
Punjab Population Welfare Budget and Expenditure Analysis (2010 – 11 to 2012 – 13)



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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
GoP	Government of Pakistan
GoPb	Government of the Punjab
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 (Punjab) was Rs. 2.3 bn against a budget allocation of Rs. 2.9 bn in FY 2011-12. This expenditure level shows an increase of 33% over FY 2010-11. Despite this increase and the growing level of budget allocations, the budget execution rate has failed to maintain the level (94%) achieved in FY 2010-11 and was only 79% in FY 2011-12.
2. Development expenditure has maintained its dominant share (98%) in total expenditure incurred for Population Welfare in Punjab in two consecutive FY's (2011-12 & 2010-11). Current expenditure, with a share of 2% in total expenditure, has grown at a much faster rate (63%) than development budget (28%) in FY 2011-12.
3. Current budget has grown at a much faster rate (101%) than development budget (60%) since FY 2010-11. However, on YoY, both components demonstrate a decline of 2% and 5% respectively in FY 2012-13.
4. Use of functions / sub-functions for classifying Population Welfare budget seems to be restricted to one particular functional classification during the period of analysis. For example, throughout FY's 2010-13, the entire budget allocations for population welfare (current & development) have been made under the functional classification of "Population Welfare Measures".
5. Until FY 2010-11, almost entire (99%) budget was classified under the economic classification of "operating expenses". However, succeeding years (2011-13) have witnessed more 'balanced' classification of the budget as some other budget heads notably employee salaries / wages have also been used for budget classification. Employee related expenses were 60% and operating expenses had a much less share of 33% of the consolidated (current & development) budget in FY 2012-13.
6. Employee related expenses in the consolidated (current & development) budget allocations have shown a decline of 13% in FY 2012-13 after exhibiting a phenomenal increase of 15154% in FY 2011-12. Operating expenses have grown by 53% in FY 2012-13 after falling by 65% in FY 2011-12. Other expense items namely, transfer payments, civil works and repair & maintenance have shown large increases

particularly in FY 2011-12 alone and have grown by 72192% 25685% and 6175% respectively.

7. Share of PW budget allocations in Provincial total budget outlay has declined to 0.39% in FY 2012-13 from 0.44% recorded in FY 2011-12.
8. Salary component continues to dominate the current budget during the period of analysis. The salary vs. non-salary ratio was 70:30 in FY 2012-13, up from 61:39 in FY 2010-11. Growth in salary has been much higher (132%) than growth in non-salary (47%) since FY 2010-11.
9. Employee costs and operating expenditure together account for 97% of development expenditure and have recorded a budget execution rate of 88% and 54% respectively in FY 2011-12. Employee costs have posted an increase of 31% while operating expenditure has registered a growth of 37% over FY 2010-11. Grants & subsidies have risen by 88%, transfer payments by 86% while repair & maintenance have increased by 49% in FY 2011-12.

TABLE 1: GOVERNMENT OF THE PUNJAB - 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	%
Population Welfare - Govt. of the Punjab										
Current	23	1%	27	2%	47	2%	44	2%	46	1%
Development	1,865	99%	1,746	98%	2,860	98%	2,241	98%	3,000	99%
Total	1,888		1,773		2,907		2,285		3,046	

INTRODUCTION

1. This Report on Population Welfare budget and expenditure analysis of the Provincial Government (Government of the Punjab) 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. Data obtained from PIFRA System was also verified on test cases by checking it with records at the Accountant General's Office (Lahore).
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. As one would expect, 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). For the convenience of readers 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.

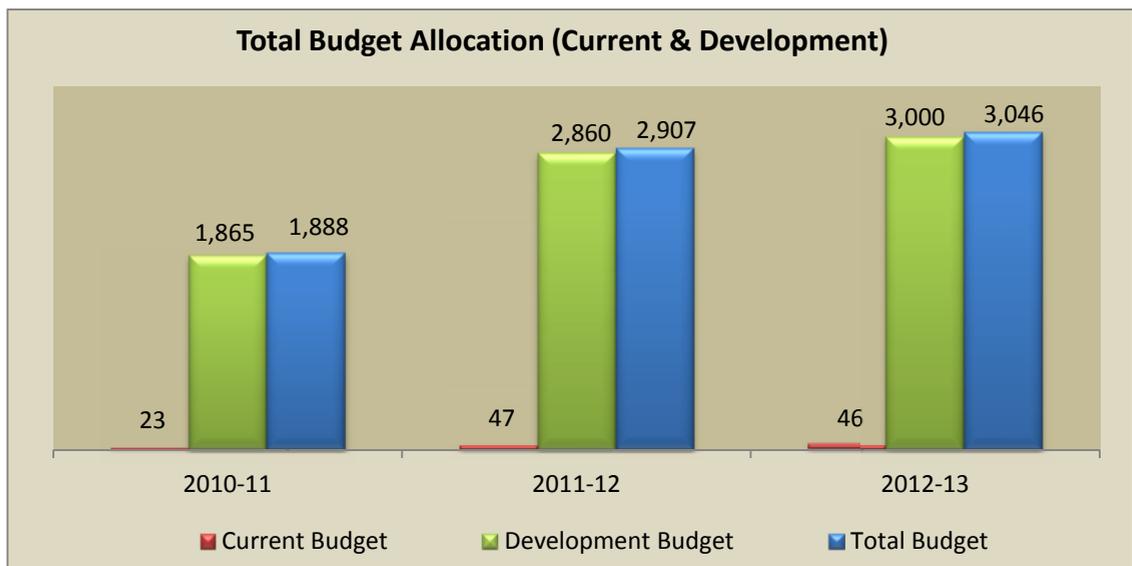
8. With in Appendices, Appendix A – Glossary of terms has been specially developed which describes key budget and expenditure terminologies which will guide readers in appreciating relevant financial terms and its local connotation.

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 the Punjab. 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.

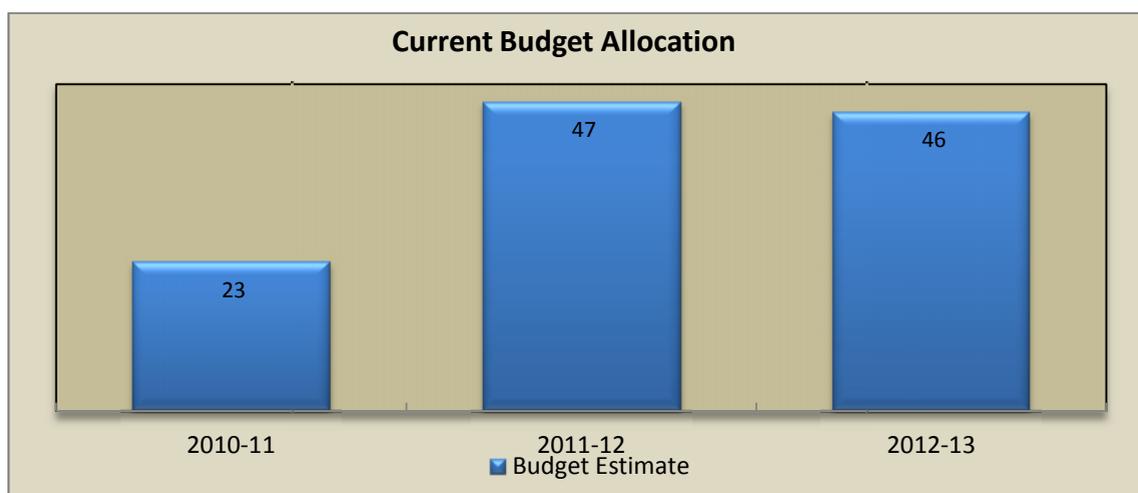
FIGURE 1: BAR CHART (POPULATION WELFARE DEPARTMENT, PUNJAB)



2. Population welfare budget is predominantly is a development budget, while a small proportion (1%-2%) is also attributed to current budget in FY's 2010-13 (Table 1, Appendix B).
3. In FY 2010-11, operating expense had a share of 99% in population welfare budget (current & development). In FY 2012-13, however, this claims a much less share of 33% after recording a level of 23% in FY 2011-12. Employee related expenses has registered a share of 60% of population welfare budget in FY 2012-13, down from 72% in FY 2011-12 (Table 2, Appendix B).

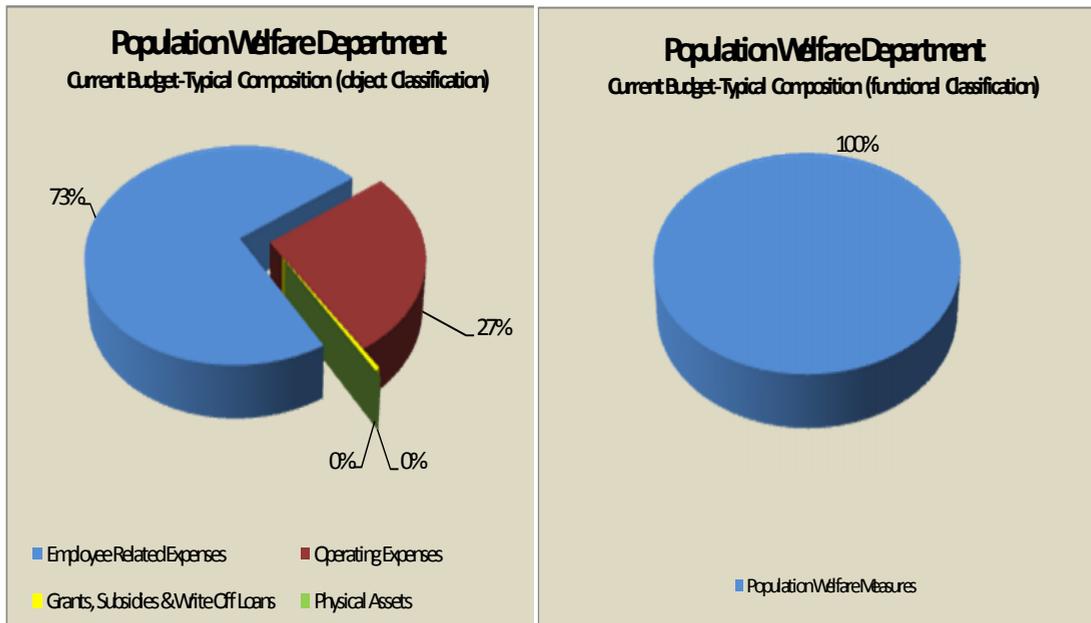
4. An analysis of population welfare budget (current & development) along object classifications indicates that employee related expenses had exhibited a phenomenal increase of 15154% in FY 2011-12, though in FY 2012-13 these have shown a decrease of 13%. Operating expenses have grown by 53% in FY 2012-13 after falling by 65% in FY 2011-12. Grants & subsidies have increased by 23% in FY 2012-13. Some expense items namely, transfer payments, civil works and repair & maintenance have shown large increases particularly in FY 2011-12 alone and have grown by 72192% 25685% and 6175% respectively (Table 2, Appendix B).
5. Entire budget allocations for population welfare (current & development) continue to be made under "population welfare measures" throughout FY's 2010-13 (Table 7, Appendix B).
6. Budget allocations for Population Welfare (current & development) have grown to Rs. 3bn in FY 2012-13 depicting an increase of 61% since FY 2010-11. On YoY basis, large part of this increase (54%) was recorded in FY 2011-12 (Table 1, Appendix C).
7. Despite this increase, share of budget allocations in provincial total budget outlay has declined to 0.39% in FY 2012-13 from 0.44% in FY 2011-12 (Table 2, Appendix C).
8. Since FY 2010-11, current budget has grown at a much faster rate (101%) than development budget (60%). However, on YoY, both components demonstrate a decline of 2% and 5% respectively in FY 2012-13 (Table 3, Appendix C).

FIGURE 2: BAR CHART (CURRENT BUDGET)



9. Current budget grew from Rs. 23 mn in FY 2010-11 to Rs. 47 mn in FY 2011-12, indicating a growth rate of 107%. In FY 2012-13 however it could not keep up the rising trend and actually declined by 3%. In real terms the current budget has grown by 132% (Table 4 & 5, Appendix C).

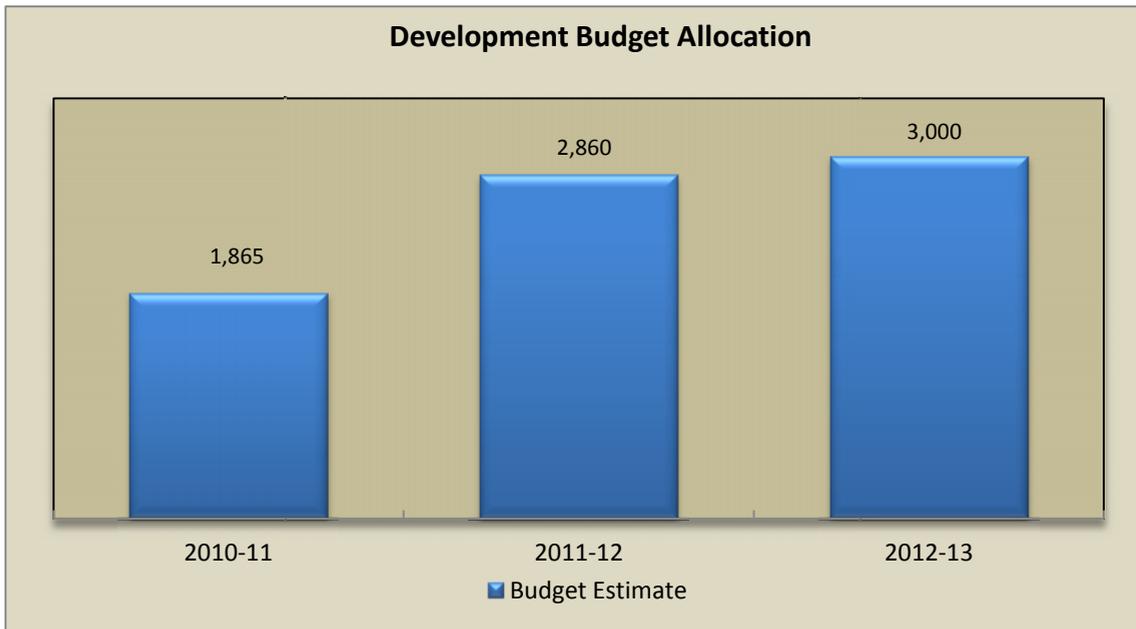
FIGURE 3: PIE CHART (CURRENT BUDGET)



10. A break-up of current budget into object classification indicates that a large proportion is allocated for salaries & wages throughout FY's 2010-13. In FY's 2011-13, more than two-thirds of current budget allocations were for salaries & wages. The remaining allocations have been made for operating expenditure (26%) and repair & maintenance (2%) respectively (Table 6, Appendix C).
11. As far as the functional classification is concerned, whole of current budget is classified under "Population Welfare Measures" throughout FY's 2010-13 (Table 7, Appendix C).
12. Salary component continues to dominate the current budget during three years (FY's 2010-13). The salary vs. non-salary ratio was 71:29 and 70:30 in FY's 2011-12 and 2012-13 while it was 61:39 in FY 2010-11. Growth in salary has been much higher (132%) than growth in non-salary (47%) since FY 2010-11 (Table 8&9, Appendix C).

13. Non-salary component mainly consists of operating expenses, which have declined by 5% in FY 2012-13 after rising by 52% in FY 2011-12. Both grants & subsidies and transfer payments have negligible allocations in FY 2012-13. Physical assets have no more allocations in FY 2012-13 (Table 10, Appendix C).

FIGURE 4: BAR CHART (DEVELOPMENT BUDGET)



14. Development portion of the population welfare budget has increased by 5% in FY 2012-13 after growing by 53% in FY 2011-12. Overall growth since FY 2010-11 has been more than 60% (Table 13 & 14, Appendix C).
15. As far as object classification is concerned, FY's 2011-12 and 2012-13 seem to have a more realistic classification as compared the classification in FY 2010-11. For example, in FY 2010-11, the entire development budget was classified under 'operating expenses'. However, in FY's 2011-12 and 2012-13, there have been as many as nine different heads under which the budget was classified. Of these, employee-related/salary costs seem to have the highest proportion of allocations (60%), followed by operating expenses (33%) and transfer payments (4%) in FY 2012-13 (Table 15, Appendix C).

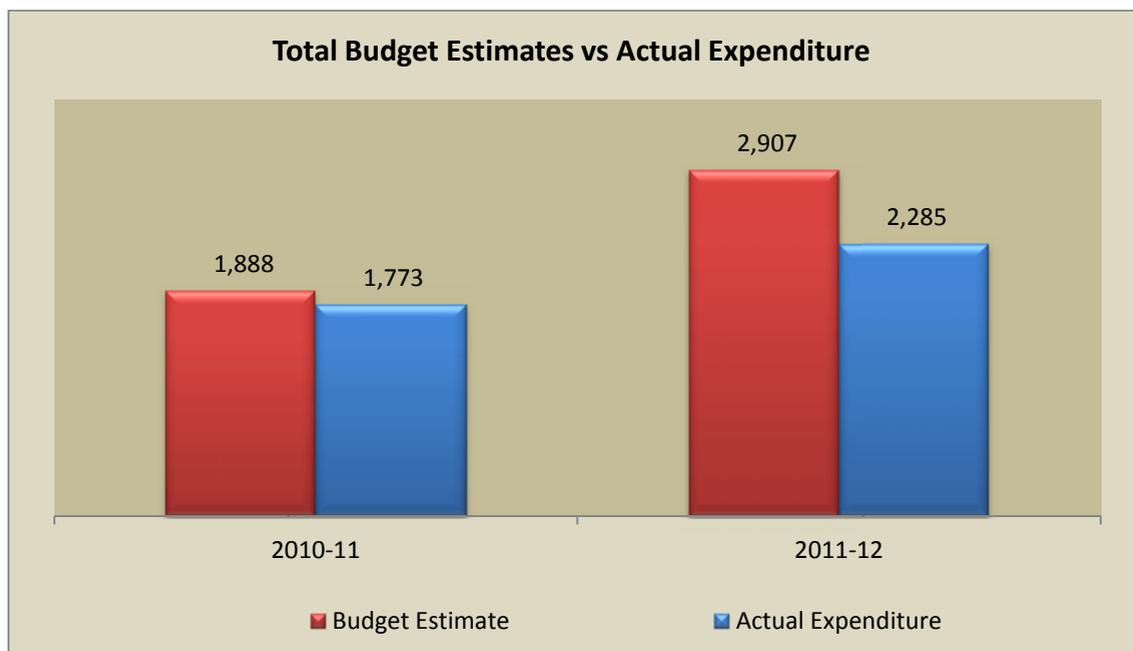
16. Functionally, whole of the development budget has been classified under "Population Welfare Measures". No further detailed classifications are available (Table 16, Appendix C).

17. In all, there are 6 development schemes / projects over which the provincial development portfolio for population welfare is distributed. This number remained unchanged in both FY's 2011-12 and 2012-13. Of this, four districts, namely Lahore, Faisalabad, Multan and Sahiwal have one scheme each in FY 2012-13 (Table 17 & 18, 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 the Punjab. 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.

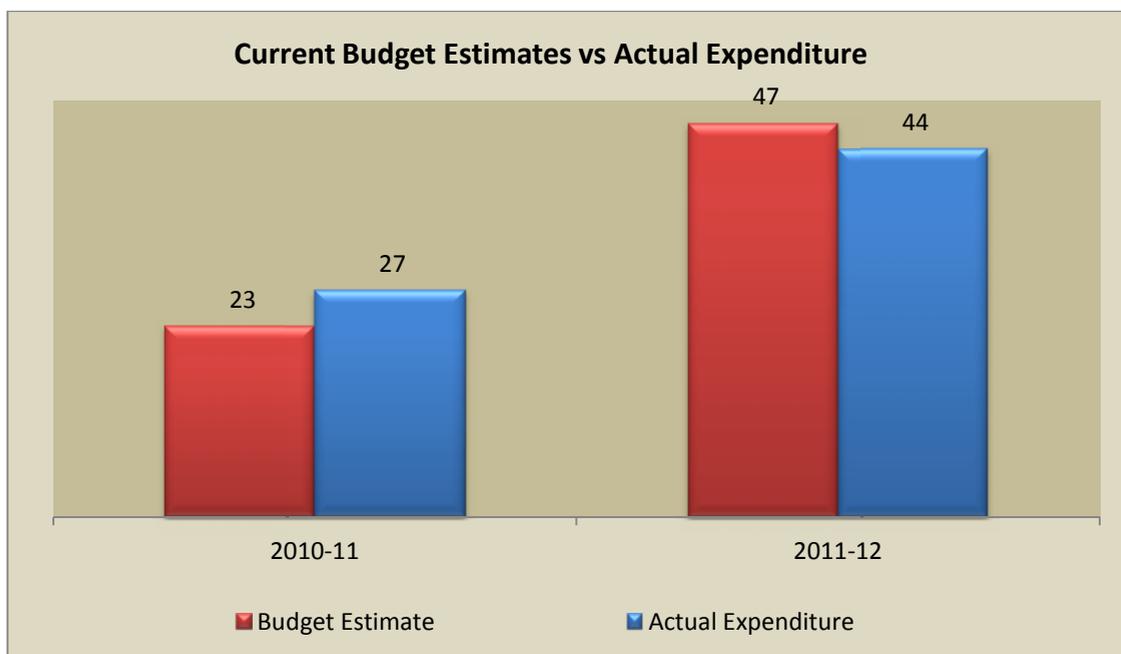
FIGURE 5: BAR CHART (BUDGET ESTIMATES)



2. FY 2011-12 has achieved a budget execution rate of 79%. Although expenditure level (Rs. 2.3 bn) has increased by 33% in FY 2012-13, the budget execution rate depicts a decline from a rate of 94% achieved in FY 2010-11 (Table 1, Appendix D).
3. The departmental budget execution rate depicts better performance when compared to the execution rate for the province as a whole. For example, the budget execution rate (94%) was higher than the provincial execution rate (83%) in FY 2010-11 (Table 2, Appendix D).
4. Population welfare budget (current & development) was subject to downward revision in FY 2010-11 (by 27%) and 2011-12 (by 32%). Due to this revision, the budget

execution rate based on revised estimates is 129% and 116% in FY's 2010-11 and 2011-12 respectively (Table 3, Appendix B).

FIGURE 6: BAR CHART (CURRENT EXPENDITURE)

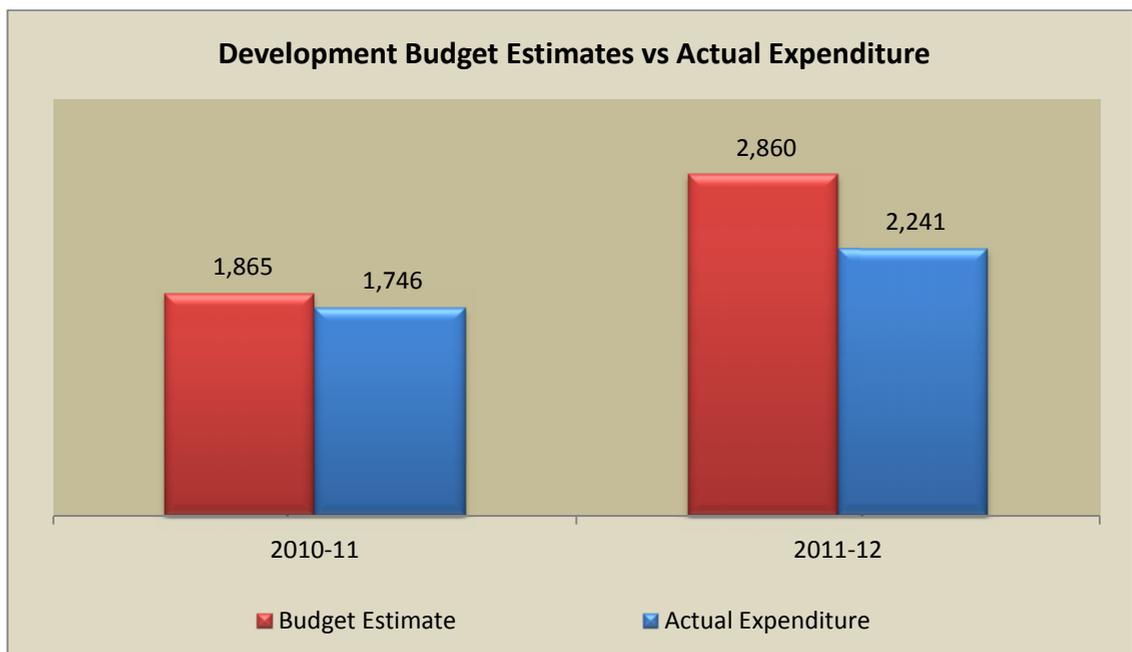


5. Current expenditure (Rs. 44 bn) has nearly doubled in FY 2011-12 when compared to the level recorded in FY 2010-11. However, the budget execution rate failed to maintain the level achieved in FY 2010-11 (i.e. 119%) and has come down to 94% in FY 2011-12 (Table 4, Appendix D).
6. Upward revisions in current budget estimates were carried out to the extent of 38% in FY 2010-11 and 4% in 2011-12. This has translated into a budget execution rate of 86% and 98% respectively (Table 5, Appendix D).
7. Salary component has recorded a budget execution rate of 91% in FY 2011-12. This rate has come down from a high of 134% achieved in FY 2010-11. Non-salary, on the other hand, has registered a higher budget execution rate in FY 2011-12 (i.e. 101%) when compared to the rate recorded in FY 2010-11 (95%) (Table 6, Appendix D).
8. For salary and non-salary components, the ratio of composition based on actual expenditure has remained unchanged at 70:30 in both FY's (i.e. 2010-11 & 2011-12).

Interestingly this ratio is not much different from the one based on budget allocations (i.e. 72:28) in FY 2011-12 (Table 7, Appendix D).

9. Within non-salary component, operating expenditure has registered a higher budget execution rate (101%) in FY 2011-12 when compared to the rate achieved in FY 2010-11 (95%) and the rate recorded for physical assets (91%) in FY 2011-2. Within operating expenditure, utilities have recorded a rise of 76% while communications have registered a growth of 7% in expenditure level in FY 2011-12 (Table 8 & 9, Appendix D).

FIGURE 7: BAR CHART (DEVELOPMENT EXPENDITURE)



10. Development expenditure has grown by 28% (YoY) in FY 2011-12. Despite this increase, the budget execution rate has fallen to 78% in FY 2011-12 from 94% in FY 2010-11 (Table 10, Appendix D).

11. Development estimates were subject to downward revisions in FY's 2010-11 and 2011-12 by 28% and 32% respectively. These have resulted in a budget execution rate of 130% and 116% in FY's 2010-11 and 2011-12 (Table 11 & 12, Appendix D).

12. Employee costs and operating expenditure together account for 97% of development expenditure and have recorded a budget execution rate of 88% and 54% respectively

in FY 2011-12. The remaining expenditure is shared by 6 other budget heads with varying budget execution rates (e.g. employee retirement 8%; grants & subsidies 101%; repair & maintenance 88%; etc.) (Table 13, Appendix D).

13. In FY 2011-12, employee costs have posted an increase of 31% while operating expenditure has registered a growth of 37% over FY 2010-11. Grants & subsidies have risen by 88%, transfer payments by 86% while repair & maintenance have increased by 49% in FY 2011-12. Civil works, with a negligible expenditure level in FY 2010-11 have further declined by 67% in FY 2011-12 (Table 13, Appendix D).

14. In Table 14, Appendix D, a comparison has also been performed for expenditure levels in FY's 2010-11 and 2011-12 and it transpires that:

- Employee related expenditure has increased by 26% in FY 2011-12
- Operating expenses has grown by 33% over FY 2010-11
- Actual expenditure in respect of grants & subsidies has registered an increase of 80% in FY 2011-12
- Repair & maintenance has depicted a rise of 44% over FY 2010-11

15. Upward / downward revisions in budget estimates have resulted in different budget execution rates for various budget heads in FY 2011-12, e.g.

- Employee related expenditure: 167%
 - Operating expenditure: 47%
 - Grants & subsidies: 46%
 - Physical assets: 92%
- (Table 15, Appendix D)

