
Balochistan Population Welfare Budget and Expenditure Analysis

(2008 - 09 to 2012 – 13)

HEALTH REPORT



Acknowledgement

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Plan
A.E	Actual Expenditure
B.E	Budget Estimates
BHU	Basic Health Unit
bn	Rupees in Billion
FD	Finance Department
FY	Fiscal Year
GoP	Government of Pakistan
GDP	Gross Domestic Product
LG	Local Government
mn	Rupees in Million
MTBF	Medium Term Budgetary Framework
NFC	National Finance Commission
O&M	Operation and Maintenance
P&DD	Planning & Development Department
PIFRA	Project to improve Financial Reporting and Auditing
Rs.	Pakistan Rupees
R.E	Revised Estimates
TRF	Technical Resource Facility
Wef	With effect from
YoY	Year on Year basis

EXECUTIVE SUMMARY

1. The aggregate health expenditure (Provincial Government and consolidated Districts) has grown by more than 140% over the FY's 2008-09 to 2011-12. For FY 2011-12, aggregate health expenditure (Provincial Government and consolidated Districts) was Rs 9.54 bn against budget allocation of Rs 10.5 bn. Most of this growth in expenditure took place during FY's 2010-11 and 2011-12.
2. Health expenditure (current and development) at the level of Provincial Government has grown much faster when compared to District Governments. From FY's 2008-09, Provincial health expenditure (current and development) grew by more than 220%. Whereas during the same period District health expenditure (current) showed a growth rate of only 72%. This confirms a clear shift in health budget allocations (and expenditure) from Districts to Provinces.
3. Current health expenditure continues to dominate aggregate health expenditure (Provincial Government and consolidated Districts). During FY's 2010-12 it was above 80% of aggregate health expenditure (Provincial Government and consolidated Districts). 'Employee related expenses' account for around 70% of current health expenditure growing at around 110% from FY's 2008-09 to 2011-12.
4. With effect from May 2010, the Provincial Assembly has enacted Local Government Act 2010 which in essence has reversed prior devolution efforts. The administration and financial authority for management of District Government set up in Districts under Balochistan Local Government Ordinance 2001 has been entrusted to the Provincial Administrative Departments. Consequently, w.e.f FY 2010-11, there has been NO budget allocation appearing under Districts. Provincial Health Departments is providing budgetary finance for expenditures taking place at the Districts.
5. Provincial health budget allocation (current and development) for FY 2012-13 is Rs 6.9 bn showing a growth rate of 269% over a period of five years. Similar to expenditure, majority of this increase took place in FY's 2010-11 and FY 2011-12. Large part of the health budget allocation can be attributed to increase in budget allocation for current budget which grew by around 253%. Ratio of composition between current and development budget in FY 2012-13 stands at 81:19.

6. Within Provincial health current budget, the ratio between salary and non-salary allocation is showing improvements in last two FY's i.e. 2011-13 with a bit of renewed focus on non-salary and is around 66:34. This key ratio was more bent towards salary budget during FY's 2009-11.
7. Within Provincial health current budget, allocations for 'repairs and maintenance' seem to show massive inconsistencies and does not corroborate with exceptionally large allocations for fixed assets – as perhaps one would expect. It grew by around 900% (YoY basis) in 2010-11 at Rs 83 mn but since then has reduced to almost nothing (in relative terms) at Rs 16 mn in FY 2012-13. This further re-iterates low priority given to a key service delivery head like 'repairs and maintenance.
8. Provincial health development budget allocation shows unpredictable growth trends over last five years. It stands at Rs 1.3 bn for FY 2012-13 showing a negative growth rate of 18% on YoY basis. However, for previous four years i.e. during FY's 2008-12 it grew by more than 450%. FY 2011-12 stands out as the year in which development budget grew most on YoY basis i.e. 84%.
9. The Provincial health development budget for FY 2008-09 comprised only of approved schemes but this trend seems to be changing quite radically in subsequent years. During FY's 2009-13, emphasis markedly shifts towards allocating for un-approved schemes. In FY 2012-13, around half of health development budget allocation was for un-approved schemes.
10. Quite clearly, the Provincial Government is undertaking health development work on behalf of District Governments. While analysing development schemes one gets a sense that these relate to District Governments. For example, such typical schemes comprise of up-gradation and establishment of BHU, up-gradation of civil dispensaries, etc.
11. The Provincial health expenditure for FY 2012-13 is Rs 5.9 bn showing consistent impressive budget execution rates over the four years. Budget execution rate for last two financial years has been well over 85%. Since FY 2008-09, actual expenditure has grown by more than three fold. Most of the increase (YoY basis) has taken place in last two years i.e. FY's 2010-12 while FY 2009-10 is showing a negative growth (real terms) in actual expenditure.

12. Budget execution rate for Provincial health development budget is somewhat better than respective current budget. Provincial health current budget starts off impressively maintaining above 90% during FY's 2008-10 but since then reduced to 77% in FY 2011-12. On the other hand, budget execution for development budget has been well over 100% during FY's 2008-09 (129%), 2010-11 (115%) and 2011-12 (122%) except for FY 2009-10 where it was around 23%.
13. The Provincial health current expenditure for FY 2012-13 is Rs 3.9 bn showing an increase of 158% during last 4 years. Large part of this increase took place in FY 2010-11 where the actual expenditure almost doubled. During the period of analysis non-salary budget is growing at a much faster rate than salary budget. Ratio between salary and non-salary expenditure within Provincial health current expenditure is also showing significant shifts during FY's 2009-11. In FY 2010-11, this critical ratio has changed to 47:53 from 65:35 in FY 2009-10.
14. Of all the four years (FY's 2008-12), except for FY 2009-10, budget execution rate for provincial development budget has been well over 100%. For FY 2011-12, Provincial health development expenditure was Rs 1.94 bn showing an increase of 422% from FY 2008-09. FY 2009-10 has been a particularly bad year for health development budget in terms of budget execution where actual spending showed negative growth of 67% (YoY basis).
15. Focus of provincial health development expenditure is not on typical 'asset creation' activities like 'civil works' and 'fixed assets'. Surprisingly, Operating expenses account for around 90% of the development expenditure.
16. Health budget allocation for consolidated Districts for FY 2012-13 is Rs 4.1 bn showing a growth of 81% since FY 2008-09. Salary budget is growing at a rate faster than non-salary budget. There is no consistent growth trend in non-salary budget.
17. The consolidated district health expenditure for FY 2011-12 is Rs 3.6 bn showing an impressive 98% budget execution rate but growing by just around 72% from FY 2008-09. Except for FY 2010-11, budget execution rate has been well over 90%.
18. During FY's 2010-12, certain districts have not been able to spend budget allocations for drugs and medicines. These are Washuk, Quetta, Lasbella, Lasbella, Killa Saifullah and Barkhan.

19. Following passage of 18th Constitutional Amendment (w.e.f 1 July 2011), Ministry of Health stands dissolved while most of its functions have been transferred to Provincial Government. Analysis of budget documents reveal Sheikh Khalifa Bin Zayed has been absorbed into Provincial health current budget for FY 2012-13.
20. Use of functional classification to classify health budget and expenditures needs to be made more informative and aligned to policy objectives. This would facilitate user (& policy makers) for example to identify expenditure between primary and secondary health services. The existing use of functional classification prohibits any basic analysis that may facilitate decision makers to assess purpose (& qualitative aspects) of expenditure and make informed policy choices.
21. While analysing the current health expenditure one also gets a sense of disparity between Districts. The per-capita health current expenditure in each District brings out interesting dimensions. Districts with highest population appear to be showing particularly low per-capita health current expenditures.
22. Executive summary does not provide any commentary on the fiscal situation of the Province. Summary will be updated once civil accounts for FY 2011-12 have been finalised perhaps in a few weeks' time.

TABLE 1: GOVERNMENT OF BALOCHISTAN AND AGGREGATE DISTRICTS-BUDGET AND ACTUAL EXPENDITURE

(Rs in Million)

	Budget Estimate 2008-09	Actual Expenditure 2008-09	Budget Estimate 2009-10	Actual Expenditure 2009-10	Budget Estimate 2010-11	Actual Expenditure 2010-11	Budget Estimate 2011-12	Actual Expenditure 2011-12	Budget Estimate 2012-13
Government of Balochistan	1,890	1,806	2,191	1,663	4,695	4,041	6,760	5,914	6,969
District Governments	2,314	2,109	2,639	2,504	3,617	2,700	3,706	3,627	4,197
Total	4,203	3,915	4,830	4,167	8,312	6,740	10,466	9,541	11,166
Government of Balochistan & District Governments									
Current budget	3,913	3,542	4,289	4,043	7,443	5,743	8,869	7,594	9,851
Development budget	290	373	541	124	869	997	1,598	1,947	1,315
Total	4,203	3,915	4,830	4,167	8,312	6,740	10,466	9,541	11,166
Government of Balochistan									
Current budget	1,600	1,433	1,650	1,539	3,826	3,044	5,162	3,967	5,654
Development budget	290	373	541	124	869	997	1,598	1,947	1,315
Total	1,890	1,806	2,191	1,663	4,695	4,041	6,760	5,914	6,969
District Governments									
Current budget	2,314	2,109	2,639	2,504	3,617	2,700	3,706	3,627	4,197
Development budget	-	-	-	-	-	-	-	-	-
Total	2,314	2,109	2,639	2,504	3,617	2,700	3,706	3,627	4,197

% Share in Budget and Actual Expenditure

Consolidated Health	100%								
Government of Balochistan	45%	46%	45%	40%	56%	60%	65%	62%	62%
District Governments	55%	54%	55%	60%	44%	40%	35%	38%	38%
Government of Balochistan & District Governments	100%								
Current budget	93%	90%	89%	97%	90%	85%	85%	80%	88%
Development budget	7%	10%	11%	3%	10%	15%	15%	20%	12%
Current budget	100%								
Government of Balochistan	41%	40%	38%	38%	51%	53%	58%	52%	57%
District Governments	59%	60%	62%	62%	49%	47%	42%	48%	43%
Development budget	100%								
Government of Balochistan	100%	100%	100%	100%	100%	100%	100%	100%	100%
District Governments	0%	0%	0%	0%	0%	0%	0%	0%	0%

Per Capita Expenditure

Population of Balochistan (in Million)*		8.549		8.687		8.827		9.162	
Per Capita Expenditure - Total		458		480		764		1,041	
Per Capita Expenditure - Current		414		465		651		829	
Per Capita Expenditure - Development		44		14		113		212	

*Source: PSDP – Government of Balochistan

INTRODUCTION

1. This Report on health budget and expenditure analysis of the Provincial Government (Government of Balochistan) and the District Governments in Balochistan has been prepared by Consultant at the request of Technical Resource Facility (TRF). It is an update of previous report which was issued earlier this year in January 2012. This Report will be further updated in coming weeks based on availability of fiscal accounts (civil accounts and financial statements) of Balochistan Province for FY 2011-12.
2. Analysis in this Report cover FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13. Cut-off date for acquiring expenditure data expenditure for FY 2011-12 is 25 November 2012. Consultant would like to highlight here that the fiscal accounts (civil accounts and financial statements) of Balochistan Province for FY 2011-12 have not yet been finalised and approved. However, the actual expenditures for the Health Department are by and large finalised and have been used for analysis in this Report.
3. Source of provincial budget data is from the annual budget documents. Where as all other data i.e provincial expenditures, budget and expenditure is taken from PIFRA System. Data obtained from PIFRA System was also verified on test cases by checking it with records at the Accountant General's Office (Quetta) and District Accounts Offices.
4. In case of Provincial Government, development expenditure figures are also being maintained by Health Department based on information received from P&D and spending units/programs. Reliability of these figures is doubtful, therefore Consultant has taken figures from PIFRA System which actually represents record of State.
5. This document explains situation from macro perspective and then narrowing down to micro. It analyses budget and expenditure trends separately. Report is divided into following sections for clarity and understanding.

Section I Analysis of Health Budgets and Budgetary trends

Section II Analysis of Health Budget Execution and Expenditure trends

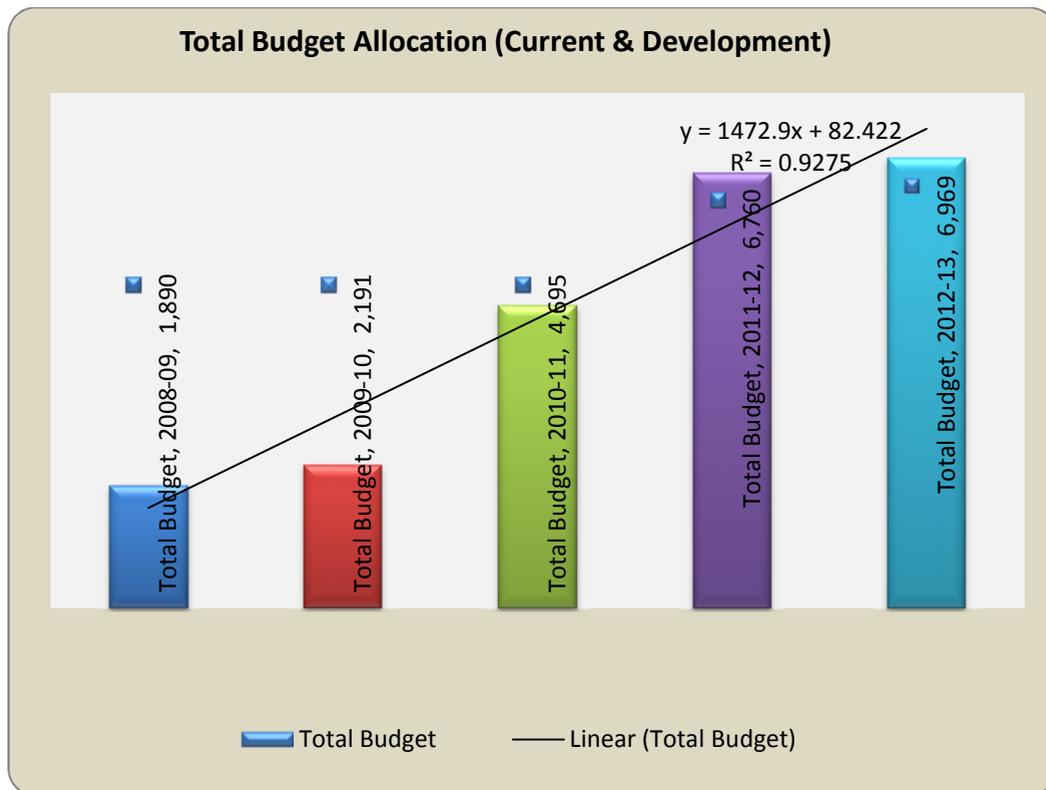
6. **Section I** attempts to analyse budgetary allocations and how budget has grown over the years in terms of aggregate and at detail levels.

7. **Section II** reviews the expenditure against budget allocations against various dimensions starting from aggregate to detail levels from economic and functional classification perspective. Further expenditure by 'service delivery' area was also performed for three Districts i.e Gawadar, Quetta and Sibi.
8. Once fiscal accounts (civil accounts and financial statements) of Balochistan Province for FY 2011-12 are available, this Report, will be further updated in coming weeks by adding a section on 'macro-fiscal context of Balochistan'.
9. The analysis has been done after extracting and carefully reformulating quite a voluminous budget and expenditure data over last five years (FY's 2008-13). 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.
10. With in 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. It also provides an overview of types of spending units with in Provincial Health Department and District Governments of the Balochistan.
11. Key assumptions – the budget and expenditure analysis following sections does not provide commentary on:
 - Health expenditure figures (extracted from PIFRA) for FY 2011-12 are not likely to go through a substantial change while finalizing the civil accounts of the Province
 - 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 five financial years i.e FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 for (a) Health Department in Government of Balochistan Punjab, and (b) Districts Governments. 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 each level of Government.
2. Balochistan comprises of 30 Districts and each District has had its own current and development budget like that of a Provincial Government till FY 2009-10 that is when Balochistan Local Government Act 2010 was enacted. It is important to mention here that this development had a far reaching impact on the government machinery at the District level and as a result Departments that were devolved (under Balochistan Local Government Ordinance, 2001) have been rolled back and are being financed through respective their respective administrative departments;
3. Consequently, from FY 2010-11, following Government decision to reverse devolution (and re-centralize), health budget allocations for Districts (shown as NIL) have been clubbed into health budget of the Provincial Government. However, for the purpose of this Report and to create consistency in time series aspects of this analysis, health allocations for Districts have been segregated from health budget of the Province and are being shown separately. This is only done to assist the health policy makers and finance professionals in making the most of this report.

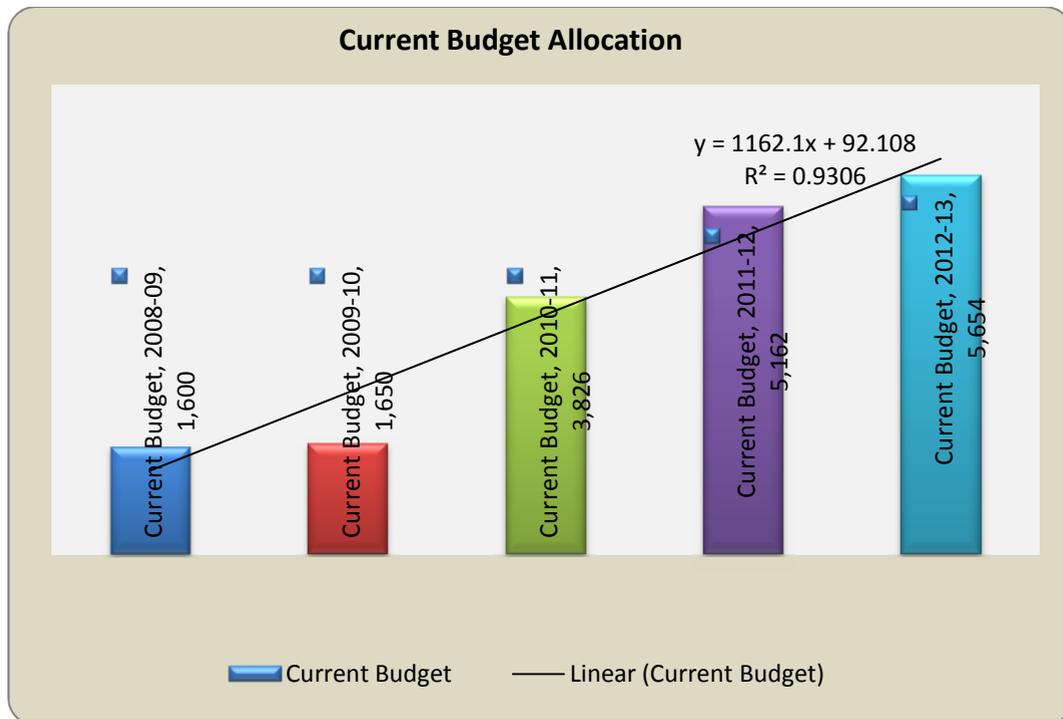
FIGURE 1: BAR CHART - TOTAL BUDGET ALLOCATION (CURRENT & DEVELOPMENT)



4. Provincial health budget allocation (current and development) for FY 2012-13 is Rs 6.9bn showing a growth rate of 269% over a period of five years. Majority of this increase took place in FY 2010-11 and FY 2011-12. In FY 2010-11, health current budget allocation almost doubled on YoY basis where as in FY 2011-12 it rose by 35% on YoY basis (Table 1 & 3, Appendix C).
5. Provincial health allocation against provincial outlay has remained consistent i.e at 4% during last three FY's i.e 2010-13 (Table 2, Appendix C).
6. Large part of the health budget allocation can be attributed to increase in budget allocation for current budget. Ratio of composition between current and development budget stands at 81:19 in FY 2012-13 after showing slight improvements in FY 2011-12 at 76:24 but then goes back to 81:19 in FY 2010-11. Interestingly, in annual percentage growth terms development budget is exhibiting better average annual growth rate i.e 53% against current budget at 45% (Table 3, Appendix C).

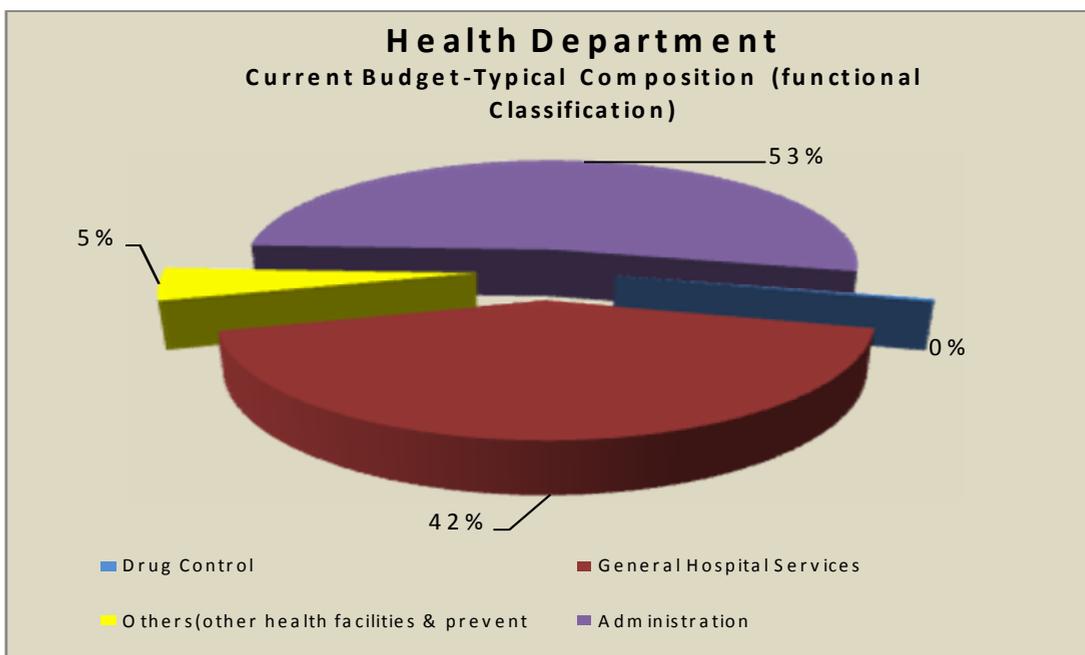
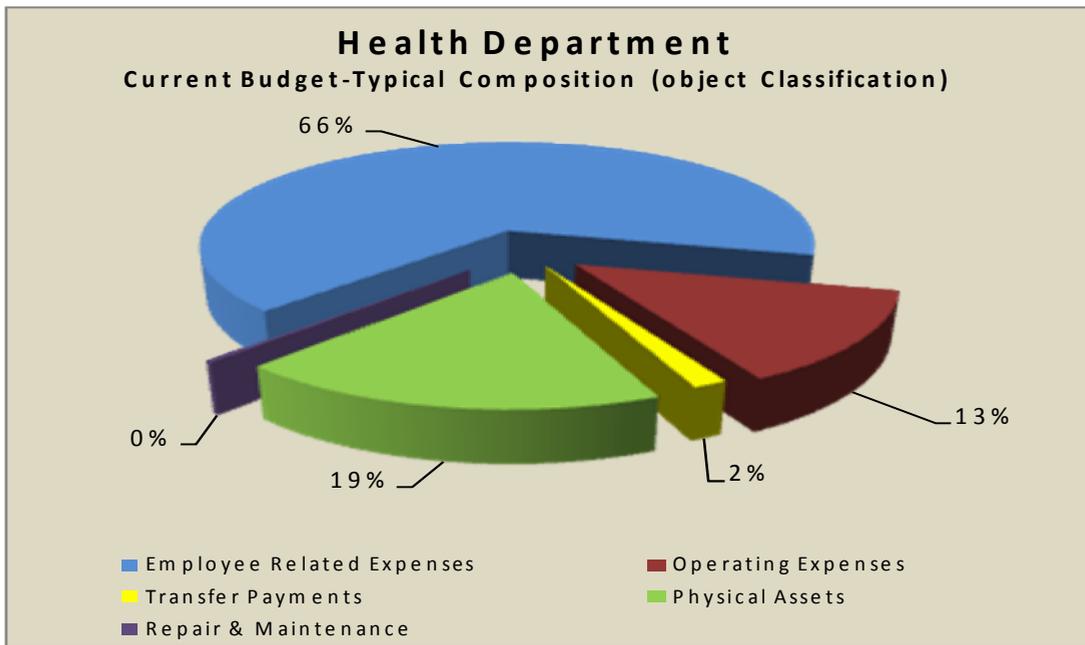
Current Budget

FIGURE 2: BAR CHART - CURRENT BUDGET ALLOCATION



7. Before going any further, here it would be useful to appreciate typical composition of provincial health current budget i.e what does it actually contain? Employee related expenses (66% app) and operating expenses (13% app) comprise around 80% of the average budget allocations. And in terms of functional classification 'general hospital services' and 'administration' (DG Health Services, etc) comprise of around 90% of over-all health budget allocation. Surprisingly, a hospital (Muhtarma Benazir Shaheed Hospital and Kuchlak Hospital) also features under administration though it should be appropriately classified under 'general hospital services (Table 6 & 7, Appendix C).

FIGURE 3: PIE CHART: CURRENT BUDGET – TYPICAL COMPOSITION

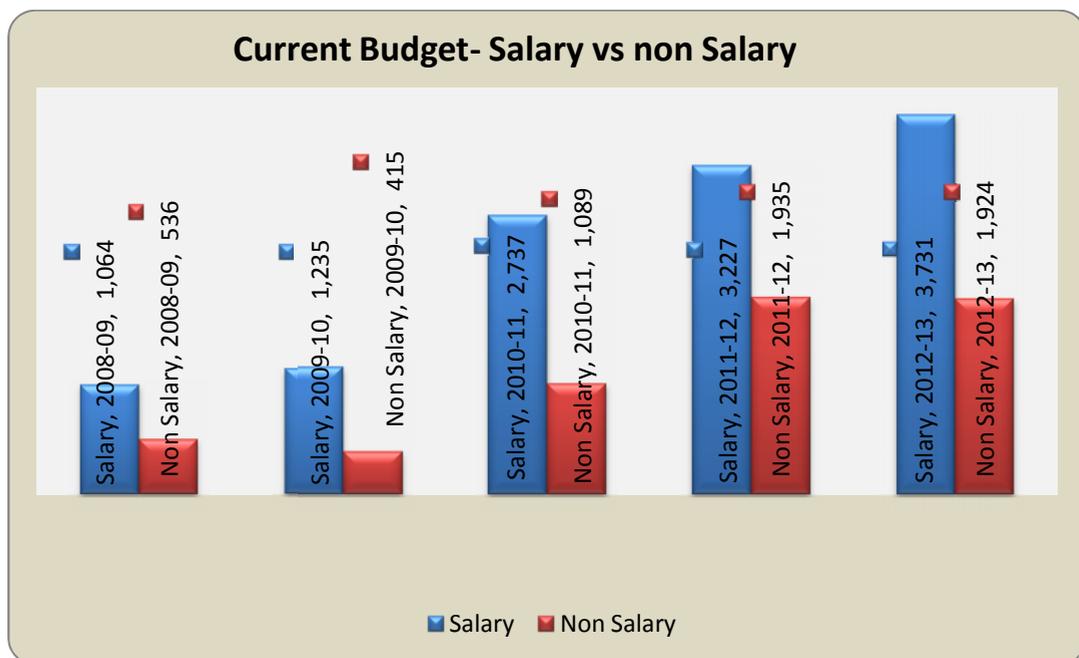


8. Health current budget allocation for FY 2012-13 is 5.6 bn showing an increase of 253% since last 5 years. Similar to provincial health budget allocation, most of the current budget increase (YoY basis) is taking place in FY's 2010 and 2011-12 while showing a meager increase of 10% in FY 2012-13. During FY's 2010-11 and 2011-12 health current budget rose by 132% and 35% respectively (Table 4, Appendix C).
9. The ratio between salary and non-salary current budget allocation is showing improvements in last two FY's i.e 2011-13 with a bit of renewed focus on non-salary and

is around 64:36. This key ratio was more bent towards salary budget during FY's 2009-11 (Table 8, Appendix C).

- Both salary and non-salary budget almost doubled in FY 2010-11 since FY 2008-09 but since then are showing slightly different trends. After FY 2010-11, salary budget is growing (YoY basis) at stable rates of around 17% till FY 2012-13. Whereas, non-salary budget for FY's 2010-11 and 2011-12 grew (YoY basis) by 162% and 78% respectively and then registered slight negative growth (-1%) in FY 2012-13 (Table 9, Appendix C).

FIGURE 4: BAR CHART: CURRENT BUDGET – SALARY VS NON SALARY



- Till FY 2009-10, 'operating expenses' continued to dominate the non-salary budget comprising more than 87% of non-salary budget allocation, however, since then situation has changed with more budget allocations going towards 'fixed assets' showing a rapid increase in FY's 2010-13. 'Fixed assets' and 'operating expenses' account for around 90% of non-salary budget allocations during last three years (Table 10, Appendix C).

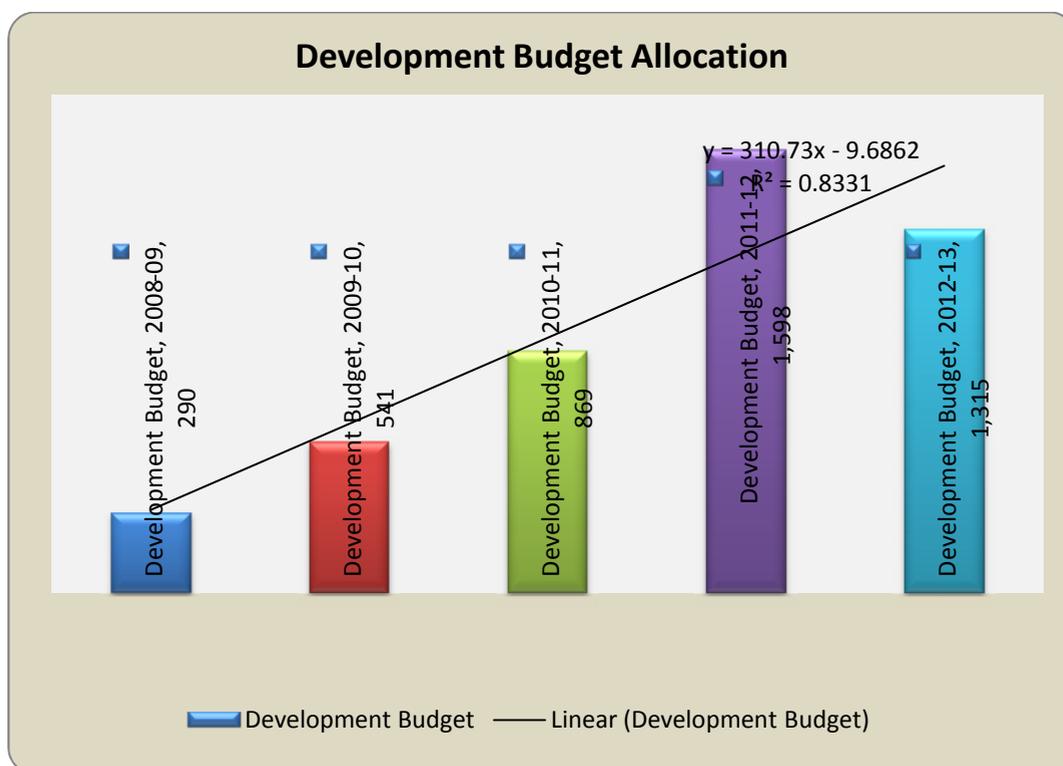
- Budget allocations for fixed assets are of 'block nature' (app Rs 1 bn in FY's 2011-13) under DG Health Services (fund centre).

13. Budget allocation for drugs and medicines is clubbed under 'operating expenses' of non-salary expenditures and has increased by more than 90% in FY 2010-11 (YoY basis). But since then have stabilised and stands at Rs 519m for FY 2012-13 (Table 11, Appendix C).

14. Allocations for 'repairs and maintenance' seem to be on a roller coaster since FY 2008-09 and does not corroborate with exceptionally large allocations for fixed assets – as perhaps one would expect. It grew by around 900% (YoY basis) in 2010-11 at Rs 83m but since then has reduced to almost nothing (in relative terms) at Rs 16m in FY 2012-13. This further re-iterates low priority given to a key service delivery head like 'repairs and maintenance'(Table 10, Appendix C).

Development Budget

FIGURE 5: BAR CHART - DEVELOPMENT BUDGET ALLOCATION



15. Composition of health development budget has invariably been consistent during last three years of analysis. In terms of economic classification, very surprisingly, all allocation has been for 'operating expenses' as against civil works, fixed assets as one would expect (Table 15, Appendix C). Where as in terms of functional classification all development budget allocation has been classified as 'others (other health facilities and preventive measures)' (Table 16, Appendix C). These largely comprise of preventive programs like TB, AIDS, etc.
16. Health development budget allocation shows inconsistent growth trends over the period of analysis. It stands at Rs 1.3 bn for FY 2012-13 showing a negative growth rate of 18% on YoY basis. However, for previous four years i.e from FY's 2008-12 it grew by more than 450%. FY 2011-12 stands out as the year in which development budget grew most on YoY basis i.e 84% (Table 13, Appendix C).
17. The health development budget for FY 2008-09 comprised only of approved schemes but this trend seems to be changing quite radically in subsequent years. During FY's

2009-13, emphasis has shifted towards allocating for un-approved schemes – in FY 2012-13, around half of health development budget allocation was for un-approved schemes (Table 18A, Appendix C).

18. During FY's 2009-10 and 2010-11, there is more emphasis in allocating health development budget for 'new schemes'. This trend has apparently reversed in FY 2011-12 and FY 2012-13 with more than 60% schemes focusing on 'on-going' projects (Table 17, Appendix C).

19. In terms of sectoral allocation, over the period of analysis, there is clearly more emphasis on allocating more development budget to curative health care. In FY's 2011-13, more than 65% of budget allocation is towards curative health care (Table 18, Appendix C).

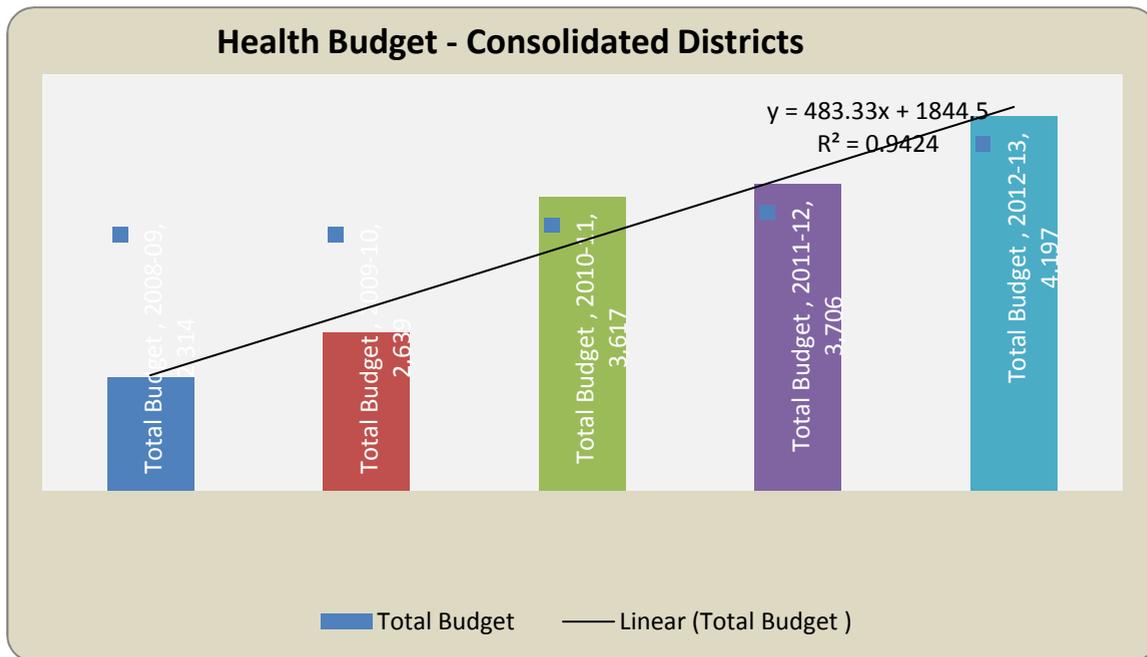
20. While analysing, the health development schemes of the Provincial Government one also gets a sense that these schemes largely relate to work being done in District Governments. For example, such typical schemes comprise of up-gradation and establishment of BHU's, up-gradation of civil dispensaries, etc. It seems Provincial Government is undertaking execution development budget on behalf of the District Governments (Table 24, Appendix C).

21. In terms of approved and un-approved schemes, during the period of analysis, trend has moved from focusing more on un-approved schemes (FY's 2009-11) to approved scheme in FY's 2011-13. More than 50% of budget allocation was towards approved schemes in FY's 2011-13 (Table 20-23, Appendix C).

Medium Term Budgetary Framework

22. Health Department in the Provincial Government (and Districts) do not prepare budgets on MTBF basis.

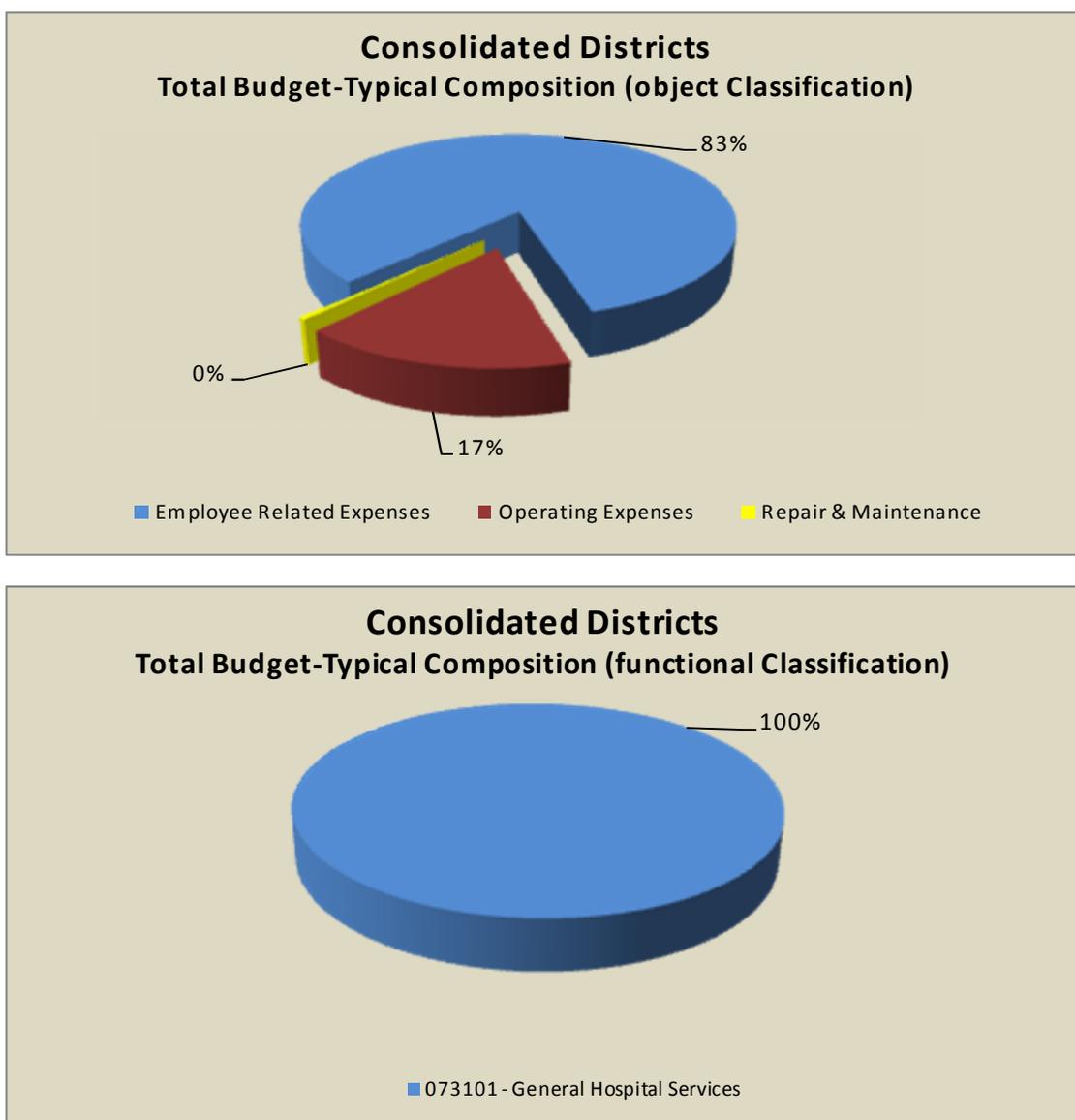
FIGURE 6: BAR CHART HEALTH BUDGET - CONSOLIDATED DISTRICTS



23. Over the period of the analysis, District Governments have not received any allocation for development budgets. As also discussed above (para 3) It appears that Provincial Governments are carrying out schemes for development budget on behalf of the District Governments. Hence, the focus of discussion in this section has been limited only to current budget allocations for District Governments.

24. Health budget allocation for consolidated Districts for FY 2012-13 is Rs 4.1bn showing a growth of 81% since FY 2008-09. On YoY basis, it grew by 14% and 37% (nominal terms) in FY 2009-10 and FY 2010-11 respectively. Since then it has grown by 2 % and 13% in FY 2011-12 and Fy 2012-13 respectively (Table 1, Appendix D).

FIGURE 7: PIE CHART - CONSOLIDATED DISTRICTS



25. While analysing the over-all composition of health budget allocation, in terms of economic classification, employee related expenses account (81%) for large part of budget allocation followed by operating expenses (17%). In FY 2010-11, share of employee related expenses has gone down sharply to 61% from around 80%. In effect, this was not because the employee related budget has grown in financial terms but because Rs. 686mn was allocated for physical assets in FY 2010-11 which had major impact on the over-all composition of health budget (Table 3, Appendix D).

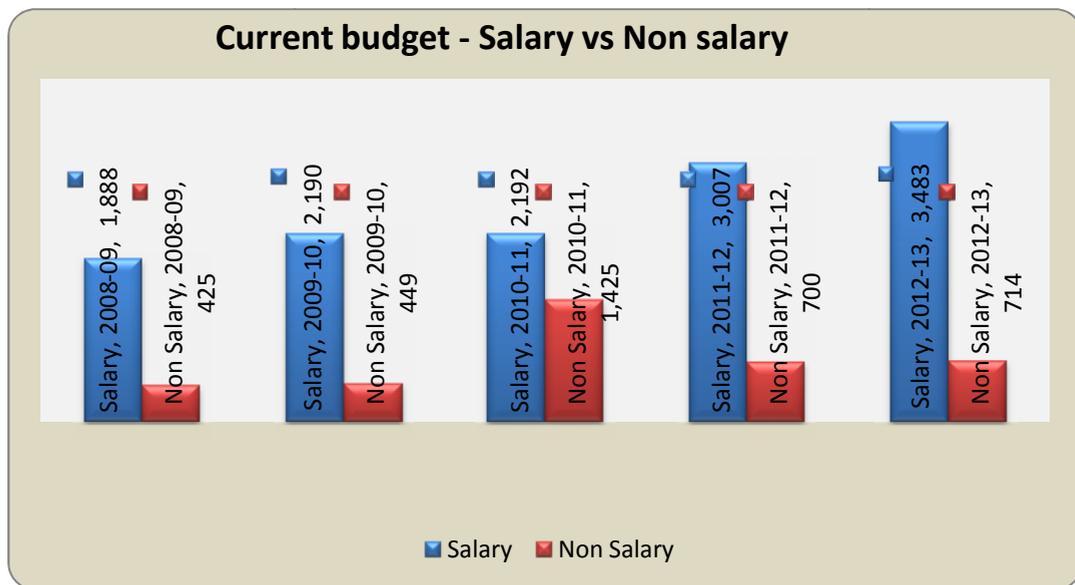
26. The above extraordinary large allocation for physical assets also had an impact on the ratio between salary and non-salary part of current budget. During FY's 2008-10, ratio between salary and non-salary budget has been around 82:18 but this leaned more

towards non-salary budget in FY 2010-11 showing ratio of 61:39. In FY's 2011-13, ratio between salary and non-salary budget is again back to around 82:18 (Table 5, Appendix D).

27. During FY's 2008-10, more than 75% of allocation used to be towards 'administration', 23% towards 'general hospital services' and around 4% towards 'anti-malaria'. However, the situation has changed w.e.f. FY 2010-11 with 'general hospital services' representing 100% of budget allocation (Table 4, Appendix D).

28. Salary budget is growing at a rate faster than non-salary budget. Surprisingly, there was no increase (YoY basis) in salary budget in FY 2010-11 where as it grew by 37% and 16% in FY 2011-12 and FY 2012-13 respectively (Table 6, Appendix D).

FIGURE 8: BAR CHART CURRENT BUDGET – SALARY VS NON SALARY



29. There is no consistent growth trend in non-salary budget. It shows a sharp increase in nominal terms (217%) in FY 2010-11 after remaining stagnant during FY's 2008-10. Surprisingly, in FY 2011-12, it takes a dip and shows a negative growth by 51% and since then has remained almost the same – it was Rs 714m in FY 2012-13 (Table 6, Appendix D).

30. On the face of it 'operating expenses' is showing extraordinary growth though this is apparently a but artificial in nature, This is because almost entire increase in non-salary

budget for FY 2010-11 can be attributed towards increase in two areas i.e 'drugs and medicines' and 'physical assets'. In effect budget for 'operating expenses less drugs and medicines' has gone down by more than 64% during the period of analysis (Table 7 & 8A, Appendix D).

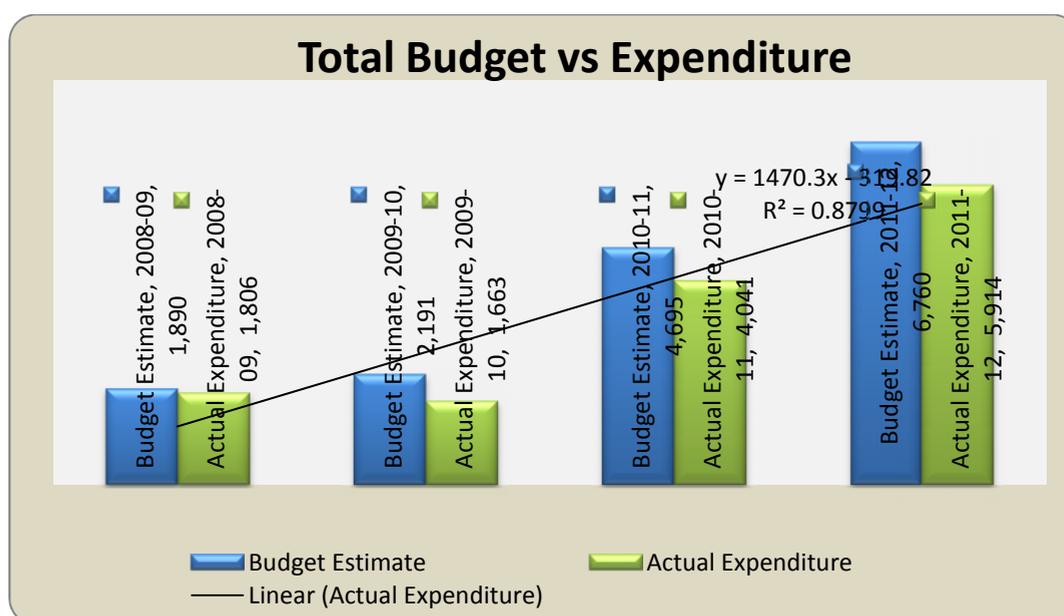
31. With in non-salary budget, budget allocation for 'repairs and maintenance' has gone down sharply over the years when compared to FY 2008-09. It is showing negative growth of 31% and 67% in FY 2009-10 and FY 2010-11 respectively. In FY 2012-13, allocation for 'repairs and maintenance' comprises around 2% of non-salary budget allocations (Table 7, Appendix D).

32. Budget allocation for drugs and medicines show grew (YoY basis) by more than 2,398% in FY 2010-11 and since then has remained more or less stable. In FY 2012-13, budget allocation of drugs and medicines was Rs 607m (Table 8, Appendix D).

Section 2: Analysis of Budget Execution and Expenditure Trends

1. This Section of Report provides analysis on expenditure trends since last four years i.e FY 2008-09, FY 2009-10, FY 2010-11 and FY 2011-12 for (a) Health Department in Government of Balochistan, and (b) Districts Governments. 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 allocation for each Government.
2. Discussion on District budget in proceeding paragraphs starts by discussing consolidated budget allocation but also provides a light commentary on particular Districts showing unusual movements in budget expenditure trends.
3. Before going into detail discussion, it is worth re-iterating here that since FY 2010-11 and following the enactment of Balochistan Local Government Act 2010 there has been NO budget allocation to Districts. These allocations are being made respective administrative Departments i.e the Health Department in this case. Therefore, for FY 2010-11, health allocations to Districts have been merged into budget allocations for Provincial Government who provides budgetary financing. For the purpose of this Report and in order to carry out a meaningful analysis (and appreciate time series analytics) the figures for Districts have been separated from the expenditure (and budget allocations) of Provincial Government.

FIGURE 9: BAR CHART - TOTAL BUDGET VS EXPENDITURE



4. The provincial health expenditure for FY 2011-12 is Rs 5.9 bn showing consistent impressive budget execution rates over the four years. Budget execution rate for last two financial years has been well over 85%. Since FY 2008-09, actual expenditure has grown by more than three fold. Most of the increase (YoY basis) has taken place in last two years i.e FY's 2010-12 while FY 2009-10 is showing a negative growth in actual expenditure in real terms (Table 1, Appendix E).
5. Budget execution rate for current budget is somewhat better than development budget. In current budget – they start off impressively maintaining above 90% during FY's 2008-10 but since then has reduced to 77% in FY 2011-12 (Table 3, Appendix E).
6. On the other hand, budget execution for development budget has been well over 100% during FY's 2008-09 (129%), 2010-11 (115%) and 2011-12 (122%) except for FY 2009-10 where it was around 23% (Table 3, Appendix E).