. It will also be a preference of the Government to manage and maintain a high share of fixed-rate debt within its debt portfolio which would hedge against unexpected increases in borrowing rates and other adverse economic developments; and
VI. To limit fiscal risk, debt servicing (Principal + Interest) as a percentage of the average annual revenue of the last 3 years will not exceed 5% by the end of preferably FY 2026-27.

[1] Debt bulletin Dec 2023, Finance Department, Punjab

2.7 Provincial Guarantees

Guarantee support has been granted by the Government of Punjab to a multitude of GoPb-owned entities and initiatives. At the end of December 2023, GoPb issued Guarantees totaling Rs.48.9 billion, which were intended to offer assistance for a range of Power and Road sector initiatives. Further, under the Sponsor Support Agreement, the Provincial Government has authorized Punjab Thermal Power (Pvt.) Limited to receive additional Guarantee support. The Finance Department will augment the total number of Guarantees with the addition of these supplementary ones.

Table 5: Provincial Guarantees and Letter of Comfort Issued and Outstanding (Dec 2023) (Rs.Billion)

Sr.No	Instrument Type	Sector	Project/Entity	Currency	Amount
1	Provincial Guarantee	Roads Infrastructure	Lahore Ring Road Project	PKR	4.74
2	Provincial Guarantee*	Energy	Punjab Thermal Power Private Limited Company (PTPL)	PKR	31.000
3	Sponsor Support Agreement (SSA)	Energy	Quaid-e-Azam Thermal Power Private Limited (QATPL)	PKR	10.75
4	Letter of Comfort (LOC)	Energy	Quaid-e-Azam Thermal Power Private Limited (QATPL)	PKR	2.00
5	Letter of Comfort (LOC)	Industries	Punjab Small Industries Corporation (PSIC)	PKR	0.42
				Total	**48.91**

* The Provincial Government has approved additional Guarantees for Punjab Thermal Power (Pvt.) Limited. These Guarantees will be added once issued by the Finance Department

Source: Finance Department, Government of Punjab

In Dec 2023, the stock of debt and Guarantees issued in favor of public corporations stood at 16 % of average revenue of preceding 3 years which is significantly lower than the threshold of 40% defined in debt limits vide Section 21 of the Punjab Public Financial Management Act, 2022.

To manage the risks emanating from the issuance and management of Guarantees, a framework for issuance, valuation, and monitoring of Government Guarantees is being prepared under the newly promulgated Punjab Public Financial Management Act, 2022 which will help the Government to manage such risks more efficiently in the future. Additionally, the risk of such a guarantee’s realization can be managed by maintaining buffers/provisions annually from the Government resources.

Further, the government has extended a substantial quantity of loans to several public non-financial corporations (primarily waste management companies), the recuperation of which appears improbable. However, due diligence of corporate entities' requests for financial support from the government will be conducted by the Corporate Finance Unit of the Finance Department to manage such fiscal risks.

2.8 General Provident Fund Liabilities

The government requires its permanent employees to subscribe to the General Provident (GP) Fund, which is a Defined Contribution Scheme. General Provident Fund contributions are deducted from the salaries of government employees and are credited to the GP Fund Account, which is a part of the Public Account of the Province. The government has fiduciary responsibility for these contributions. Based on the actuarial valuation of 2015, accrued GP Fund liability is estimated at Rs 350.18 billion on June 30, 2023, which will increase to Rs 1,909 billion by FY40. The government maintains a common cash balance for both the Provincial Consolidated Fund and the Public Account which carries a risk of utilization of the cash balance of the Public Account for various provincial expenditures on development or service delivery. The Punjab Government has passed the Punjab General Provident Investment Fund Act, 2009 to establish an investment fund for the management of GP Fund liabilities of the government to fulfill its fiduciary responsibilities.

2.9 Natural Disasters and Climate Risk

Punjab is facing high risks from natural disasters and climate-related threats. Floods have been a frequent occurrence in the Province, causing significant damage to infrastructure and the economy. Punjab is also experiencing severe air pollution, particularly during the fall and winter months, which has both direct and indirect costs. In addition to floods and air pollution, Punjab is also facing other climate-related threats such as droughts and heatwaves. These events can have a significant impact on agriculture, which is the backbone of Punjab's economy.

To address these challenges, it is important to implement policies and strategies to reduce emissions from industries, vehicles, power generation, and agricultural practices such as crop burning. Additionally, improving infrastructure and drainage systems can help mitigate the impacts of floods. Furthermore, the adoption of climate-resilient practices in agriculture, such as crop diversification and conservation agriculture, can help build resilience to climate-related threats and reduce the risk of crop failure. The development of early warning systems and contingency plans for natural disasters can also help minimize the impacts of these events on the population and economy of Punjab.

Concerning disaster risk management in Punjab, the Finance Department has taken the following initiatives:

1. Block allocation of Rs. 11 billion under the regular budget for FY 2022-23 to meet climate and emergent needs while Rs. 8.2 billion are allocated in FY 2023-24.
2. Establishment of an Environment Endowment Fund to facilitate green investments in Punjab, currently Rs. 10.242 billion is the amount available.
3. Approval of the Green Financing Strategy of Punjab to channel public and private capital to strengthen the environmental governance and promote green investments in Punjab.
4. Climate Budget Tagging to support Provincial Climate Change Framework.

3. Compliance with Fiscal & Debt Rules under the PFM Act 2022

To follow fiscal discipline in the financial affairs of the Government, fiscal and debt limits are established vide sections 20 & 21 of the Punjab PFM Act 2022, requiring the Government to comply with fiscal and debt targets and vide section 19 (d) report the compliance in Fiscal Risks Statement. Accordingly, Tables 6A & 6B below are added to share the compliance status of fiscal discipline and debt limits respectively.

Table 6A: Compliance with Fiscal Discipline

Rule 1-					
	Actual			**Average 3 years 2020-22**	**RE**
	2019-20	**2020-21**	**2021 - 22**		**2022-23**
GRR (Rs Billion)	1,486	1,675	2,193	1,785	
Development Expenditure (Rs Billion)					**625**
Rule 1- Net Investment in Non-Financial Assets shall not be less than 15% of the Avg. Revenue of three preceding financial years					**35%**
Rule 2-					
	Actual			**Average 3 years 2020-22**	**RE**
	2019-20	**2020-21**	**2022-23**		**2022-23**
GRR (Rs Billion)	1,486	1,675	2,193	1,785	
Budget Surplus / (Deficit) (Rs Billion)					19
Rule 2- Budget Deficit in a single financial year shall not be more than 10% of the Avg. Revenue of three preceding financial years					**1%**

Source: Finance Department, Government of Punjab

Table 6B: Compliance with Debt Limits

PFM Debt Limits	**Defined Limit as % of Avg. Revenue of preceding 03 years**	**Dec-2023**
a) Public Debt* and Guarantees	**200%**	104%
b) Government Debt** and Guarantees	**160%**	83%
c) Public Corporations Debt and Guarantees	**40%**	16%
d) Interest expense on Government Debt	**12%**	1.4%

* Public Debt includes Government Debt (Foreign & Domestic) and debt raised for commodity operation
** Government Debt includes Foreign & Domestic Debt

Source: Finance Department, Government of Punjab

It is worth mentioning that compliance with the fiscal & debt rules under the Punjab PFM Act 2022 signifies the Government of Punjab's commitment to manage its fiscal affairs in a manner that is sustainable, transparent, and efficient.

4. Conclusion

The current Fiscal Risks Statement (FRS) has reported various risks and the measures taken by Punjab Government to address these for improved risk management. It is noteworthy that the Punjab Government is aware of the potential impacts of these risks and is prepared to implement the necessary mitigation measures to maintain fiscal sustainability.