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



Acknowledgement

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

Disclaimer

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

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

April 2013

Islamabad

Table of Contents

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

List of Tables

Table 1: Government Of Ajk - Population Welfare Budget And Actual Expenditure	3
--	---

List of Figures

Figure 1: Population Welfare, Ajk.....	6
Figure 2: Current Budget.....	7
Figure 3: Development Budget.....	8
Figure 4: Budget Estimates	10
Figure 5: Development Expenditure	11

ABBREVIATIONS & ACRONYMS

ADP	Annual Development Programme
A.E	Actual Expenditure
AJK	Azad Jammu & Kashmir
AKA	Also known as
B.E	Budget Estimates
Bn	Rupees in Billion
FY	Fiscal Year
Mn	Million
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 (development) expenditure of population welfare expenditure (Rs. 73 mn) shows a decline in FY 2011-12 from the level recorded in FY 2010-11 (Rs. 76 mn). Budget execution rate (93%) has also slightly decreased in FY 2011-12. There was no expenditure against current budget in FY's 2011-12 and 2010-11.
2. Population welfare is predominantly a development budget in AJK in FY 2012-13. The current budget allocation has been between 6%-7% of the total budget allocations in FY's 2010-11 & 2011-12.
3. Development budget has exhibited consistently declining trend since FY 2010-11. In FY 2012-13, it has decreased by 54% after falling by 15% in FY 2011-12.
4. Throughout the period of review, development budget has been consistently classified under the functional classification of "Population Welfare Administration" and the Current budget under "Provincial Executive" in both FY's (2010-11 and 2011-12).
5. Within economic classifications, "Operating Expenses" have recorded a budget execution rate of 100% in FY 2012-13. Actual expenditure on employees' salaries & wages was Rs. 69 mn, whereas there was no budget allocation under this head in FY 2011-12.
6. Employee related expenses account for more than 95% of AJK's population welfare budget in FY 2012-13. These have declined by 58% in FY 2012-13 after rising by 7% in FY 2011-12. Operating expenses with a share of 5% in total PW budget have also decreased by 53% in FY 2012-13.
7. Employee Costs and Civil Works are the two notable budget heads in current budget with a share of 49% and 39% respectively in FY 2011-12. Other budget heads (grants & subsidies and repair & maintenance) have a much smaller share (5% and 10%) which has remained more or less the same since FY 2010-11.
8. The share of population welfare budget in AJK's total budget outlay keeps decreasing since 2010-11. The share was 0.28%, 0.22% and 0.08% in FY's 2010-11, 2011-12 & 2012-13 respectively. Overall, the budget has decreased by 60% since FY 2010-11.

9. Share of non-salary had been more than half of the current budget in both FY's (2010-11 and 2011-12), though it slightly decreased in FY 2011-12. Transfer payments and repair & maintenance are the key budget heads within non-salary component, which have recorded an increase of 15% each in FY 2011-12.

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

(Rs. In Millions)

	B.E 2010-11	%	A.E 2010-11	%	B.E 2011-12	%	A.E 2011-12	%	B.E 2012-13	%
Govt. of AJK										
Current	5	6%	-	0%	6	7%	-	0%	-	0%
Development	76	94%	76	100%	73	93%	73	100%	32	100%
Total	81		76		78		73		32	

INTRODUCTION

1. This Report on Population Welfare budget and expenditure analysis for Government of Azad Jammu & Kashmir (AJK) 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 Health / Population Welfare Department have been used for analysis in this Report.
3. Source of the budget data is from the annual budget documents. Where applicable, other data i.e. actual expenditures are taken from PIFRA System.
4. This document explains situation from macro perspective and then narrowing it down to micro.. It analyses budget and expenditure trends separately. Report is divided into following Sections for clarity and understanding.

Section I Analysis of Population Welfare Budgets and Budgetary trends

Section II Analysis of Population Welfare Budget Execution and Expenditure trends

5. **Section I** attempts to analyse budgetary allocations and how budget has grown over the years in terms of aggregate and at detail levels.
6. **Section II** reviews the expenditure against budget allocations against various dimensions starting from aggregate to detail levels from economic and functional classification perspective.
7. The 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.
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.

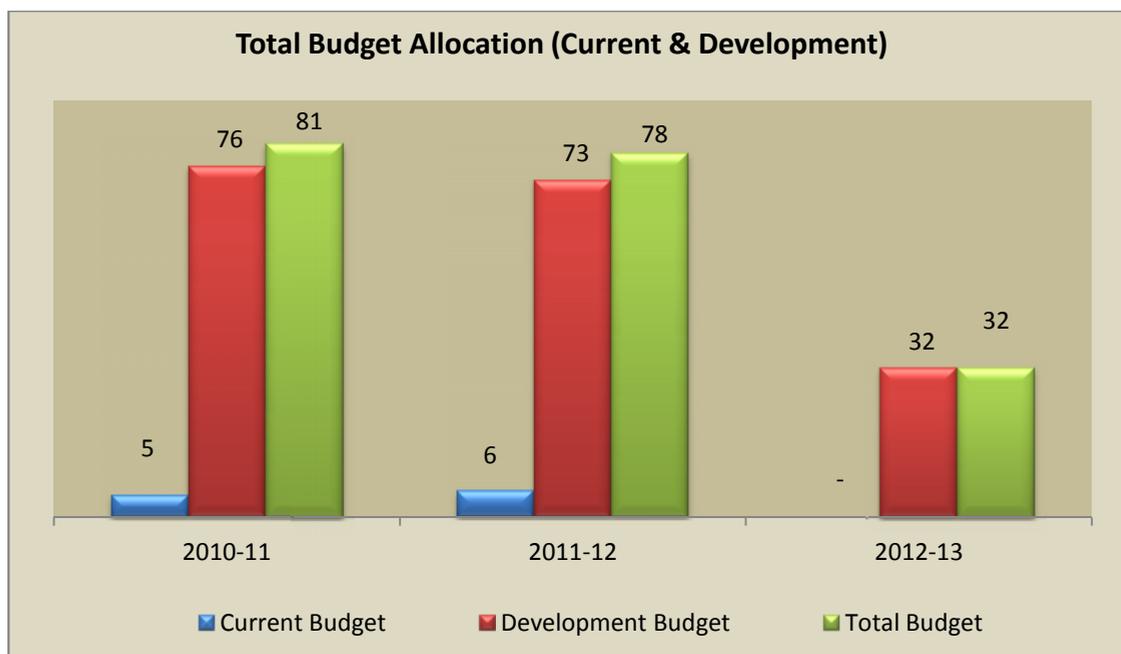
9. Key assumptions – the budget and expenditure analysis following sections does not provide commentary on:

- 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 population welfare budget allocation and its historical trends during three financial years i.e. FY's 2010-11, 2011-12 and 2012-13 for AJK. 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.

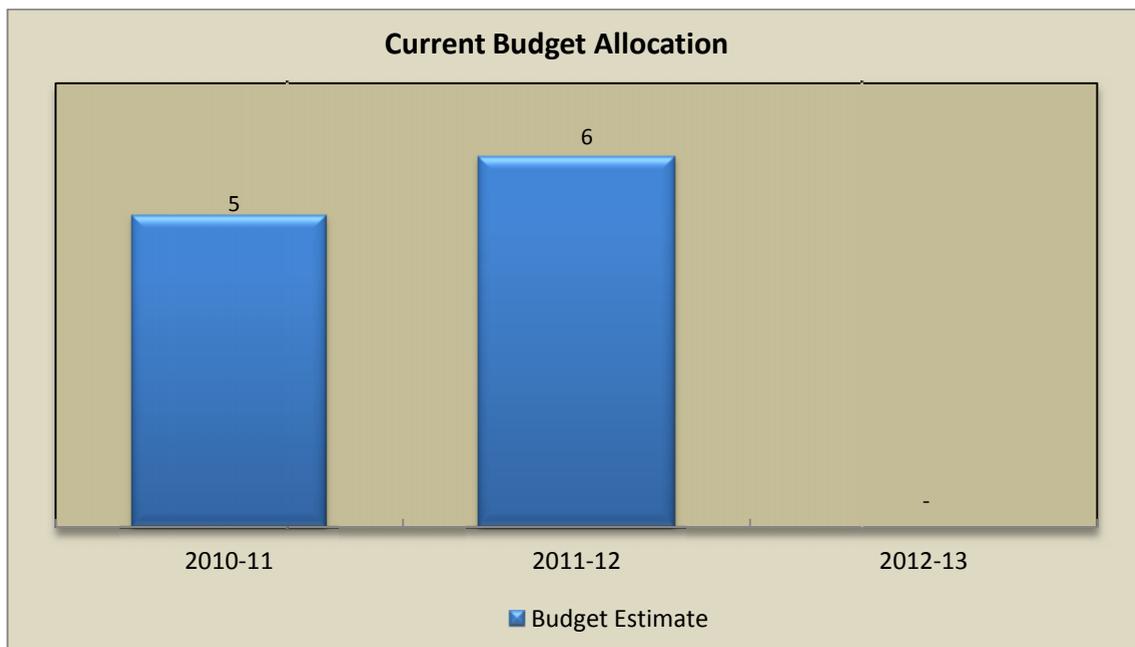
FIGURE 1: POPULATION WELFARE, AJK



2. Population welfare is predominantly a development budget in AJK in FY 2012-13. In previous two FY's (2010-11 and 2011-12), current budget had a share of 6%-7% in the total budget allocations (Table 1, Appendix B).
3. Employee related expenses account for more than 95% of AJK's population welfare budget in FY 2012-13. These have declined by 58% (YoY) in FY 2012-13 after rising by 7% in FY 2011-12. Operating expenses with a share of 5% in total PW budget have also decreased by 53% in FY 2012-13 (Table 2 & 3, Appendix B).

4. Population welfare allocations for AJK depict consistently declining trend since FY 2010-11. The allocations were down by 3% and 59% (YoY) in FY's 2010-11 and 2012-13 respectively. Overall there has been more than 60% decrease in budget allocations. The highest decrease was in FY 2012-13 (Table 1, Appendix C).
5. Resultantly, the share of population welfare budget in AJK's total budget outlay keeps decreasing since 2010-11. For example, this share was 0.28% in FY 2010-11 and has deteriorated to 0.08% in FY 2012-13 after declining to 0.22% in FY 2011-12 (Table 2, Appendix C).
6. In FY 2012-13, current budget has declined by 100% and now the entire allocations for population welfare are in development budget only, whereas until FY 2011-12, a small proportion (up to 7%) was also allocated for current budget. Development budget has shown a decrease of 56% in FY 2012-13 after falling by 4% in FY 2011-12 (Table 3, Appendix C).

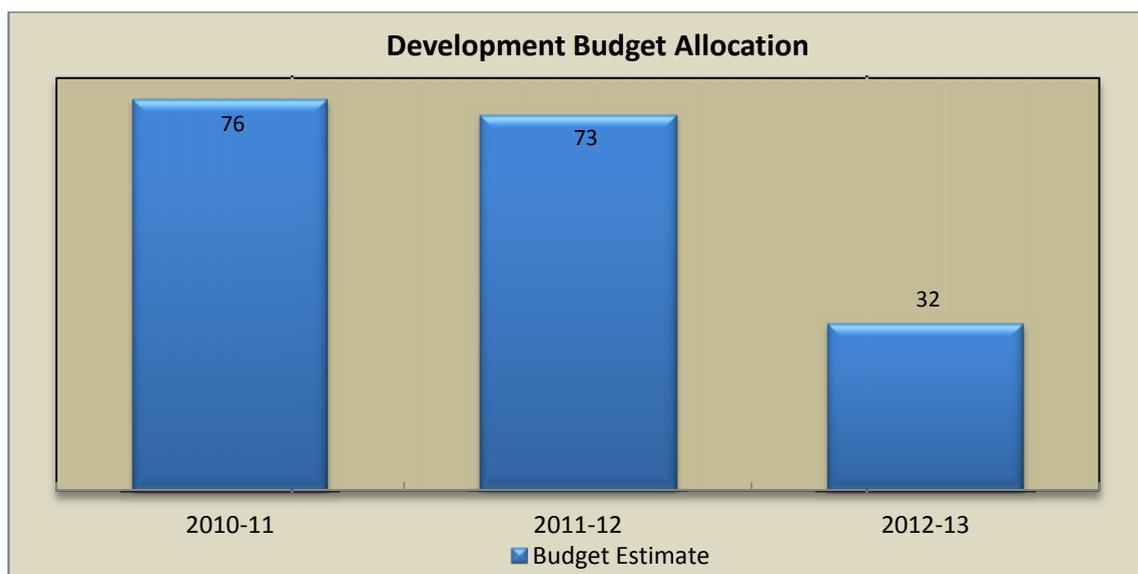
FIGURE 2: CURRENT BUDGET



7. FY 2012-13 has witnessed 100% decrease in current budget. In FY 2011-12, the allocations were Rs. 6mn, which indicate a rise of 19% over FY 2010-11 (Table 4, Appendix C).

8. Employee costs and civil works are the two notable budget heads in current budget which had a share of 49% and 39% respectively in FY 2011-12. This reflects a slight increase (up to 3%) over the share recorded in FY 2010-11. Other budget heads (grants & subsidies and repair & maintenance) have a much smaller share (5% and 10%) which has remained more or less the same since FY 2010-11 (Table 6, Appendix C).
9. Current budget is functionally classified under "Provincial Executive" only in both FY's (2010-11 and 2011-12) (Table 7, Appendix C).
10. Share of non-salary had been more than half of the current budget in both FY's (2010-11 and 2011-12), though it slightly decreased in FY 2011-12. For example, non-salary was 54% of current budget in FY 2010-11 but in FY 2011-12 it was 51%, indicating that 3 percentage points were lost to the salary component (Table 8, Appendix C).
11. Salary has reflected an increase of 28% whereas non-salary has registered a rise of 11% over FY 2010-11 (Table 9, Appendix C).
12. Transfer payments and repair & maintenance are the key budget heads within non-salary component, which have recorded an increase of 15% each in FY 2011-12 (Table 10, Appendix C).

FIGURE 3: DEVELOPMENT BUDGET

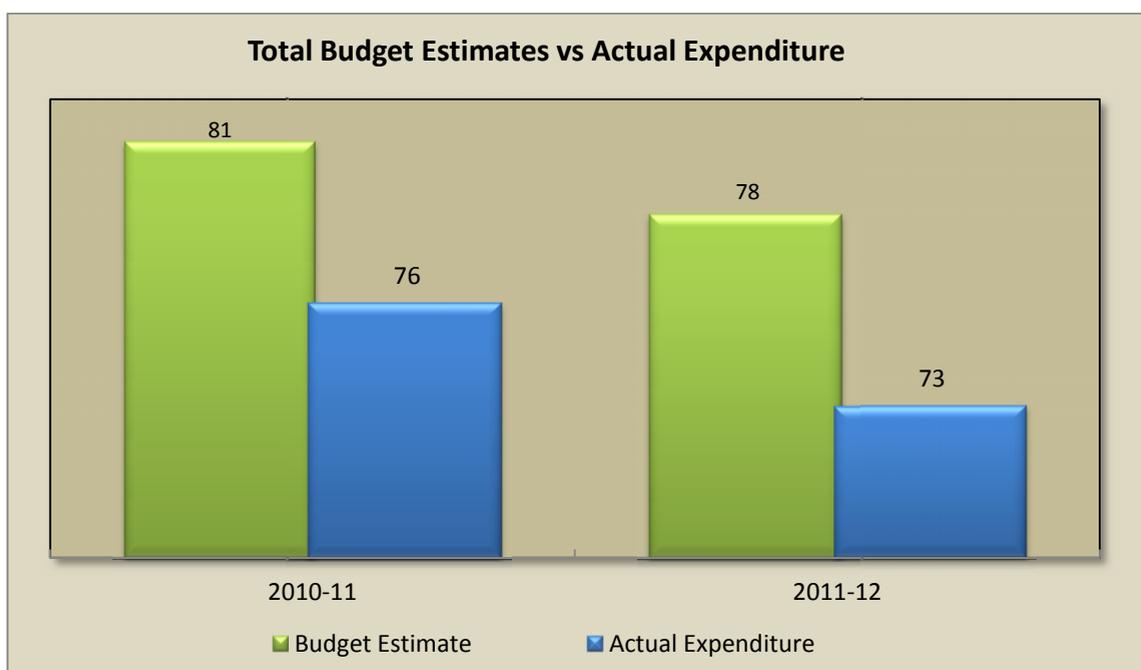


13. Development budget has exhibited consistently declining trend since FY 2010-11. In FY 2012-13, it has decreased by 54% after falling by 15% in FY 2011-12 (Table 12, Appendix C).
14. A large part (95%) of development budget consists of salaries in FY's 2012-13 and 2011-12, while the balance (5%) is shared by operating expenses (Table 13, Appendix C).
15. Throughout FY's 2010-13, development budget has been consistently classified under the functional classification of "population welfare administration" (Table 14, Appendix C).

Section 2: Analysis of Budget Execution and Expenditure Trends

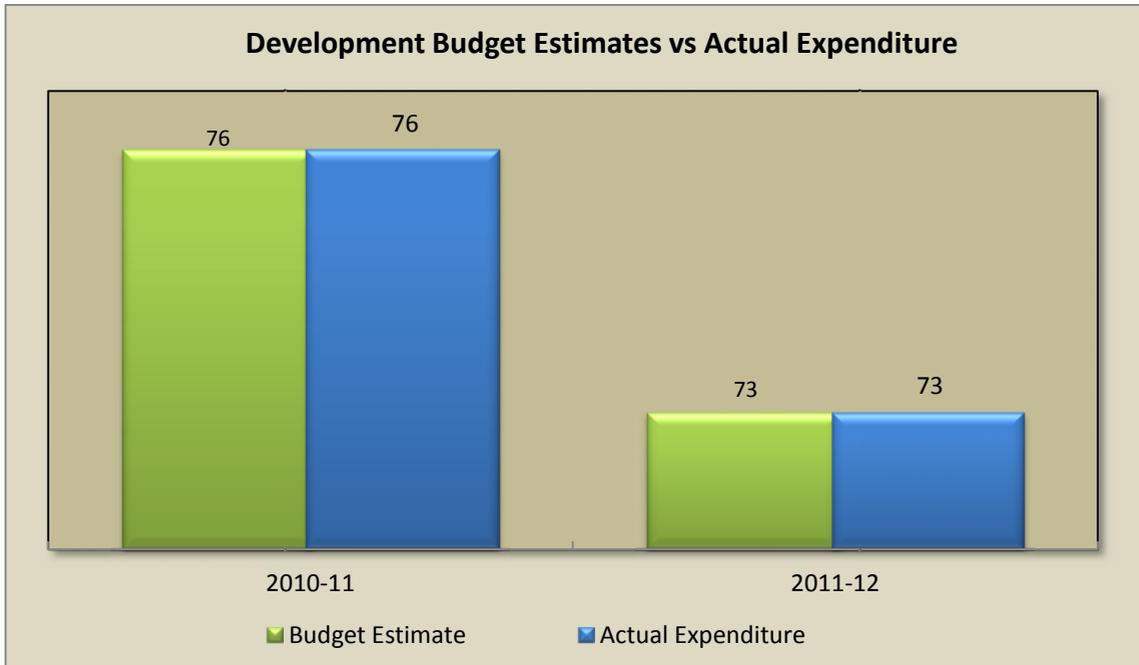
1. This Section of the Report provides analysis on AJK's Population Welfare expenditure trends since last three years. It starts by providing analysis on total expenditures (current and development) against budget allocation i.e. providing the macro perspective and then finally drills down into assessing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

FIGURE 4: BUDGET ESTIMATES



2. In FY 2011-12, population welfare expenditure (Rs. 73mn) shows a decline from the level recorded in FY 2010-11 (i.e. Rs. 76mn). Budget execution rate (93%) has also slightly decreased in FY 2011-12 (Table 1, Appendix C).
3. There is no expenditure against current budget in FY's 2011-12 and 2010-11. Budget execution rate therefore cannot be calculated (Table 3, Appendix D).
4. Current budget allocations were revised upward by 18% in FY 2010-11 and downward by 100% in FY 2011-12; however, no expenditure actually took place in both FY's (Table 4, Appendix D).

FIGURE 5: DEVELOPMENT EXPENDITURE



5. Development budget execution rate was 100% in both FY's (2010-11 & 2011-12), though expenditure level decreased from Rs. 76 mn in FY 2010-11 to Rs. 73 mn in FY 2011-12 (Table 8, Appendix D).
6. Within economic classifications, operating expenses have recorded a budget execution rate of 100% in FY 2012-13. Actual expenditure on employees' salaries & wages was Rs. 69 mn, whereas there was no budget allocation under this head in FY 2011-12 (Table 9 & 10, Appendix D).

