

Pakistan	
Containment	<ul style="list-style-type: none"> - February 23, International travel ban on high-risk regions - March 13, Nationwide school closure and cancellation of public events - March 20, First confirmed death - March 24, Nationwide lockdown (initially until April 30 and further extended) - April 15, Partial easing by allowing 'low-risk industries' to restart operation - May 9, Further relaxation of lockdown - May 18, Supreme Court orders shopping malls and markets to reopen across the country - Domestic flights and train services resume limited operations - 'Selective' lockdown arrangements remain in place, through the closure of shops on weekends and the sealing of specific areas of high risk - Starting August 10, lockdown restrictions have been lifted across all provinces - September 15, schools and universities reopen - Currently in place: COVID-19 Standard Operating Procedures; PCR test requirement for international passengers arriving from high-risk countries; and selective closure of educational institutions with reported cases of infections <p>2021</p> <ul style="list-style-type: none"> - February, schools resume normal hours and time/capacity limits on commercial and business activities are lifted - March 10, vaccination begins for the general public, starting with elderly people. Along with Sinopharm, the country has approved CanSinoBio, Oxford-AstraZeneca and Sputnik V vaccines for emergency use. - March 20, government announces that Prime Minister tested positive for COVID-19.
Fiscal	<p>March 24, Federal government announces relief measures of Rs. 1.2 trillion (about \$7.6 billion, 2% of GDP), consisting of:</p> <ul style="list-style-type: none"> - Elimination of import duties on emergency health equipment - Relief to daily wage workers (Rs. 200 bn) - Cash transfers to low-income families (Rs. 150 bn) - Accelerated tax refunds to the export industry (Rs. 100 bn) - Financial support to SMEs (Rs. 100 bn) - Earmarks resources for an accelerated procurement of wheat (Rs. 280 bn) - Financial support to utility stores (Rs. 50 bn) - Relief in fuel prices (Rs. 70 bn) - Support for health and food supplies (Rs. 15 bn) - Electricity bill payments relief (Rs. 110 bn) - Emergency contingency fund (Rs. 100 bn) - Transfer to the National Disaster Management Authority for the purchase of necessary equipment to deal with the pandemic (Rs. 25 bn) <p>The Federal government's new poverty alleviation programme provides one-time financial assistance of about \$75 (needed for subsistence nutrition for four months) to 12 million families, or about 80 million people.</p> <p>May 8, MoF says fiscal deficit will widen to 9% of GDP in this fiscal year (ending June 30), compared to the pre-COVID target of 7.6%. Tax revenue target is from \$30 billion to \$25 billion.</p> <p>June 11, MoF Economic Survey projects fiscal deficit to widen to 9.4% of GDP and</p>

	<p>public debt to rise to 88% of GDP in this fiscal year (ending June 30) and GDP to contract by 0.4% instead of growing 3.3% as previously forecast.</p> <p>June 12, Government presents the federal budget for fiscal year 2020-21 in the National Assembly.</p> <ul style="list-style-type: none"> - Total expenditure to rise slightly to Rs. 7,136 billion, of which Rs. 6,345 billion is current expenditures. - Interest payments – Rs. 2,946 billion - Defense – Rs. 1,289 billion, up 11% from the previous year - Education – Rs. 83.3 billion, up 7.9% - Health – Rs. 25.5 billion, up 130% - Public Sector Development Programme – Rs. 1,324 billion, down 18% - Revenue target at Rs. 6,573 billion - Fiscal deficit target at Rs. 3,195 billion (7% of GDP) - GDP growth projected at 2.1% <p>The FY 2021 budget includes further tariff and custom duty reductions on food items, a Rs. 70 billion allocation for ‘COVID-19 Responsive and Other Natural Calamities Control Program’, as well as the provision of tax incentives to the construction sector to address the acute employment needs generated by the lockdowns.</p> <p>Provincial governments announce relief measures, including cash grants to poor households, tax relief and additional health spending that includes increased compensation to healthcare workers.</p> <ul style="list-style-type: none"> - Punjab: a tax relief package (Rs. 18 bn) and a cash grants program (Rs. 1.5 bn) - Sindh: a cash grant and ration distribution program (Rs. 1.5 bn) <p>The FY 2020/21 budgets for provincial governments also provide tax relaxations and expenditure allocations to mitigate Covid-19 effects.</p> <p>2021</p> <p>February – IMF and Pakistan announce the resumption of a stalled \$6 billion loan programme, raising expectations that the country will return to global bond markets. This decision comes with conditions on increased tax collection, adjustments to electricity and gas price, and higher interest rate.</p> <p>The government’s fiscal policy and debt policy statement shows that public debt increased to 87 percent of GDP at the end of 2019-20, up from 72 percent two years ago. Debt servicing has become an acute challenge, as the government must borrow to pay back previous debts. The government paid \$11.9 billion in external public debt servicing during 2019-20 and \$3.6 billion during the first quarter of this fiscal year.</p>
Monetary and financial	<p>SBP cuts policy rate by a cumulative 625 bps to 7% since March (March 17, March 24, April 16, May 15, June 25).</p> <p>SBP expands the scope of existing refinancing facilities and introduces three new ones aimed at:</p> <ul style="list-style-type: none"> - Supporting hospitals and medical centers to purchase equipment to detect, contain, and treat COVID-19 (33 hospitals, Rs. 5.9 billion) - Stimulating investment in new manufacturing plants and machinery (13 new projects, Rs. 8.8 billion) - Incentivizing businesses to avoid laying off their workers during the pandemic (1,700 SMEs, Rs. 113 billion)

	<p>SBP introduces regulatory measures including:</p> <ul style="list-style-type: none"> - Reduce capital conservation buffer - Increase limit on extension of credit to SMEs - Relax debt burden ratio for consumer loans - Allow banks to defer clients' payment of principal by a year <p>Most recent SBP measures include:</p> <ul style="list-style-type: none"> - Enhance loan limits and expand relief measures for microfinance borrowers (August 10) - Enhance loan size under its refinance scheme to support women entrepreneurs (August 18) - Provide exporters an increased limit of Rs. 190 billion (August 19) - Extend time for settlement of foreign currency loans (August 20) - Eases cash margin restriction on imports (September 24) - Introduces incentive and penalty mechanism for banks to promote housing and construction financing (October 7)
Trade measures ¹	<p>Restrictive:</p> <p>Liberalizing:</p> <ul style="list-style-type: none"> • June 19: The measure is extended until 30 September 2020. March 20: Exemption of whole of the customs duty, the additional customs duty, and the regulatory duty for the import of 61 medical goods for 3 months (status unknown). • Temporary exemption of customs duty on the imports of oxygen gas and oxygen cylinders (status unknown). • Exemption from customs duty and additional customs duty on the import of Remdesivir (anti-Covid pharmaceutical product)
SME measures ² (last update 22 January 2021)	<p>Tax refund:</p> <ul style="list-style-type: none"> • The authorities accelerated tax rebates for export industries. • In June 2020, the government announced support funds for businesses which include PKR 100 billion in tax refunds.³ <p>Other fiscal support:</p> <ul style="list-style-type: none"> • The authorities will bear electricity bills for small businesses having a commercial connection of less than five kilowatts and industrial consumers less than 70 kilowatts for a period of three months from May to July 2020. The government expects this measure to support 95 per cent commercial and 80 per cent industrial connection holders. <p>Loan support:</p> <ul style="list-style-type: none"> • The government announced a PKR 1.2 trillion rescue plan. Part of the funds will be used to support business survival, including supporting SME and grocery store finance (PKR 100 billion and 50 billion, respectively). • The State Bank of Pakistan (SBP) announced a project "Temporary Economic Refinancing Facility" worth PKR 100 billion, aimed at stimulating manufacturing investment in factories and machinery through bank refinancing. The repayment

¹ <https://www.macmap.org/covid19>.

² <https://www.brecorder.com/2020/04/28/592870/cabinet-approves-relief-package-worth-rs75-billion-to-facilitate-small-businesses-labourers/>

³ <https://www.dw.com/en/how-the-covid-19-crisis-is-affecting-pakistans-economy/a-54292705>

	<p>period is 10 years and the fixed interest rate is 7 per cent.</p> <ul style="list-style-type: none"> • On March 29, the authorities permanently raised the regulatory limit for credit to SMEs by 44 per cent, from PKR 125 million to PKR 180 million.⁴ • On 18 August 2020, the SBP enhanced the concessional financing limit under its Refinance and Credit Guarantee Scheme for Women Entrepreneurs from PKR 1.5 million to PKR 5 million.⁵ <p>Deferral of loan payment:</p> <ul style="list-style-type: none"> • On 29 March 2020, the authorities allowed banks and Development Financial Institutions (DFIs) to defer customers' principal repayments for one year.⁶ • On 4 April 2020, the Securities and Exchange Commission of Pakistan (SECP) allowed all lending Non-Bank Finance Companies (NBFCs), including Non-Bank Microfinance Companies (NBMFCs), to defer repayment of principal loans by their borrowers for one year.⁷ • In June 2020, the government announced support funds for businesses which include PKR 100 billion in deferred interest payments.⁸ <p>Other financial support:</p> <ul style="list-style-type: none"> • On April 10, the Economic Coordination Committee (ECC) of the Cabinet and the Power Division have deferred the monthly and quarterly fuel adjustments in the electricity bills for power consumers until June 2020.⁹ • From 1 November 2020 to 30 June 2021, an Industrial Support Package will be in place and offer additional consumption of electricity to small and medium industries at 50 per cent less rates.¹⁰
Other	<p>April 16, IMF approves a \$1.4 billion disbursement to address the pandemic (this is additional to the \$6 billion approved last year). WB and ADB has also put together a support package of nearly \$4 billion.</p>

Source: National sources, OxCGRT, IMF policy tracker.

⁴ <https://home.kpmg/xx/en/home/insights/2020/04/pakistan-government-and-institution-measures-in-response-to-covid.html>

⁵ <https://www.dawn.com/news/1575221/sbp-increases-financing-limits-for-women-entrepreneurs>

⁶ <https://home.kpmg/xx/en/home/insights/2020/04/pakistan-government-and-institution-measures-in-response-to-covid.html>

⁷ Ibid.

⁸ <https://www.dw.com/en/how-the-covid-19-crisis-is-affecting-pakistans-economy/a-54292705>

⁹ <https://home.kpmg/xx/en/home/insights/2020/04/pakistan-government-and-institution-measures-in-response-to-covid.html>

¹⁰ <https://www.brecorder.com/news/40030540/pm-takes-power-relief-step-to-help-boost-exports>