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# **Consolidated Population Welfare Budget and Expenditure Analysis**

**(2010 – 11 to 2012 – 13)**

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**Federal Government, Provincial  
Governments and AJK**



## **Acknowledgement**

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## ABBREVIATIONS & ACRONYMS

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

## EXECUTIVE SUMMARY

1. Consolidated Population Welfare budget allocations for FY 2012-13 was Rs. 7.8 bn with ratio shared between current and development portions was of 4:96. The ratio has not changed since FY 2010-11.
2. Sindh has had no allocations for current budget throughout FY's 2010-13. KPK had a high proportion of its budget under current budget for more than half of budget allocations were for current budget with 59% in FY 2011-12 and 53% in FY 2012-13. Federal Government and Punjab had a ratio of 6:94 and 1:99 for their current and development budget respectively in FY 2012-13.
3. Throughout FY's 2010-13, Grants & Subsidies have claimed more than 50% of the consolidated budget allocations. Employee costs are placed next with a share of 26% in FY 2012-13, Operating expenses, which had a share of 17% in FY 2012-13.
4. In Object classifications for consolidated budget of PW, Employee Costs recorded a remarkable growth of 438% and Operating Expenses have grown by 50%, Transfer Payments registered an enormous jump of 8600% in FY 2011-12.
5. Share of Employee Costs in consolidated PW current budget allocations has gradually increased from 49% in FY 2010-11 to 57% in FY 2012-13 while Operating Expenses had a share of 44% in FY 2012-13.
6. Grants & Subsidies top the list of object classification in development budget with a share of 52% followed by Employee Related Expenses (25%) and operating expenses (17%) in FY 2012-13.
7. More than 85% of the consolidated allocations are classified under two functions classification i.e. Population Welfare (41%) and Planning (45%) in FY 2012-13.
8. Consolidated budget allocations for PW demonstrate modest growth during the period of analysis with 11% and 8% in FY's 2011-12 and 2012-13 respectively.
9. Current budget depicts erratic trends for federal, provincial and regional governments during the review period FY's 2010-13. For example, federal government has achieved a growth rate of 17% in FY 2012-13 after recording a decrease of 71% in FY 2011-12 in its current budget allocations. Punjab's allocations are down by 3% in

FY 2012-13 after demonstrating a growth rate of 107% in FY 2011-12. KPK seems to have recorded the highest growth rate of 1293% in FY 2011-12, though it came down to just 22% in FY 2012-13. AJK and Sindh has had no current budget allocations during FY's 2012-13 while Balochistan had an allocation of Rs. 16mn in FY 2012-13.

10. Salary vs. non-salary ratio has changed from 49:51 in FY 2010-11 to 57:43 in FY 2012-13.
11. Development budget has maintained its upward growth trend with 11% in FY 2011-12 and 8% in FY 2012-13 mainly due to Federal and Punjab's share. Federal government's share in development budget has decreased from 66% in FY 2010-11 to 46% in FY 2012-13 which is still the highest compared to the share of any of the provincial / regional governments. Punjab reported an increase in its share from 30% in FY 2010-11 to 40% in FY 2012-13. Sindh's has a share of 5%, Balochistan 6%, KPK's 2% and AJK's share has fallen to less than 1% in FY 2012-13.
12. Salary vs. non-salary ratio for PW development budget showed an erratic trend with 32:68 in FY 2011-12 to 25:75 in FY 2012-13; Salary has demonstrated a substantial growth 515% since FY 2010-12 while non-salary on the other hand has shown a decline of 5% since FY 2010-11.
13. Relative share of each government in Operating Expenses reveals that federal government has zero allocation, Punjab's share has dropped to 78%, KPK's share has gone up to 14% while Balochistan and AJK have had negligible share.
14. Budget allocations for Grants & Subsidies are mainly shared between the federal government and Balochistan in the ratio of 89:11. Punjab had a share of less than 1% while no other province has any allocation under this head.
15. Punjab claims the entire budget allocation for Physical Assets and Repair & Maintenance in FY 2012-13.
16. Budget execution rate has increased from 67% in FY 2010-11 to 95% in FY 2011-12.
17. Federal government has the leading share (41%) in consolidated expenditure followed by Punjab follows with a share of 33%, Sindh with a share of 20%, KPK with

4% while Balochistan and AJK lag far behind with a share of more or less 1% in FY 2011-12.

- 18.** Development expenditure has increased by 60% and current expenditure by 10% in FY 2010-11 with budget execution rate of 97%, mainly due to upward and downward revisions in budget estimates.
- 19.** Employee Costs and Operating Expenses together account for more than 94% of consolidated expenditure in FY's 2010-12. Share of Operating Expenses in consolidated expenditure has more than doubled (46%), while that of Employee Costs has gone down from 68% in FY 2010-11 to 48% in FY 2011-12.
- 20.** More than 3/4th of the consolidated expenditure is classified under the two heads, i.e. Population Welfare Measures and Planning, while the remaining expenditure is grouped under Population Administration and Planning.
- 21.** Current expenditure has moved up by 3% since FY 2010-11. Budget execution rate is 68% in both FY's 2010-12. Of Rs. 212mn expenditure in FY 2011-12, KPK has claimed a share of 47%; Federal Government 25%, Punjab and Balochistan have recorded a share of 21% and 8% respectively in FY 2011-12.
- 22.** Employee costs and operating expenses have accounts for more than 96% of current expenditure in FY's 2010 and 2011-12. Share of employee costs has increased from 54% in FY 2010-11 to 76% in FY 2011-12 while operating expense has fallen to less than 50% in the same period of review.
- 23.** More than 60% of the current expenditure is classified under Population Welfare Measures in FY 2011-12.
- 24.** Current budget has been revised downward twice during 2010-13 resulted in execution rate of 80% and 113%.
- 25.** Salary has recorded a budget execution rate of 98% in FY 2011-12 higher than the rate achieved for non-salary (36%). Salary: non-salary ratio based on actual expenditure has increased to 76:24 in FY 2011-12 from 54:46 in FY 2010-11.



- 26.** Development expenditure reflects an increase of 60% over FY 2010-11 with an execution rate of 97%.
- 27.** Federal government had a share of 42% in the development expenditure, while Punjab, Sindh and KPK had a share of 33%, 21% and 3% respectively. AJK had a share of just 1% in the development expenditure in FY 2011-12.
- 28.** Development estimates were revised downward by 41% in FY's 2010-11 and up by 5% to achieve a high execution rate of 113% and 92% in FY's 2010-11 and 2011-12 respectively.
- 29.** Punjab has claimed the highest share in salary expense with 50% in FY 2011-12 followed by Sindh follows with a share of 32%; Balochistan has not reported any expenditure in this budget head, AJK with 2% and KPK with 1% in the salary expenditure FY 2011-12.
- 30.** More than 73% of Operating expenditure is shared by the federal government in FY 2011-12 followed by Punjab and Sindh with a share of 11% each.

## INTRODUCTION

1. This Report on Consolidated Population Welfare Budget and Expenditures of Pakistan has been prepared by Consultant at the request of Technical Resource Facility (TRF). It aims to consolidate Population Welfare budget and expenditures of Federal and Provincial Governments and AJK.
2. Analysis in this Report cover FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13. Source of federal and provincial budget data are the annual budget documents. Where as all other data i.e provincial expenditures, budget and expenditure is taken from PIFRA System.
3. In case of Provincial Governments, development expenditure figures are also being maintained by Population Welfare Departments based on information received from P&D. Reliability of these figures is doubtful, therefore Consultant has taken figures from PIFRA System which actually represents record of State.
4. The document explains situation from macro perspective and then drilling down in details. It analyses budget and expenditure trends separately. Report is divided into following Sections for clarity and understanding.

**Section I** Analysis of Consolidated Health Budgets and Budgetary trends

**Section II** Analysis of Consolidated Health 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 Federal & Provincial / regional 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 at Federal, Provincial and regional levels.
7. The above analysis could only be 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

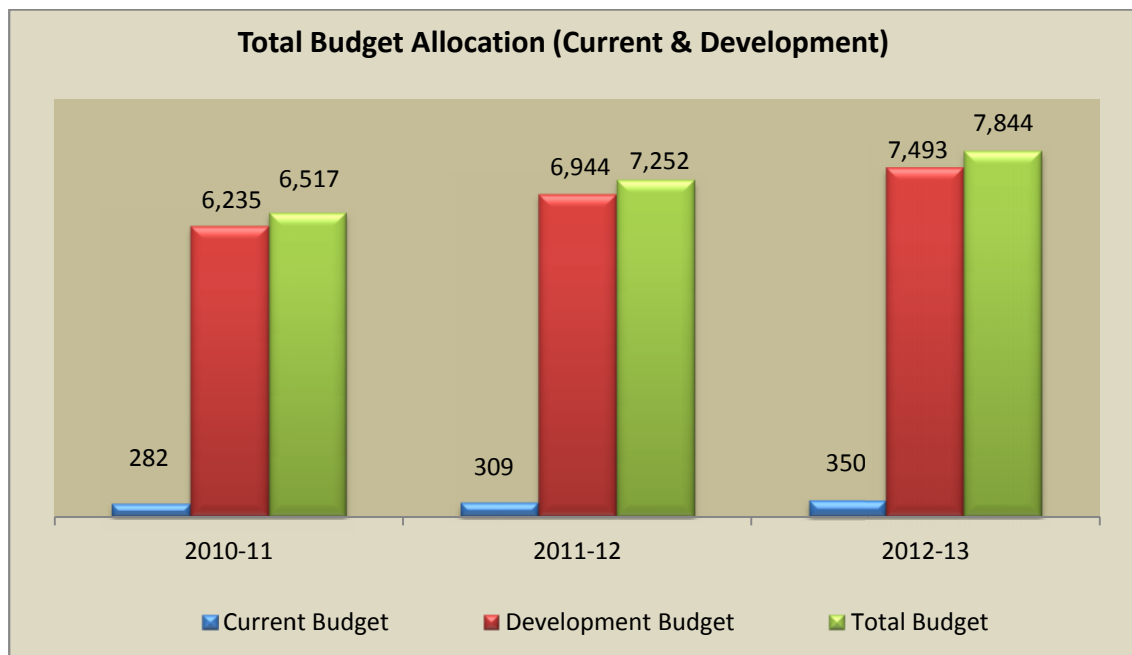
basis of analysis have been included as Appendices of this Report which have been referred while appreciating budget analysis.

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. It also provides an overview of types of spending units at National and Sub-National Governments.
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 years of budget analysis (i.e. FY's 2010-11, 2011-12 and 2012-13) for Population Welfare Departments in Provincial Governments (Balochistan, Khyber Pakhtunkhwa, Punjab and Sindh), Federal Government and AJK. It starts by providing analysis on the total budget allocation 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.

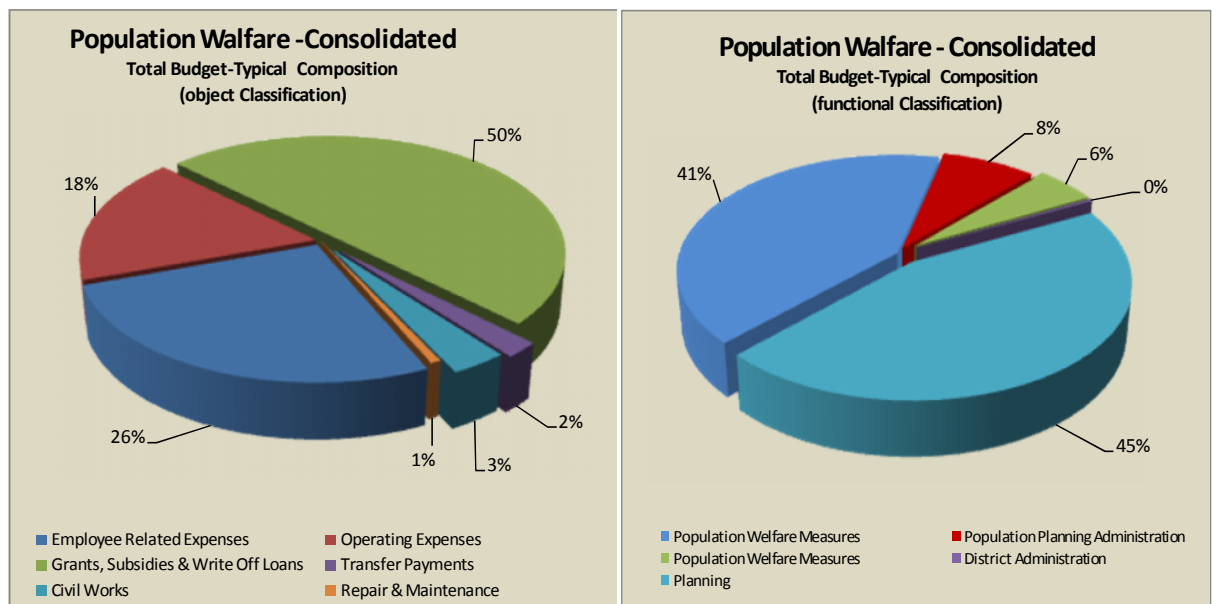
FIGURE 1: BAR CHART (CONSOLIDATED BUDGET ALLOCATION FOR POPULATION WELFARE)



2. Consolidated budget allocations for population welfare for federal and provincial governments and AJK are Rs. 7.8bn in FY 2012-13. These are shared between current and development portions in the ratio of 4:96. Interestingly, there has been no change in the ratio since FY 2010-11 (Table 1, Appendix B).
3. A further analysis of consolidated budget allocations reveals that Sindh has had no allocations for current budget throughout FY's 2010-13. KPK, on the other hand, has

usually had a high proportion of its budget under current budget. For example, more than half of KPK's budget allocations were for current budget (i.e. 59% in FY 2011-12 and 53% in FY 2012-13). Federal government and Punjab had a ratio of 6:94 and 1:99 for their current and development budget respectively in FY 2012-13 (Table 1, Appendix B).

FIGURE 2: PIE CHART (CONSOLIDATED BUDGET)



4. Throughout FY's 2010-13, Grants & Subsidies have claimed a large share (50% or more) of the consolidated budget allocations for population welfare. Employee costs are placed next with a share of 26% in FY 2012-13. Operating expenses, which had a share of 35% in FY 2011-12, now have a share of 17% in FY 2012-13. Transfer payments and physical assets together claim a share of less than 5% throughout FY's 2010-13 (Table 3, Appendix B).
5. Object classifications for consolidated budget of population welfare exhibit varying growth rates over the period of analysis (FY's 2010-13). For example, employee costs have decreased by 3% in FY 2012-13 after recording a remarkable growth of 438% in FY 2011-12. Operating expenses on the other hand have grown by 50% in FY 2011-12. Grants & subsidies which have always had an increased level of budget allocations compared to any other budget head have recorded positive growth rates (3% and 5%) in both FY's (2011-13). Transfer payments, with negligible budget allocation in FY's 2010-13, have grown by 29% after registering an enormous jump of 8600% in FY 2011-12. Allocations for physical assets have declined in both FY's (2011-13) (Table 2, Appendix B).

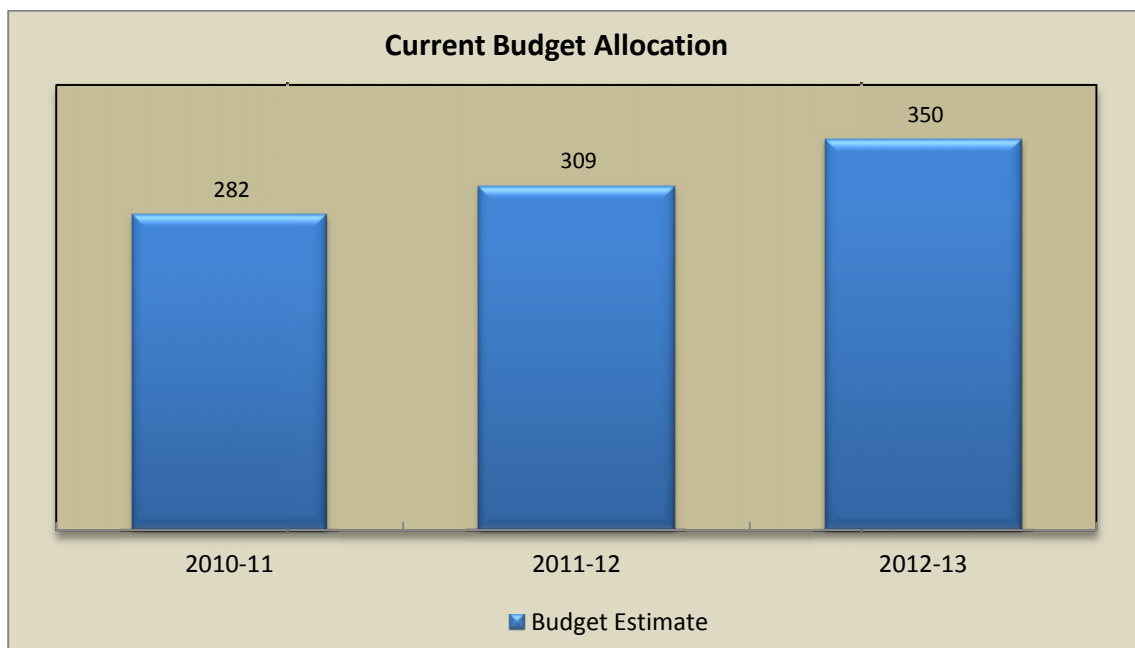
6. Share of employee costs in consolidated PW current budget allocations has gradually increased from 49% in FY 2010-11 to 57% in FY 2012-13. Operating expenses have claimed a share of 44% in FY 2012-13, while transfer payments have moved up to 18% of consolidated PW allocations in FY 2011-12 (Table 4, Appendix B).
7. Composition of development budget is almost the same as explained for the current budget above. Here again grants & subsidies top the list of object classifications with a share of 52% in FY 2012-13. Employee related expenses have claimed a share of 25% in FY 2012-13, down from 32% recorded in FY 2011-12. Operating expenses which had a share of 35% in FY 2010-11 have now settled at 17% in FY 2012-13 (Table 5, Appendix B).
8. Budget allocations under the functional classification of Population Welfare Measures have risen by 7% in FY 2012-13 after growing by 55% in FY 2011-12. Allocations under the head of "Planning" have remained more or less the same (Rs. 3.5bn) in both FY 2011-12 and 2012-13, indicating zero growth in FY 2012-13 (Table 6, Appendix B).
9. More than 85% of the consolidated allocations is classified under two functional classifications (i.e. Population Welfare: 41%; and Planning: 45%) in FY 2012-13. 'Planning' seems to be a new functional classification which is in use from FY 2011-12. Until 2010-11, more than 2/3rd of the budget allocations was under the functional classification of "Others". However, this classification had no allocations in the remaining period of analysis (i.e. FY's 2011-12 and 2012-13) (Table 7, Appendix B).
10. Population Welfare Measures account for more than half of the consolidated current budget in two FY's (2011-12 and 2012-13), while Planning and Population Welfare Admin have a share of 23% and 20% respectively in FY 2012-13. Similar to current budget, development budget, too, has a large allocation under Population Welfare Measures (42%) and Planning (46%) functions in FY 2012-13 (Table 8 & 9, Appendix B).
11. Consolidated budget allocations for Population Welfare demonstrate modest growth during the period of analysis, i.e. 11% and 8% in FY's 2011-12 and 2012-13. Since FY 2010-11, these have grown by 20% (nominal terms) (Table 1, Appendix C).

12. A further break-up of population welfare budget allocations as given in Table 1, Appendix C reveals that:

- Share of federal budget in consolidated budget allocations has decreased consistently - from 67% in FY 2010-11 to 45% in FY 2012-13
- Punjab has got an allocation of 40% of the consolidated budget in FY 2012-13 and 2011-12, up from a share of 29% in FY 2010-11.
- KPK's share in consolidated budget allocations has risen from 1% in FY 2010-11 to 5% in FY 2012-13.
- Balochistan's share has increased from 2% in FY 2010-11 to 6% in FY 2012-13.
- AJK keeps getting 1% of the consolidated budget allocations in each of the FY's analysed (2010-13)

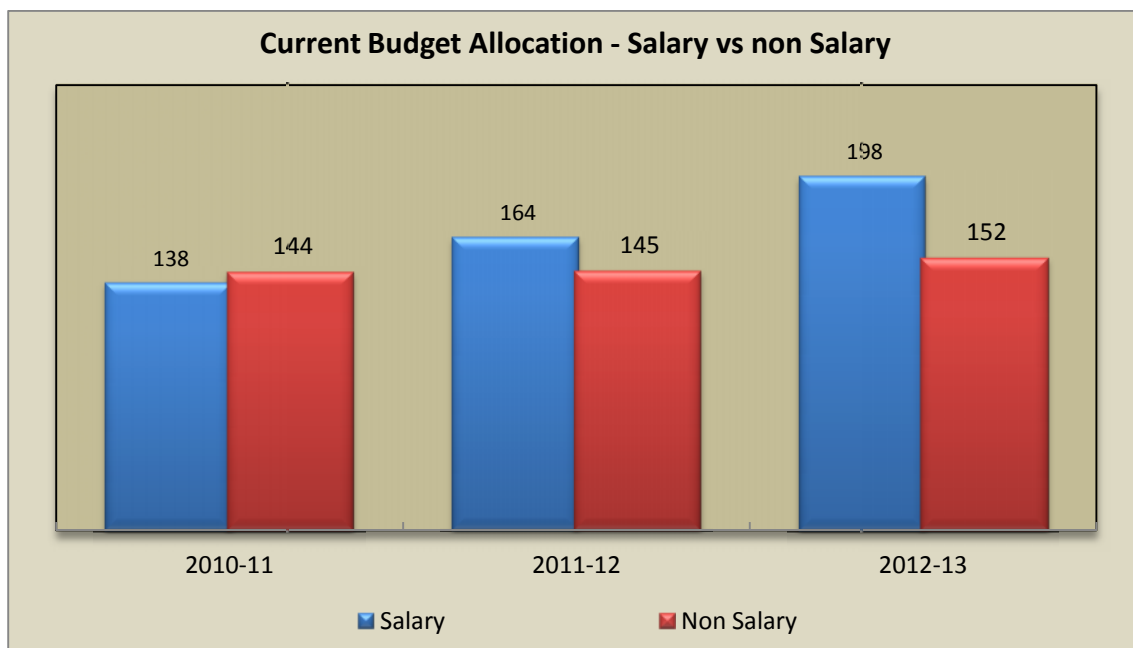
13. In FY 2012-13, consolidated current budget has demonstrated a growth rate of 14%, up from 9% recorded in FY 2010-11. Development budget has lagged behind with a growth rate of 8% in FY 2012-13 (Table 2, Appendix C).

FIGURE 3: BAR CHART (CURRENT BUDGET ALLOCATION)



14. Current budget depicts erratic trends for federal, provincial and regional governments over FY's 2010-13. For example, federal government has achieved a growth rate of 17% in FY 2012-13 after recording a decrease of 71% in FY 2011-12 in its current budget allocations for population welfare. Punjab's allocations are down by 3% in FY 2012-13 after demonstrating a growth rate of 107% in FY 2011-12. KPK seems to have recorded the highest growth rate (1293%) in FY 2011-12, though it came down to just 22% in FY 2012-13. Sindh has had no current budget allocations during FY's 2010-13. Balochistan had an allocation of Rs. 16mn in each of the two FY's (2011-12 and 2012-13) while AJK has no more allocations for current budget in FY 2012-13 (Table 5A & 5B, Appendix C).
15. Share of the federal government in consolidated current budget has declined substantially since 2010-11. For example, it was 86% in FY 2010-11 which has gone down to 23% in FY 2012-13. KPK's share has increased from 4% in FY 2010-11 to 59% in FY 2012-13, while share of Punjab in consolidated current budget has gone up from 8% in FY 2010-11 to 13% in FY 2012-13. Balochistan's share has remained unchanged at 5% in FY's 2011-12 and 2012-13 (Table 5A, Appendix C).

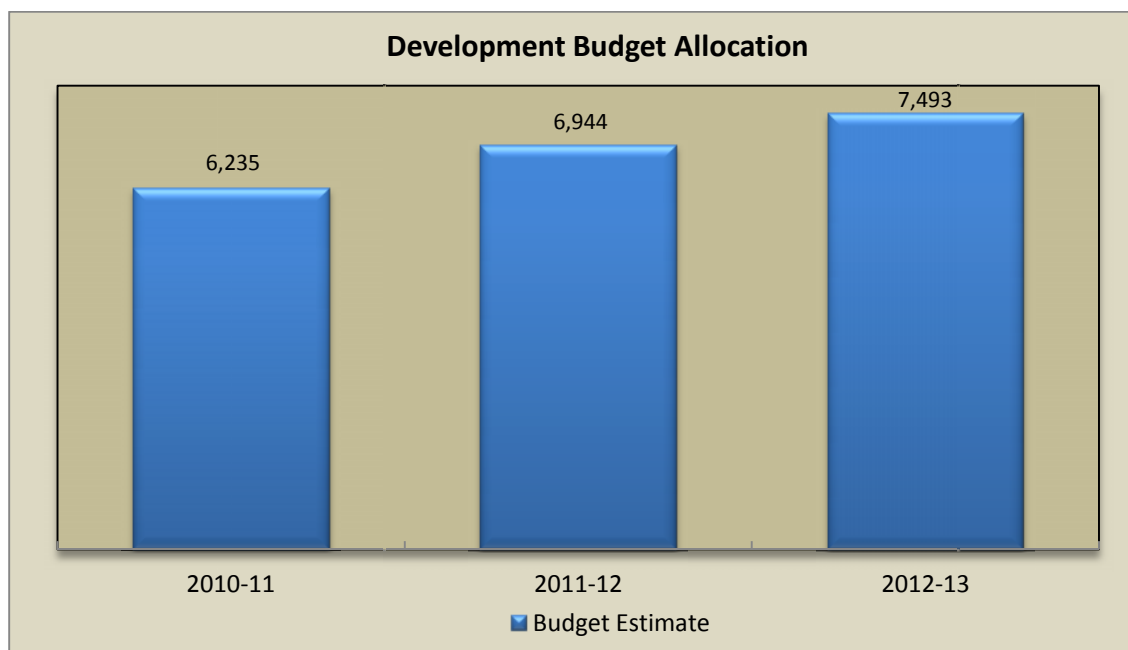
FIGURE 4: BAR CHART (CURRENT BUDGET SALARY VS NON SALARY)





16. As far as ratio between salary:non-salary is concerned, it has changed from 49:51 in FY 2010-11 to 57:43 in FY 2012-13. Salary demonstrates a much growth rate than non-salary component of the consolidated current budget. Since FY 2010-11, salary has grown by 43% in nominal terms while growth rate for non-salary was only 6% since FY 2010-11 (Table 8 & 9, Appendix C).
17. A further analysis of the non-salary component indicates wide fluctuations in growth rates of various budget heads within the non-salary. Operating expense, for example, has exhibits an increase of 13% in FY 2012-13 after showing a decline of 42% in FY 2011-12. Grants & subsidies have decreased in both FY's (by 30% in FY 2012-13 and 43% in FY 2011-12). Transfer payments, after recording an enormous growth of 6400% in FY 2011-12, have remained unchanged in FY 2012-13 (Table 10, Appendix C).

FIGURE 5: BAR CHART (DEVELOPMENT BUDGET ALLOCATION)

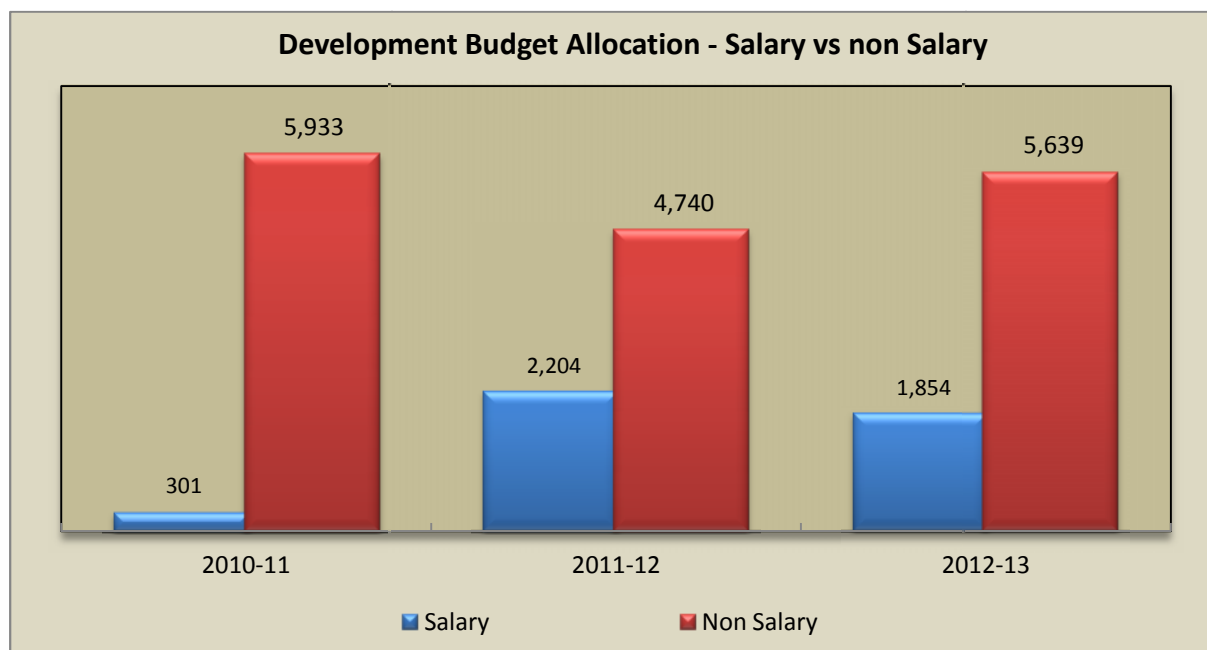


18. Development budget has maintained its upward growth trend throughout FY's 2010-13, though the growth rate was less (8%) in FY 2012-13 than that recorded in FY 2011-12 (11%) (Table 11, Appendix C),
19. Federal government's share in development budget has been declining every year since FY 2010-11. For example, the share has decreased from 66% in FY 2010-11 to 46% in FY 2012-13. Despite that, it is still the highest compared to the share of any of

the provincial / regional governments. Punjab has also reported an increase in its share from 30% in FY 2010-11 to 40% in FY 2012-13. Sindh has claimed a share of 5% while Balochistan has recorded a share of 6% in FY 2012-13. KPK's share has remained unchanged at 2% in FY's 2011-12 and 2012-13. AJK's share has fallen to less than 1% in FY 2012-13 (Table 13, Appendix C).

20. As far as growth in development budget is concerned, federal government demonstrates a declining trend over the period of analysis. Its development budget allocations have decreased by 5% in FY 2012-13 after falling by 11% in FY 2011-12. Similarly, AJK also exhibits negative growth in these FY's. On the other hand, all provinces have reported positive growth rates during FY's 2010-13. For example, Sindh has registered an increase of 24048% while Punjab and Balochistan have reported an increase of 5% and 79% respectively in their development budget allocations in FY 2012-13. KPK has also achieved a growth rate of 54% in FY 2012-13 (Table 13, Appendix C).

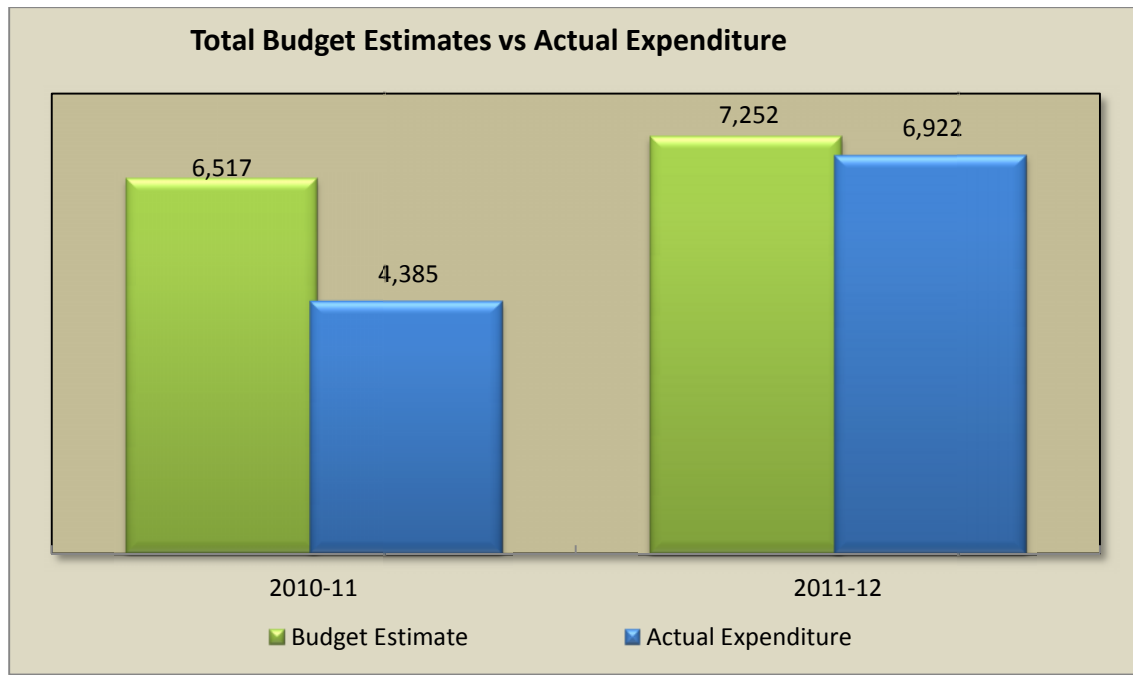
**FIGURE 6: BAR CHART (DEVELOPMENT BUDGET ALLOCATION – SALARY VS NON SALARY)**



21. In population welfare development budget, salary:non-salary ratio keeps changing throughout FY's 2010-13. For example, it was 32:68 in FY 2011-12 but has moved to 25:75 in FY 2012-13 (Table 16, Appendix C).
22. Salary has demonstrated a substantial growth rate (515%) since FY 2010-12. Non-salary on the other hand has shown a decline of 5% since FY 2010-11 (Table 17, Appendix C).
23. Within non-salary, wide fluctuations can be observed in growth rates of various budget heads during FY's 2010-13. Operating expense has grown by 53% in FY 2012-13 after falling by 61% in FY 2011-12. Transfer payments have witnessed a hefty increase of 11586% in FY 2011-12 and 51% in FY 2012-13. Grants & subsidies have reported an increase of 5% over FY 2011-12. Civil works have also demonstrated a high growth rate of 3146% in FY 2012-13. Physical assets have however declined in FY's 2011-12 and 2012-13 (by 34% and 68% respectively) (Table 18, Appendix C).
24. An analysis of governments' relative share in operating expenses reveals that federal government has no more allocation under this budget head in FY 2012-13. Its share has decreased from 10% in FY 2010-11 to zero in FY 2012-13. Punjab's share has also dropped from 87% in FY 2010-11 to 78% in FY 2012-13. On the other hand, KPK's share after recording a level of 3% in FY 2010-11 has gone up to 14% and remained unchanged at this level in FY's 2011-12 and 2012-13. Balochistan and AJK have had negligible share in (development) operating expenses throughout FY's 2010-11 (Table 18A, Appendix C).
25. Budget allocations for grants & subsidies are mainly shared between the federal government and Balochistan in the ratio of 89:11 respectively in FY 2012-13. Other than Punjab (which had a share of less than 1% in grants & subsidies), no province has any allocation under this budget head (Table 18B, Appendix C).
26. In FY 2012-13, Punjab claims the entire budget allocation for physical assets (though in previous two FY's 2010-12, all allocations under this budget head were in federal government's budget only). Similarly, entire budget allocations in FY 2012-13 for repair & maintenance are reflected in Punjab budget only. These show an increase of 65% over FY 2011-12. No other province has made any budget allocations under the head of repair & maintenance in FY 2012-13 (Table 18C & 18D, Appendix C).

## Section 2: Analysis of Budget Execution and Expenditure Trends

FIGURE 7: BAR CHART (DEVELOPMENT BUDGET ALLOCATION – SALARY VS NON SALARY)

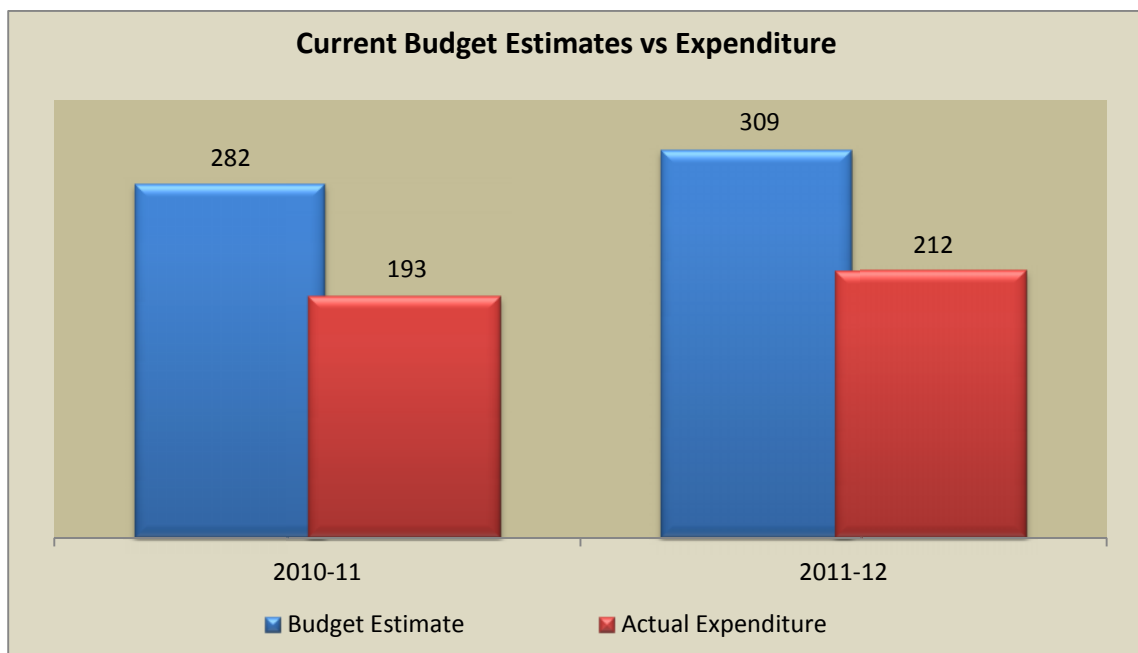


1. Consolidated expenditure (Rs. 6.9bn) has increased by \_\_\_% in FY 2011-12. Budget execution rate has also increased from 67% in FY 2010-11 to 95% in FY 2011-12 (Table 1, Appendix D).
2. Federal government has the leading share (41%) in consolidated expenditure in FY 2011-12. Punjab follows with a share of 33%, while Sindh is placed next with a share of 20% in consolidated expenditure. KPK has claimed a share of 4% while Balochistan and AJK lag far behind with a share of more or less 1% in FY 2011-12 (Table 1A, Appendix D).
3. Development expenditure has increased by 60% and current expenditure by 10% in FY 2010-11. Development budget execution rate (97%) also demonstrates marked improvement over FY 2010-11. Current budget execution rate has remained more or less the same in both FY's (2010-12) (Table 2, Appendix D).
4. Budget execution rate has also changed as a result of upward and downward revisions in budget estimates. Revisions were carried out to the extent of 41%

(downward in FY 2010-11) and 5% (upward in FY 2011-12) which have resulted in budget execution rates of 113% and 91% in the above FY's (Table 3, Appendix D).

- Employee costs and operating expenses together account for more than 94% of consolidated expenditure in FY's 2010-12. Share of operating expenses in consolidated expenditure has more than doubled (46%), while that of employee costs has gone down from 68% in FY 2010-11 to 48% in FY 2011-12. Share of grants & subsidies has fallen from 10% to less than 1% in FY 2010-11 (Table 4, Appendix D); More than 3/4th of the consolidated expenditure is classified under the two heads, i.e. Population Welfare Measures and Planning, while the remaining expenditure is grouped under Population Administration and Planning.

**FIGURE 8: BAR CHART (CURRENT BUDGET ESTIMATES)**

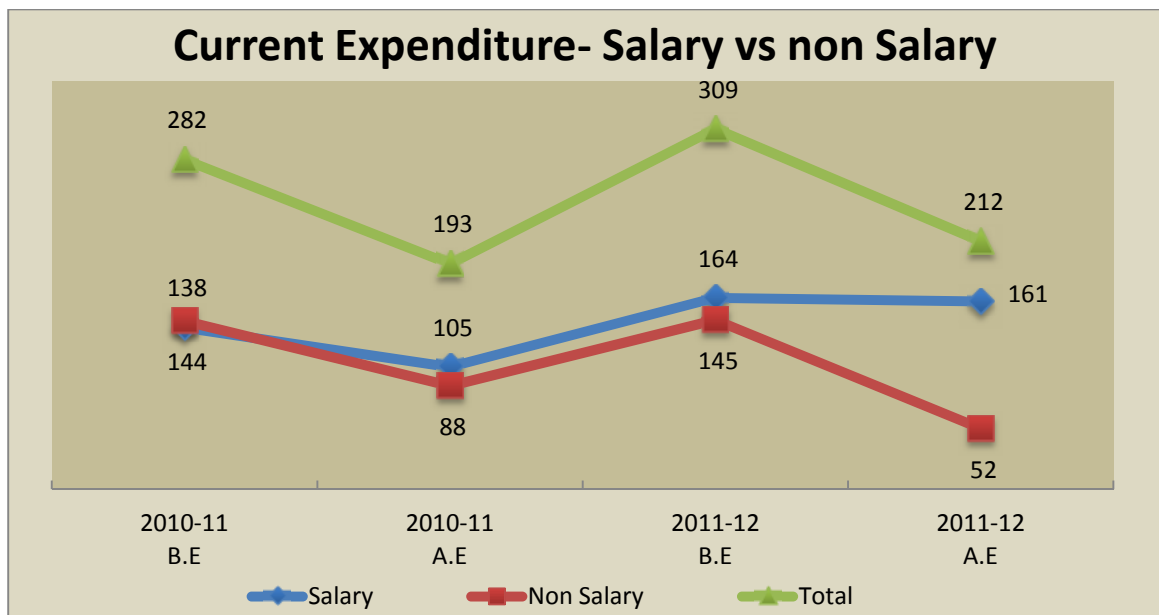


- Current expenditure has moved up marginally (3%) since FY 2010-11. Budget execution rate is almost the same (68%) in both FY's (2010-12). Of Rs. 212mn expenditure in FY 2011-12, KPK has claimed a share of 47%, highest amongst all the governments. Federal Government follows with a share of 25%, Punjab and Balochistan have recorded a share of 21% and 8% respectively in FY 2011-12 (Table 5 & 5A, Appendix D).
- Employee costs and operating expenses have accounted for more than 96% of current expenditure in FY's 2010 and 2011-12. Share of employee costs has increased from 54% in FY 2010-11 to 76% in FY 2011-12. On the other hand, operating expense has

fallen to less than 50% of the current expenditure in FY 2011-12 (Table 5B, Appendix D).

8. More than 60% of the current expenditure is classified under "Population Welfare Measures" in FY 2011-12. Population Planning Admin has a share of 15% in FY 2011-12, down from 82% in FY 2010-11 (Table 5C, Appendix D).
9. Current budget has been revised downward twice during 2010-13. Budget execution rate based on revised estimates is therefore high (80% and 113%) compared to one based on budget estimates in FY's 2010-12 (Table 6, Appendix D).

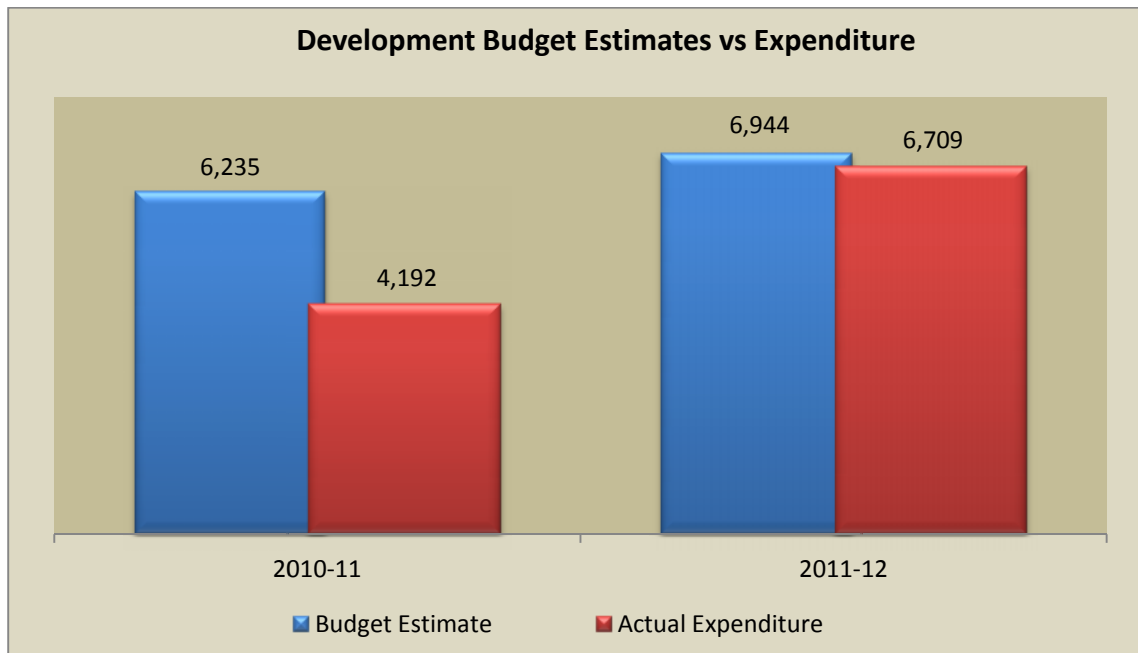
**FIGURE 9: BAR CHART (CURRENT EXPENDITURE – SALARY VS NON SALARY)**



10. Salary has recorded a budget execution rate of 98% in FY 2011-12, indicating a rate higher than the one achieved for non-salary (36%). Salary expenditure has also increased by 54% while non-salary expenditure exhibits a decrease of 41% in FY 2011-12 (Table 7, Appendix D).
11. Salary: non-salary ratio based on actual expenditure has increased to 76:24 in FY 2011-12 from 54:46 in FY 2010-11. The same ratio based on the budget estimates is quite different (i.e. 53:47 and 49:51) in FY's 2010-12 (Table 8, Appendix D).
12. Within non-salary, 'operating expense' is the only budget head with noticeable expenditure (and allocation) levels in FY's 2010-12. It has achieved budget execution rate of 58%, down from 67% recorded in FY 2010-11. Transfer payments has recorded

a budget execution rate of just 6% in FY 2011-12 against 122% in FY 2010-11. Repair & maintenance has registered a budget execution rate of 68% in FY 2011-12 (Table 9, Appendix D).

FIGURE 10: BAR CHART (DEVELOPMENT EXPENDITURE)



13. Development expenditure (Rs. 6.7 bn) reflects an increase of 60% over FY 2010-11. Overall development budget execution rate is 97% in FY 2011-12, up from 67% recorded in FY 2010-11 (Table 10, Appendix D).
14. Federal government, provinces and AJK share the development expenditure at varying proportions. For example, in FY 2011-12, federal government had a share of 42% in the development expenditure, while Punjab, Sindh and KPK had a share of 33%, 21% and 3% respectively. AJK had a share of just 1% in the development expenditure in FY 2011-12. Of all the governments, KPK stands out as the province with highest growth rate of (915% in FY 2010-11 and 152% in FY 2011-12) in the development expenditure (Table 10A, Appendix D).
15. Development estimates were subject to revisions in FY's 2010-11 and 2011-12. These were revised down by 41% in FY 2010-11 and revised up by 5% in FY 2011-12. Budget execution rate based on RE's is 113% and 92% in FY's 2010-11 and 2011-12 respectively (Table 11 & 12, Appendix D).

16. Within the object classifications, budget heads have recorded varying budget execution rates during FY's 2010-12. Employee costs, for example, have achieved a budget execution rate of 142% in FY 2011-12 against an exceptionally high rate of 946% in FY 2010-11. Operating expense has a budget execution rate of 375% in FY 2011-12 (while in FY 2010-11 it was just 38%). Grants & subsidies have performed worse in terms of very low budget execution rates (just 1% in FY 2011-12 and 12% in FY 2010-11) despite having the highest level of budget allocations compared to any other budget head in these FY's. Other key budget heads with noticeable budget execution rates in FY 2011-12 include transfer payments (86%; 7099% in FY 2010-11); physical assets (261%) and civil works (1790%) (Table 13, Appendix D).
17. Punjab has claimed the highest share in salary expense during the period of analysis. For example, it was 58% and 50% in FY's 2010-11 and 2011-12 respectively. Sindh follows with a share of 32% in the salary expenditure in FY 2011-12. Surprisingly, Balochistan has not reported any expenditure in this budget head throughout FY's 2010-12. KPK has a share of 1% in while AJK has recorded a share of 2% in the salary expenditure in FY 2011-12 (Table 13A, Appendix D).
18. Table 13A, Appendix also informs that Sindh has recorded the highest growth rate in Salary expenditure (29%), while KPK has registered a decline of 91% in FY 2011-12.
19. In FY 2011-12, more than 73% of Operating expenditure is shared by the federal government. Each of Punjab and Sindh have a share of 11% in FY 2011-12. Federal government has recorded a phenomenal increase of 3034% in its share of operating expenditure in FY 2011-12. Punjab has shown an increase of 33% while Sindh has recorded a growth of 24% in the respective share of operating expenditure. Both KPK and AJK depict a decline of 21% and 64% over 2010-11 while Balochistan has reported no expenditure under this budget head (Table 13B, Appendix D).
20. Both FY's (2010-11 and 2011-12) have witnessed extremely low levels of expenditure against budget allocations for grants & subsidies. In 2011-12, for example, the expenditure was Rs. 433mn against an allocation of Rs. 3.6bn, indicating a budget execution rate of just 12%. The situation has even worsened in FY 2011-12 with even lower expenditure levels resulting in the lowest ever budget execution rate of 1% (Table 13C, Appendix D).



21. Balochistan seems to have the highest share (61%) in actual expenditure of grants & subsidies. Sindh and Punjab follow with a share of 18% each. In terms of YoY increase in grants & subsidies expenditure, Balochistan again leads with a growth rate of 736% in FY 2011-12 (Table 13C, Appendix D).
22. A large proportion (90%) of the expenditure on physical assets is claimed by the federal government in FY 2011-12. This has grown from a share of 22% in FY 2010-11. Sindh has a share of 6% in FY 2011-12, down from a share of 74% recorded against physical assets in FY 2010-11 (Table 13D, Appendix D).
23. Punjab and Sindh together share major chunk of the expenditure on repair & maintenance in both FY's (e.g. 92% in 2011-12 and 90% in 2010-11). No expenditure is reported by KPK and Balochistan on repair & maintenance in any of the FY's 2010-11 and 2011-12 (Table 13E, Appendix D).

