
Khyber Pakhtunkhwa 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 v

EXECUTIVE SUMMARY 1

INTRODUCTION 4

 Section 1: Analysis of Budget and Budgetary Trends..... 6

 Section 2: Analysis of Budget Execution and Expenditure Trends..... 11

List of Tables

Table 1: Government of khyber pakhtunkhwa - Population Welfare Budget and Actual Expenditure.....	3
--	---

List of Figures

Figure 1: Bar Chart (Population Welfare Department, Khyber Pakhtunkhwa)	6
Figure 2: Pie Chart (Current Budget).....	8
Figure 3: Bar Chart (Current Budget)	9
Figure 4: Bar Chart (Development Budget)	10
Figure 5: Bar Chart (Budget Estimates).....	11
Figure 6: Bar Chart (Current Expenditure).....	12
Figure 7: Bar Chart (Development Expenditure).....	13

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
GoKPK	Government of Khyber Pakhtunkhwa
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. Rs. 280 mn against a budget allocation of Rs. 290 mn in FY 2011-12. This expenditure level shows a decline of 48% in FY 2011-12 from the level recorded in FY 2010-11 (Rs. 587 mn). Budget execution rate has dropped from 783% in FY 2010-11 to 97% in FY 2011-12.
2. Development expenditure continues to dominate Population Welfare expenditure though large part of increase in budget allocation is taking place on the side of current budget. Ratio between current and development expenditure has moved to 35:65 in FY 2011-12 from 2:98 in FY 2010-11. Development expenditure for FY 2011-12 is Rs 181mn showing budget execution rate of 152%. This increase in development expenditure was due to expenditure on employee related expenses (Rs. 387mn) against nil allocation in the budget.
3. Current expenditure has grown at a much faster rate of more than 700% on YoY basis during the review period of FY's 2010-13. Current expenditure for FY 2011-12 was Rs 99m with an execution rate of 58%. Share of current budget in total budget for Population Welfare has increased from just 16% in FY 2010-11 to 59% in FY 2011-12 and finally settled at 53% in FY 2012-13.
4. Budget allocation for Population Welfare used to be dominated by development budget but this trend has changed since FY 2011-12. Ratio between current budget and development budget has moved to 53:47 in FY 2012-13 from 16:84 in FY 2010-11; Current budget allocation has grown by 1700% since FY 2010-11.
5. In terms of composition of current budget allocation, employee related expenses (50%), operating expenses (23%) and transfer payments (26%) account for around 99% of economic classification. In terms of development budget composition, "Operating Expenses" account for 100% of budget allocation.
6. In terms of functional classification of current budget, around 75% goes to "Population Welfare Measures" and around 25% towards "Population Welfare Administration". For development budget, functionally, all classification has been made under "Population Welfare Measures."

7. Share of budget allocation for Population Welfare in relation to provincial outlay is showing a rising trend. It has increased from just 0.04% in FY 2010-11 to 0.13% in FY 2012-13.
8. Salary expenditure dominates with a share of 74% in the current expenditure. During FY's 2010-11 and 2011-2012, budget execution rate for salary has been 108% and 100% respectively; Budget execution rate for non-salary expenditure has gone down drastically from 85% in FY 2010-11 to 26% in FY 2011-12.
9. Employee related expenses have a share of 26% in provincial population welfare budget (current & development) in FY 2012-13. This share has remained unchanged since FY 2011-12. Operating expenses have recorded a share of 59% in FY 2012-13.

TABLE 1: GOVERNMENT OF KHYBER PAKHTUNKHWA - 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 KPK										
Current	12	16%	12	2%	171	59%	99	35%	208	53%
Development	63	84%	575	98%	119	41%	181	65%	183	47%
Total	75		587		290		280		391	

INTRODUCTION

1. This Report on Population Welfare budget and expenditure analysis of the Provincial Government (Government of Khyber Pakhtunkhwa) 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 (Peshawar).
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.

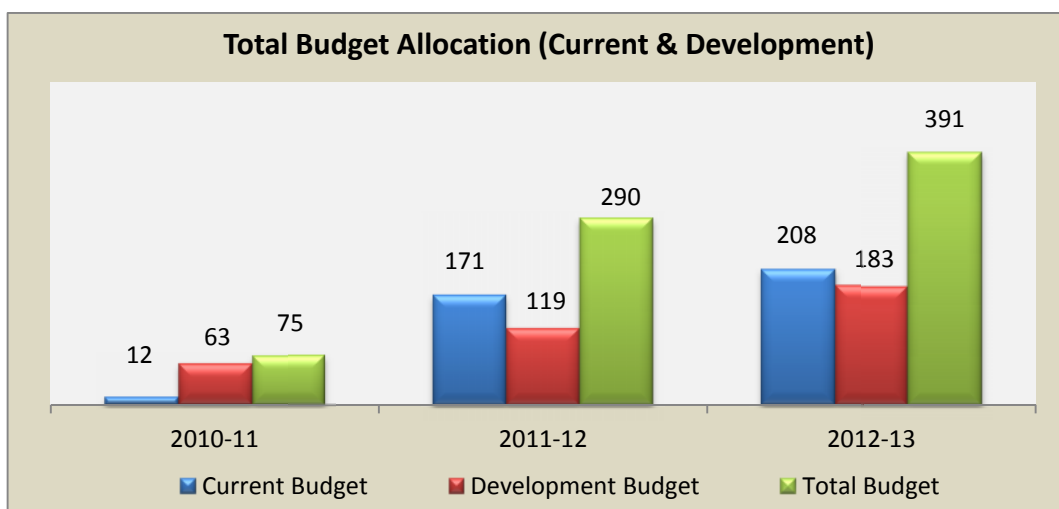
8. Within Appendices, Appendix A – Glossary of terms has been specially developed which describes key budget and expenditure terminologies which will guide readers in appreciating relevant financial terms and its local connotation.

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 Khyber Pakhtunkhwa. 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, KHYBER PAKHTUNKHWA)



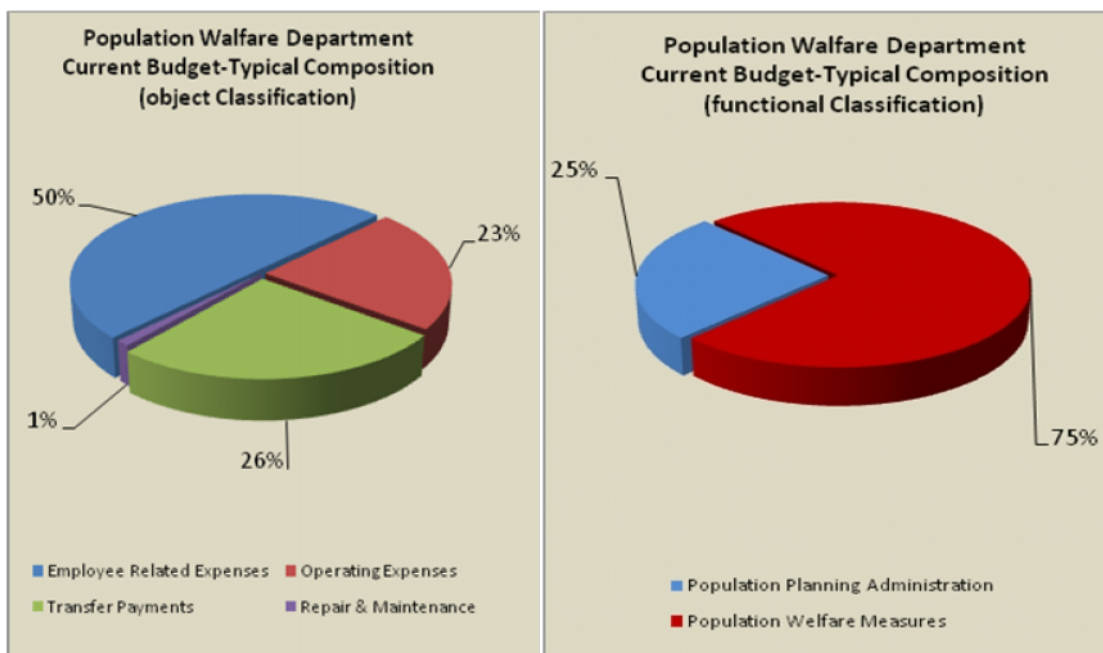
2. Since FY 2011-12, current budget dominates population welfare budget allocations in Khyber Pakhtunkhwa. Share of current budget in total budget for population welfare increased from just 16% in FY 2010-11 to 59% in FY 2011-12 and finally settled at 53% in FY 2012-13 (Table 1, Appendix B).
3. Employee related expenses have a share of 26% in provincial population welfare budget (current & development) in FY 2012-13. This share has remained unchanged since FY 2011-12. Operating expenses have recorded a share of 59% in FY 2012-13, up from 55% noted in FY 2011-12. Transfer payments follow with a share of 14%

while repair & maintenance lag far behind with a share of 1% in provincial PW budget allocations (current & development) in FY 2012-13 (Table 3, Appendix B);

4. Expense heads have recorded varying growth rates during FY's 2010-13. For example, employee costs have registered an increase of 39% in budget allocations (current & development) in FY 2012-13 after rising by a massive 792% in FY 2011-12. Similarly, operating expenses have also maintained a rising trend after growing by 152% in FY 2011-12 and then by 45% in FY 2012-13 (Table 2, Appendix B).
5. Provincial population welfare budget allocations are reported under the functional classifications of "population welfare measures" and "population welfare administration" in the ratio of 87% and 13% respectively in FY 2012-13. This ratio has gradually increased from a ratio of 84:16 recorded in FY 2010-11. These classifications have shown a rise of 35% and 32% in FY 2012-13 (Table 6 & 7, Appendix B);
6. Consolidated budget allocation for Population Welfare has increased by more than 420% since FY 2010-11. Large part of this increase took place in FY 2011-12 i.e. around 286% on YoY basis (Table 1, Appendix C).
7. Till 2010-11, the Provincial Government used to allocate budget for the Secretariat of Population Welfare Department. To cope with the additional burden due to transfer of activities from Federal to Provincial Government in the light of 18th Amendment, One post of Additional Secretary (BS-19) along with support staff has been created in the Population Welfare Department during CFY 2010-11.
8. Around 2,979 posts of different categories, which were earlier funded by Federal Government, are also proposed to be created through SNE (Fresh) 2011-12 in Population Welfare Department. These posts include 192 posts on Provincial Side and 2,787 at Districts level.
9. Consequently, budget allocation for Population Welfare in relation provincial outlay is also showing a rising trend. It has increased from just 0.04% in FY 2010-11 to 0.13% in FY 2012-13 (Table 2, Appendix C).

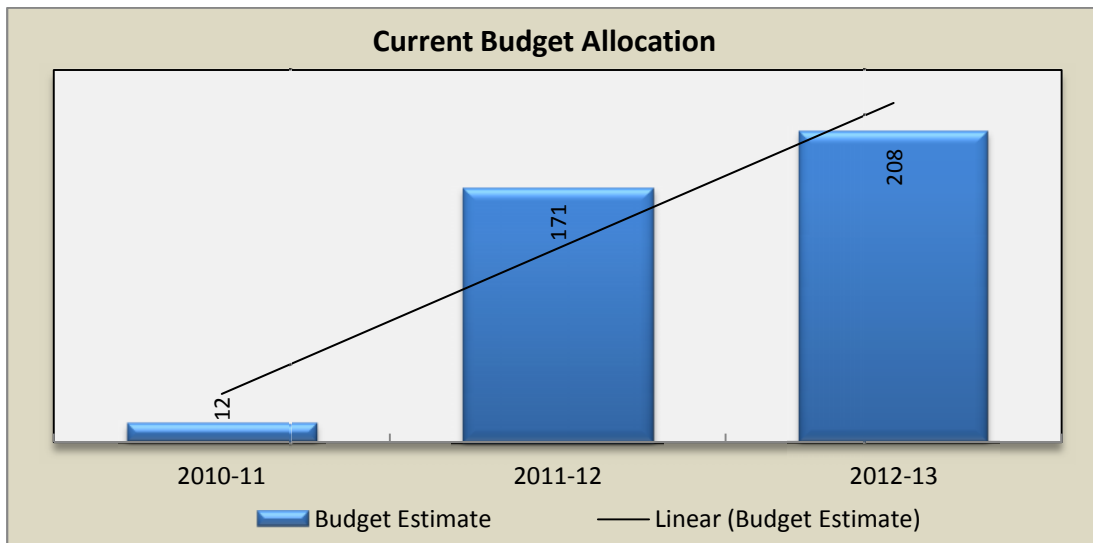
10. Historically, budget allocation for Population Welfare used to be dominated by development budget but this trend has changed since FY 2011-12. Ratio between current budget and development budget has moved to 53:47 in FY 2012-13 from 16:84 in FY 2010-11 (Table 3, Appendix C).
11. Over the period of analysis, current budget is growing much faster than development budget. It grew 8 times faster than development budget (Table 3, Appendix C).

FIGURE 2: PIE CHART (CURRENT BUDGET)



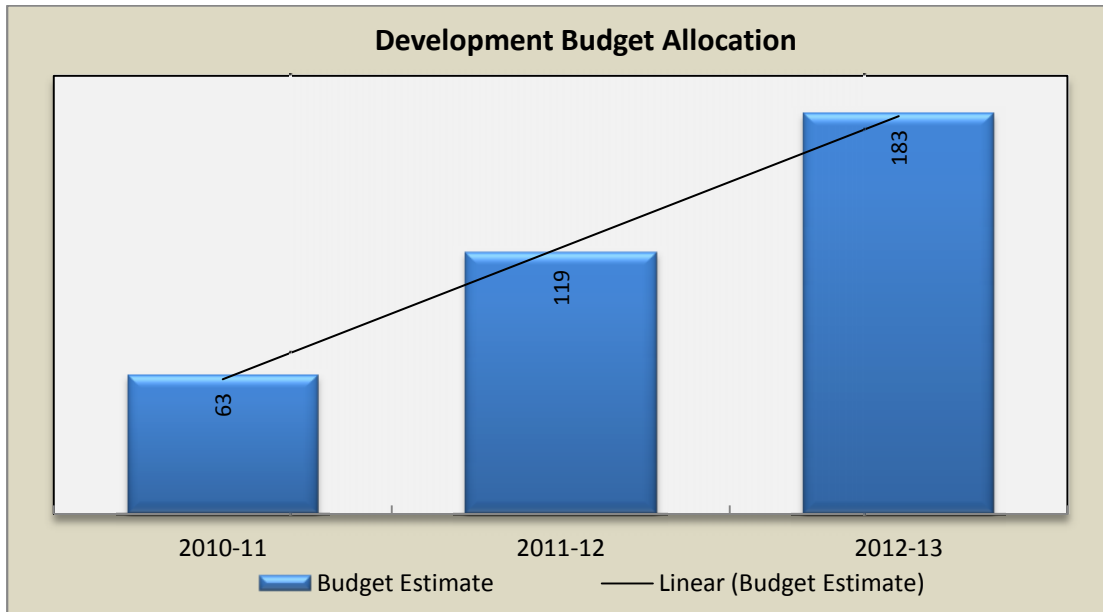
12. In terms of composition of budget allocation, employee related expenses (50%), operating expenses (23%) and transfer payments (26%) account for around 99% of economic classification. In FY 2010-11, there used to no classification for transfer payments. And in terms of function, around 75% goes to population welfare measures and around 25% towards population welfare administration. Quality of functional classification has improved since FY 2010-11 (Table 6 & 7, Appendix C).

FIGURE 3: BAR CHART (CURRENT BUDGET)



13. Current budget allocation of FY 2012-13 is Rs 208m. It has grown by leaps and bounds. Since FY 2010-11, it has grown by more than 1700%. Much of this growth took place in FY 2011-12 where budget grew by more than 1300%. Relatively, budget allocation showed a modest growth rate of 27% in FY 2012-13 on YoY basis (Table 4 & 5, Appendix C).
14. Ratio between salary and non-salary component stands at 50:50 in FY 2012-13. It used to be more salary-focused in FY 2010-11 where similar ratio was 68:32. Since FY 2010-11, non-salary budget allocation has grown at double the rate of salary budget (Table 8 & 9, Appendix C).
15. Large part of increase in current budget allocation has been due to phenomenal increase in allocations for employee related expenses and operating expenses. Both have grown by 13 times and 25 times respectively. Another feature is the introduction of budget allocation for transfer payments since FY 2011-12 (around Rs 54 mn). Historically, there used to be no allocation for transfer payments (Table 10, Appendix C).
16. Since FY 2011-12, with in operating expenses, there is a marked increase in budget allocations for key office running expenses like utilities, communications and travel & transportation (Table 11, Appendix C).

FIGURE 4: BAR CHART (DEVELOPMENT BUDGET)



17. In terms of composition, operating expenses account for 100% of development budget allocation. In terms of function, all classification has been made under population welfare measures (Table 5 & 9, Appendix B).
18. Development budget for FY 2012-13 is Rs. 183 mn showing growth rate of 191% since FY 2010-11. Similar to current budget, large part of this increase took place in FY 2011-12 (89% on YoY basis) (Table 12, Appendix C).
19. Though meant to be of capital nature, but surprisingly, no or very marginal budget allocation is being made for civil works and physical assets. In FY 2010-11, civil works accounted for 5% of development budget which has reduced to NIL in FY 2012-13. Since FY 2012-13, all development budget allocation is being made under operating expenses (Table 14, Appendix C).
20. In FY 2011-12, Rs 165 mn were allocated for 100 Family Welfare Centres across the Province (Table 16, Appendix C).