
Balochistan Population Welfare Budget and Expenditure Analysis

(2010 – 11 to 2012 – 13)



Acknowledgement

TRF acknowledges the cooperation and support of the Health System Strengthening & Policy Unit of Ministry of Health and Provincial Health Departments in completing this assignment. Mr. Dawood Ahmed and Mr. Farooq Khan worked on the assignment and authored the report.

Disclaimer

This document is issued for the party which commissioned it and for specific purposes connected with the above-captioned project only. It should not be relied upon by any other party or used for any other purpose.

We accept no responsibility for the consequences of this document being relied upon by any other party, or being used for any other purpose, or containing any error or omission which is due to an error or omission in data supplied to us by other parties.

April 2013

Islamabad

Table of Contents

ABBREVIATIONS & ACRONYMS	iv
EXECUTIVE SUMMARY	1
INTRODUCTION	4
Section 1: Analysis of Budget and Budgetary Trends.....	6
Section 2: Analysis of Budget Execution and Expenditure Trends.....	10

List of Tables

Table 1: Government of balochistan - Population Welfare Budget and Actual Expenditure	3
--	---

List of Figures

Figure 1: Bar Chart (Population Welfare Department, Balochistan).....	6
Figure 2: Bar Chart (Current Budget)	7
Figure 3: Bar Chart (Development Budget)	8
Figure 4: Bar Chart (Budget Estimates).....	10
Figure 5: Bar Chart (Current Budget Estimates).....	11
Figure 6: Bar Chart (Development Expenditure).....	12

ABBREVIATIONS & ACRONYMS

ADP	Annual Development Programme
A.E	Actual Expenditure
AKA	Also known as
B.E	Budget Estimates
Bn	Rupees in Billion
FD	Finance Department
FY	Fiscal Year
GoB	Government of the Balochistan
GoP	Government of Pakistan
Mn	Million
P&DD	Planning & Development Department
PIFRA	Project to improve Financial Reporting and Auditing
PW	Population Welfare
Rs.	Pakistan Rupees
R.E	Revised Estimates
TRF	Technical Resource Facility
Wef	With effect from
YoY	Year on Year basis

EXECUTIVE SUMMARY

1. Consolidated (current & development) expenditure of Population Welfare (Balochistan) was Rs. 34 mn against a budget allocation of Rs. 261 mn in FY 2011-12 with the execution rate of 13%. This expenditure level shows a phenomenal increase of 736% over FY 2010-11 in which execution rate was only 3%.
2. Budget expenditure is balanced between the current and the development (50% each). The development expenditure in FY 2011-12 budget was just Rs. 17 mn against an allocation of Rs. 245 mn (execution rate of 7%). Current expenditure has shown a phenomenal increase of 737% since FY 2010-11 (from Rs. 2 mn to Rs. 17mn), the budget execution rate in FY 2011-12 was 106% (Rs. 17 mn against the allocated budget of Rs. 16 mn).
3. Development budget has maintained its dominant share (more than 96%) in budget allocations in 2012-13 (decreased from 100% allocations in FY 2010-11) and has grown by 279% since FY 2010-11. The share of current budget in total budget allocations for population welfare has increased from 0% to 4% during the review period (FY's 2010-13).
4. Employee costs have the highest share (91%) in the current budget in FY 2012-13 followed by operating expenses (6%) and physical assets (3%). An analysis of development allocations leads one to conclude that "Grants, subsidies & write-off loans" seems to be the preferred classification as the entire budget is classified under this head throughout FY's 2010-13.
5. Allocations for grants & subsidies have grown by 79% in FY 2012-13 after rising by 111% in FY 2011-12. Employee related and operating expenses have got negligible budget allocations in FY's 2011-13 and have remained more or less at the same level in these FY's.
6. As far as functional classification is concerned, whole of the current budget is classified under "Population Welfare Administration" during FY's 2012-13 and 2011-12. Similarly, whole of the development budget is classified under just one functional classification, i.e. Population Planning Administration.

7. Salary component continues to dominate the current budget during the period of analysis. The salary vs. non-salary ratio was 91:9 in FY 2012-13 showing a declining trend from 94:6 in FY 2011-12.
8. Share of salary component is 89% of the current budget allocations in FY 2012-13 which has decreased from 94% in FY 2011-12. Salary has registered a budget execution rate of 104% whereas non-salary has recorded an execution rate of 197% in FY 2011-12.
9. Within non-salary component, operating expenses have increased by 14%, transfer payments by 53% and repair & maintenance by 9% over 2011-12. Operating expenses stand out as the budget head with the highest budget execution rate (125%) in FY 2011-12. This is followed by repair & maintenance (120%) and transfer payments (89%).
10. Share of PW budget allocations in Provincial budget outlay have increased to 0.25% in FY 2012-13 showing an increase of 293% since FY 2010-11. Most of the increase (126%) was recorded in FY 2011-12 alone.

TABLE 1: GOVERNMENT OF BALOCHISTAN - POPULATION WELFARE BUDGET AND ACTUAL EXPENDITURE

(Rs in Million)

	B.E 2010-11	%	A.E 2010-11	%	B.E 2011-12	%	A.E 2011-12	%	B.E 2012-13	%
Govt. of Balochistan										
Current	-	0%	2	50%	16	6%	17	50%	16	4%
Development	116	100%	2	50%	245	94%	17	50%	439	96%
Total	116		4		261		34		455	

INTRODUCTION

1. This Report on Population Welfare budget and expenditure analysis of the Provincial Government (Government of Balochistan) has been prepared by Consultant at the request of Technical Resource Facility (TRF).
2. Analysis in this Report cover FY's 2010-11, 2011-12 and 2012-13. Cut-off date for acquiring expenditure data expenditure for FY 2011-12 is 20 January 2013. The actual expenditures for the Population Welfare Department have been used for analysis in this Report.
3. Source of the budget data is from the annual budget documents, whereas other data i.e. provincial expenditures is taken from PIFRA System.
4. The document explains situation from macro perspective and then narrowing down in details. It analyses budget and expenditure trends separately. Report is divided into following Sections for clarity and understanding.

Section I Analysis of Population Welfare Budgets and Budgetary trends

Section II Analysis of Population Welfare Budget Execution and Expenditure trends

5. **Section I** attempts to analyse budgetary allocations and how budget has grown over the years in terms of aggregate and at detail levels.
6. **Section II** reviews the expenditure against budget allocations against various dimensions starting from aggregate to detail levels from economic and functional classification perspective.
7. The above analysis was performed after extracting and carefully reformulating quite a voluminous budget and expenditure data over last three years (FY's 2010-13). All such data tables forming the basis of analysis have been included as Appendices of this Report which have been referred while appreciating budget analysis.

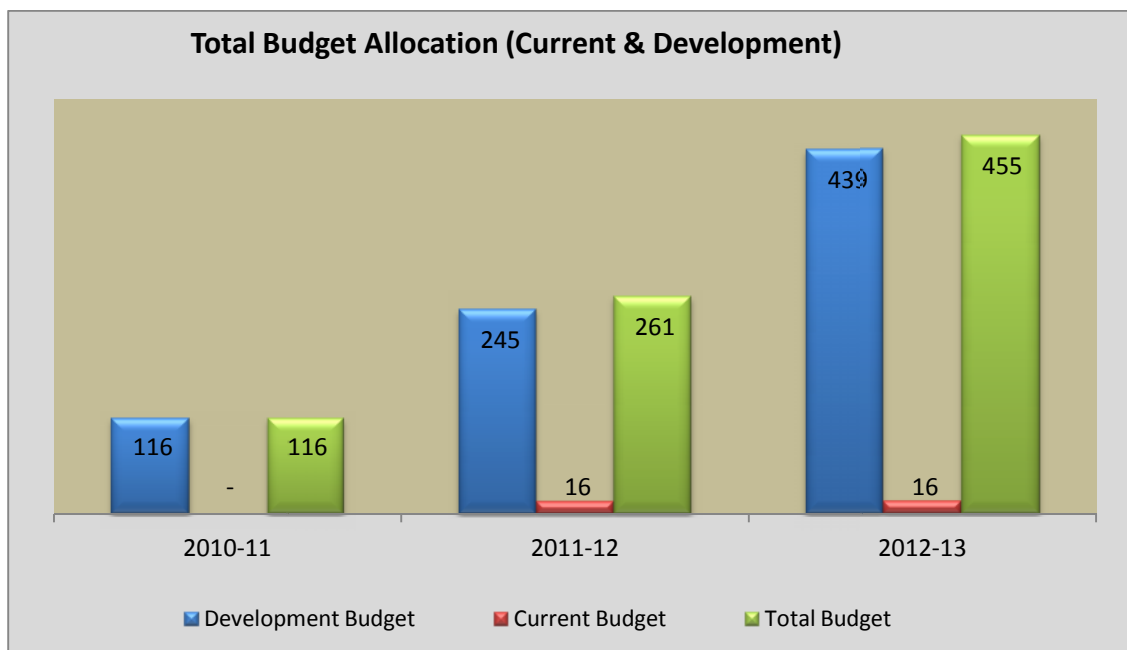
8. Within Appendices, Appendix A – Glossary of terms has been specially developed which describes key budget and expenditure terminologies which will guide readers in appreciating relevant financial terms and its local connotation.

9. Key assumptions – the budget and expenditure analysis following sections does not provide commentary on:
 - Budgetary processes and flows, basis of budgeting and budget priorities used formulating budget estimates and their revision
 - Causes and reasons for low budget execution (spending)
 - The qualitative impact and aspects of expenditure
 - Budget formulation and budget execution procedures and institutions

Section 1: Analysis of Budget and Budgetary Trends

1. This Section of the Report provides analysis on the budget allocation and its historical trends during three financial years i.e. FY's 2010-11, 2011-12 and 2012-13 for Population Welfare Department, Government of Balochistan. It starts by providing analysis on the total budget allocation (current and development) i.e. providing the macro perspective, then describes typical composition of current / development budget and then finally drills down separately into allocations for current and development budget for the Government.

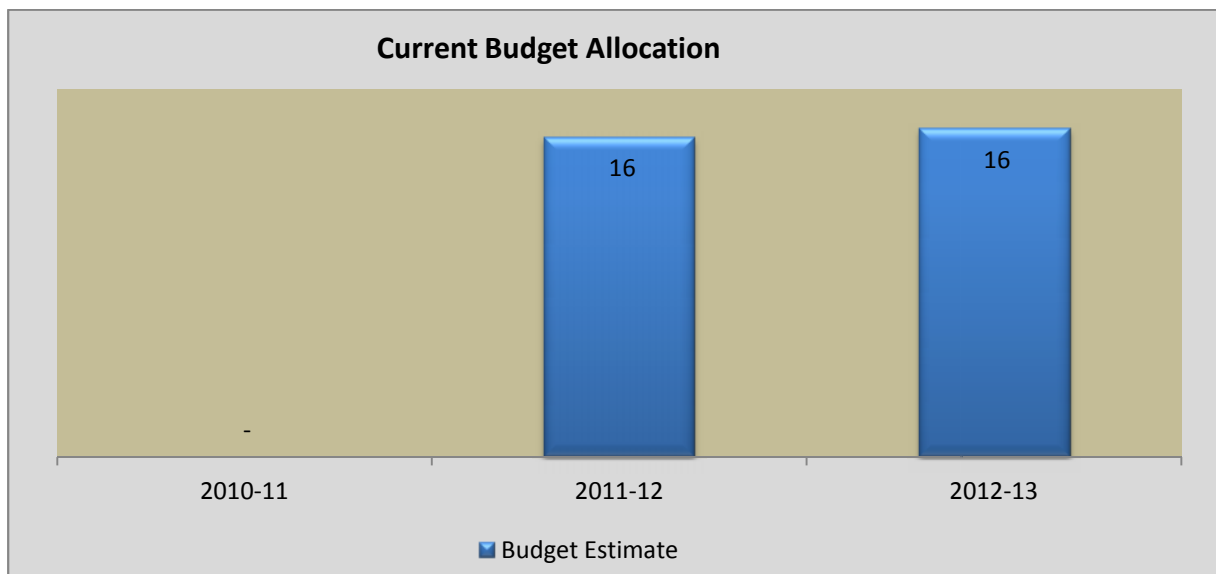
FIGURE 1: BAR CHART (POPULATION WELFARE DEPARTMENT, BALOCHISTAN)



2. Population welfare is primarily a development budget as its share is more than 96% in the total budget in FY 2012-13. In FY 2010-11, development budget comprised the entire population welfare budget (Table 1, Appendix B).
3. Almost entire budget (96% to 100%) for population welfare is classified under the economic classification of grants & subsidies throughout FY's 2010-13. Employee related costs account for 3% of the total PW budget allocations in FY 2012-13 (Table 3, Appendix B).

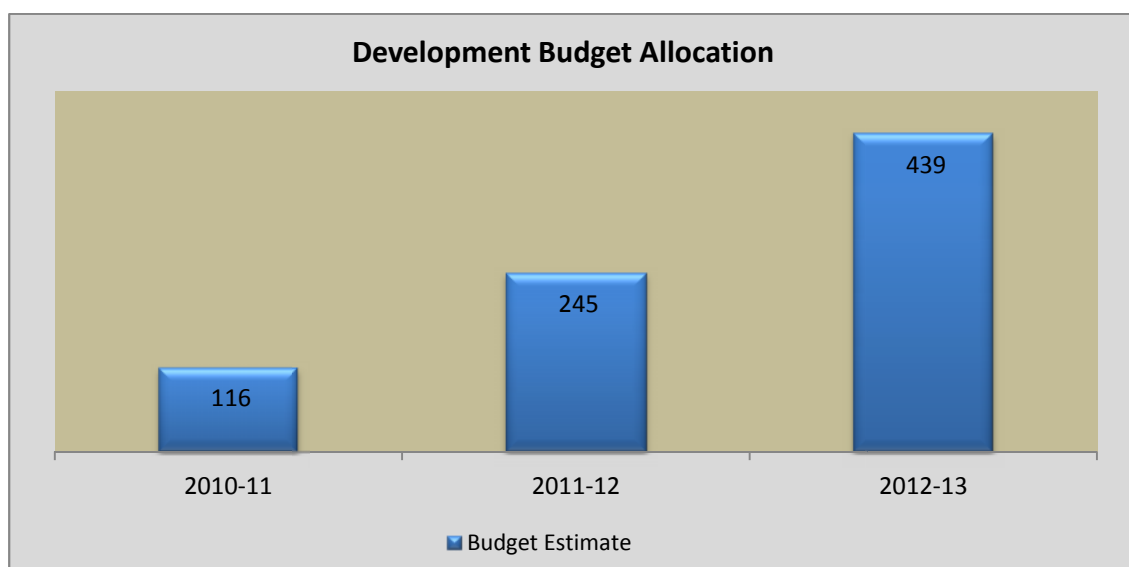
4. Within economic classifications, allocations for grants & subsidies have grown by 79% in FY 2012-13 after rising by 111% in FY 2011-12. Employee related and operating expenses have got negligible budget allocations in later two FY's of the analysis (i.e. 2011-12 and 2012-13) and have remained more or less at the same level in these FY's (Table 2, Appendix B).
5. Whole of the budget allocations appear under the functional classification of "population welfare administration" throughout FY's 2010-13. In FY 2012-13, these have shown a growth of 74% over FY 2011-12 (Table 6 & 7, Appendix B).
6. Since FY 2010-11, population welfare budget allocations (current & development) for Balochistan have increased by 293%. Most of the increase (126%) was recorded in FY 2011-12 alone (Table 1, Appendix C).
7. This substantial increase has translated into a constantly growing share of population welfare budget in overall provincial budget outlay. For example, the share has risen to 0.25% in FY 2012-13 from 0.11% in FY 2010-11 (Table 2, Appendix C).
8. Population welfare budget is mainly a development budget. A small portion (3.5%) is attributed to current budget in FY 2012-13 which has registered an increase of 3% over FY 2011-12. Development budget which comprises 96.5% of the total population welfare budget has registered an increase of 79% in FY 2012-13 after showing a growth of 112% in FY 2011-12 (Table 3, Appendix C).

FIGURE 2: BAR CHART (CURRENT BUDGET)



9. Current budget had zero allocation in FY 2010-11. In FY's 2011-12 and 2012-13, budget allocations remained unchanged at Rs. 16mn (Table 4, Appendix C).
10. A break-up of the current budget along object classifications suggests that employee costs clearly have the highest share (91%) in the current budget in FY 2012-13. These are followed by operating expenses (6%) and physical assets (3%). FY 2011-12 had almost similar share for these expense categories (Table 6, Appendix C).
11. As far as functional classification is concerned, whole of the current budget is classified under "Population Welfare Administration" during FY's 2012-13 and 2011-12 (Table 7, Appendix C).
12. Ratio between salary and non-salary components is 91:9 in FY 2012-13, whereas it was 94:6 in FY 2011-12, indicating a decline in salary and a rise in non-salary share in current budget. Almost similar trend is witnessed in growth rates of these components. For example, salary declined by 1% while non-salary component increased by 56% in FY 2012-13 (Table 8 & 9, Appendix C).
13. Within non-salary component, operating expenses have increased by 14%, transfer payments by 53% and repair & maintenance by 9% over 2011-12 (Table 10, Appendix C).

FIGURE 3: BAR CHART (DEVELOPMENT BUDGET)

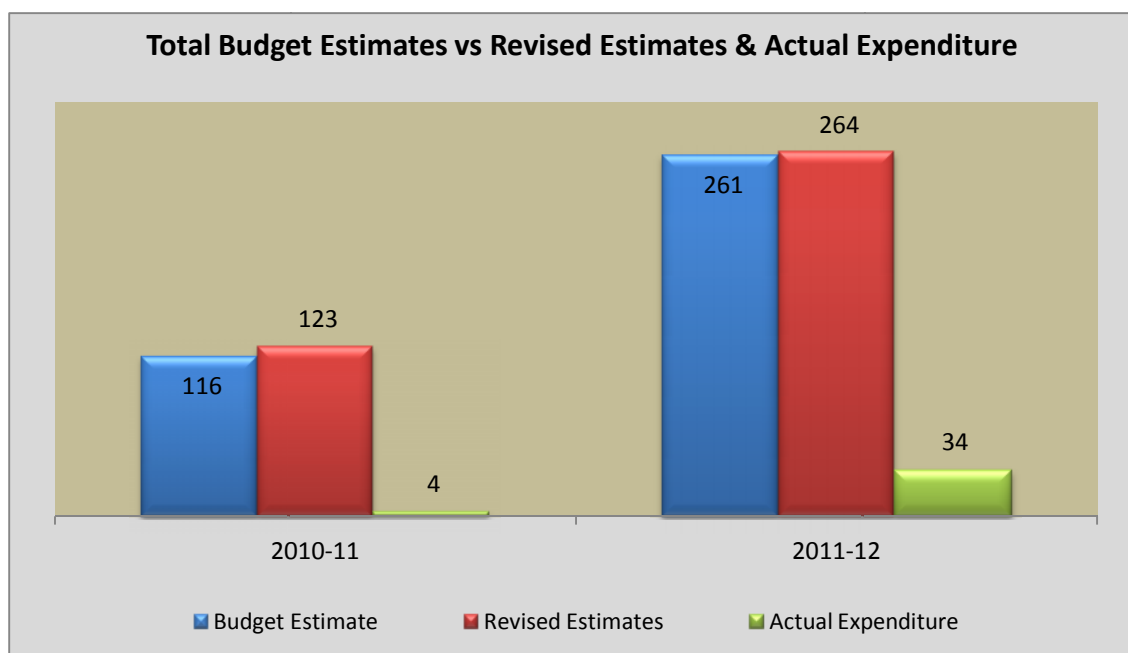


14. Development budget allocations (Rs. 439 mn in FY 2012-13) have increased by 79% in FY 2012-13 after growing by 112% in FY 2011-12 (YoY basis). Overall growth since FY 2010-11 is 279% (Table 11, Appendix C).
15. An analysis of development allocations along object classification leads one to conclude that "Grants, subsidies & write-off loans" seems to be the preferred classification as the entire budget is classified under this head throughout FY's 2010-13 (Table 13, Appendix C).
16. Similarly, whole of the development budget is classified under just one functional classification, i.e. Population Planning Administration during three years (Table 14, Appendix C).

Section 2: Analysis of Budget Execution and Expenditure Trends

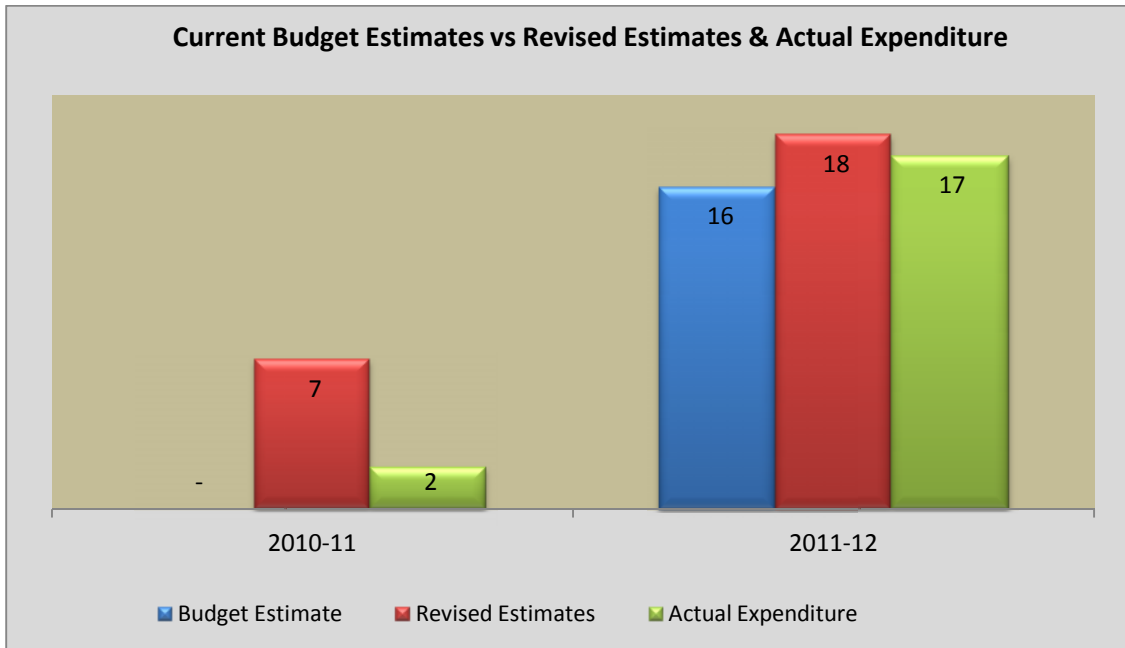
1. This Section of Report provides analysis on expenditure trends since last three years for Population Welfare Department, Government of Balochistan. It starts by providing analysis on total expenditures (current and development) against budget allocation i.e. providing the macro perspective and then finally drills down into assessing how expenditures have performed against current and development budget.

FIGURE 4: BAR CHART (BUDGET ESTIMATES)



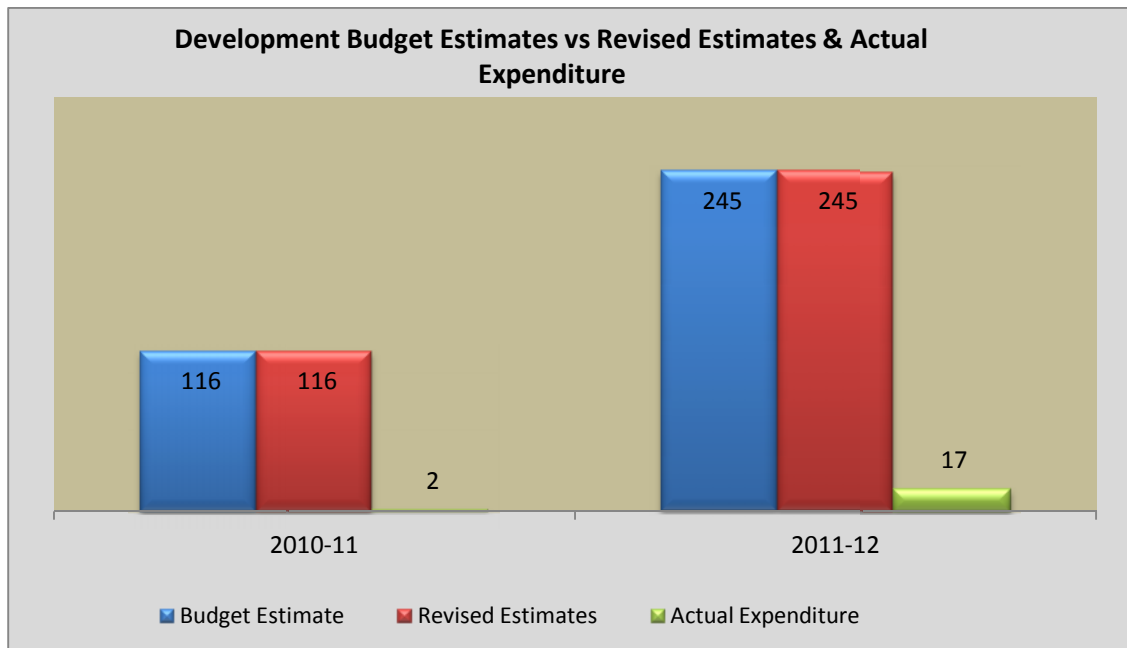
2. Despite high increase in budget allocations, population welfare has recorded a very low budget execution rate of 13% in FY 2011-12. This rate was even lower (just 4%) in FY 2010-11 (Table 1, Appendix D).
3. Budget allocations were subject to slight revisions in FY's 2010-11 and 2011-12. In both years, the allocations were revised upward (6% in FY 2010-11 and 1% FY 2011-12). However, these variations had no significant impact on budget execution rate (Table 3, Appendix D).

FIGURE 5: BAR CHART (CURRENT BUDGET ESTIMATES)



4. In FY 2011-12, current expenditure (Rs. 17mn) grew by 737% over FY 2010-11. The budget execution rate was 110%. There was a small expenditure (Rs. 2 mn) against a zero allocation in FY 2010-11 (Table 4, Appendix D).
5. Current budget allocations were revised upward in both FY's. The budget execution rate based on revised estimates were 94% and 28% in FY 2010-11 and 2011-12 (Table 5, Appendix D).
6. Salary component is 89% of the current budget allocations in FY 2012-13. This share was 94% in FY 2011-12 and 84% in FY 2010-11. Salary has registered a budget execution rate of 104% whereas non-salary has recorded an execution rate of 197% in FY 2011-12. Since there were no allocations in FY 2010-11, it is not possible to calculate execution rate for this year (Table 6 & 7, Appendix D).
7. Within non-salary, operating expenses stand out as the budget head with the highest budget execution rate (125%) in FY 2011-12. This is followed by repair & maintenance (120%) and transfer payments (89%) (Table 8, Appendix D).

FIGURE 6: BAR CHART (DEVELOPMENT EXPENDITURE)



8. Expenditure for development component of population welfare budget was just Rs. 17mn against an allocation of Rs. 245mn in FY 2011-12, suggesting a budget execution rate of 7%. In FY 2010-11, the budget execution rate was even lower (just 2%). Overall expenditure level has increased by 736% since 2010-11 (Table 9, Appendix D).
9. There were no changes in original budget estimates of population welfare development budget. The budget execution rate has thus remained unchanged at 2% and 7% in FY's 2010-11 and 2011-12 (Table 10 & 11, Appendix D).
10. The entire development expenditure relates to grants & subsidies in FY's 2010-11 and 2011-12 (Table 12 & 13, Appendix D).

