Sindh Health Budget and Expenditure Analysis
(2008 – 09 to 2012 – 13)

Acknowledgement

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Plan
A.E	Actual Expenditure
AKA	Also Known As
BCC	Budget Call Circular
B.E	Budget Estimates
BHU	Basic Health Unit
bn	Rupees in Billion
CCI	Council of Common Interest
EDO	Executive District Officer
FD	Finance Department
FY	Fiscal Year
GDP	Gross Domestic Product
GoP	Government of Pakistan
GoS	Government of Sindh
HD	Health Department
LG	Local Government
LHW	Lady Health Worker
MDG	Millennium Development Goals
MNCH	Maternal & Neonatal Child Health
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
PSDP	Public Sector Development Program
Rs.	Pakistan Rupees
R.E	Revised Estimates
RHC	Rural Health Center
TRF	Technical Resource Facility
w.e.f.	With effect from
YoY	Year on Year basis

EXECUTIVE SUMMARY

1. Consolidated (province and aggregate districts) health expenditure for FY 2011-12 is Rs. 33.6 bn against an allocation of Rs. 34.4 bn. This indicates a growth rate of 130% over FY 2008-09. More than 86% of this expenditure is shared by Provincial Health Department.

2. Share of development expenditure in consolidated (province and aggregate districts) health expenditure has declined to 17% in FY 2011-12 from 27% in FY 2008-09. Almost entire development expenditure relates to the Provincial Health Department.

3. Consolidated (province and aggregate districts) budget allocations (of Rs. 54.4 bn in FY 2012-13) exhibit a three-times increase since FY 2008-09. More than 78% of the growth was achieved in FY 2012-13 alone. Province and aggregate districts share the budget allocations in the ratio of 70:30.

4. Share of employee costs and operating expenses in the consolidated (province and aggregate districts) budget allocations has declined from 88% in FY 2008-09 to 66% in FY 2012-13. Civil Works on the other hand has grown from a share of 6% in FY 2008-09 to over 20% in FY 2012-13.

5. Provincial health budget allocations have increased to 7% of provincial total budget outlay in FY 2012-13. This share has never been more than 5% during previous four years (FY's 2008-12).

6. Provincial health budget allocations have grown much faster than district allocations. Since FY 2008-09, provincial allocations have increased by 274% whereas district allocations have registered a growth rate of 84%.

7. Provincial health expenditure (Rs. 29bn) has increased by more than three times over four years (FY's 2008-12) and has registered a highest ever budget execution rate of 127% in FY 2011-12. Current budget dominates this expenditure which has grown by 308% since FY 2008-09.

8. Consolidated (province and aggregate districts) actual expenditure for drugs & medicines has surpassed budget allocations throughout FY's 2008-12. Also, in FY 2011-12, the execution rate was twice more (224%) than the rate achieved in FY 2010-11 (106%).

9. Provincial health budget execution rate has consistently remained lower than the average execution rate for the province throughout FY's 2008-12. For example it was 77% and 81% compared to the Provincial average rate of 79% and 89% in FY's 2010-11 and 2009-10 respectively.

10. Provincial health current budget has performed better in terms of higher execution rate in 3 out of 4 years. For example, the execution rate was 147%, 86% and 82% for current budget and 81%, 62% and 81% for development budget in FY's 2011-12, 2010-11, and 2009-10.

11. Following promulgation of 18th Amendment, some spending units (hospitals/medical institutes, etc.) of the defunct Ministry of Health have been transferred to the Province and put under the administrative and financial control of the provincial government. These include Jinnah Post Graduate Medical Center (JPMC), Karachi; National Institute of Cardio-vascular Diseases (NICVD), Karachi; National Institute of Child Health (NICH), Karachi; Institute of Basic Medical Sciences (IBMS), Karachi. These spending units have started getting budget allocations through Provincial Health Department in FY 2011-12. Their current budget allocations for FY's 2012-13 and 2011-12 stand at Rs. 2.7 bn and 2 bn respectively.

12. Non-salary component of provincial health current budget has registered a much faster growth rate than salary component during FY's 2008-13. Since FY 2008-09 it has grown by 220% compared to salary component which registered an overall growth rate of 182%.

13. Provincial health development allocations (Rs. 16.5bn) have grown by a massive 484% over five years (FY's 2008-13). The largest increase (136%) was in FY 2012-13. Overall share of health development allocations in the Provincial ADP has soared to a high of 8% in FY 2012-13.

14. Share of unapproved health development schemes in provincial health ADP has increased to 30% in FY 2012-13 from 22% in FY 2011-12. Total number of unapproved schemes has also risen to 75 (highest in five years) in FY 2012-13 from 58 in FY 2011-12.

15. No allocations have been for development budget in Districts in FY 2012-13.

16. Half of the district health allocations have been made for seven districts only. Karachi tops the list with a share of 14%, while Hyderabad and Khairpur follow with a share of 10% and 7% respectively.

17. Some districts have recorded high growth in budget allocations in FY 2012-13. For example, district Badin (82%), Nawabshah (61%) and Sukkur (58%). Similarly, Kashmore and Umerkot have got 40% and 14% less budget in FY 2012-13.

18. All districts (except Umerkot) have got budget allocations for drugs & medicines during FY's 2008-13.

19. Health expenditure for aggregate districts has registered a negative growth of 55% in FY 2011-12 after recording a high of 37% in FY 2010-11. The expenditure has in fact also declined by 11% when compared to the levels of FY 2008-09.

20. District budget execution rate for drugs & medicines has taken a nosedive in FY 2011-12 and plunged to its lowest level (16%) after recording a high of 106% in FY 2010-11.

21. A detailed analysis of district service delivery areas for selected districts (i.e. Umerkot, Larkana, Badin) indicates that these districts have varying proportions of their budget spending against their respective service delivery areas (e.g. Hospitals, BHU's, RHC's, Nursing Schools, BTC's etc.) through FY's 2009-12. For example, in FY 2010-11, more than 88% of Umerkot's expenditure is concentrated in EDO Health & Hospitals, while 67% of Larkana's spending takes place for EDO Health and RHC's. Badin seems to have relatively more evenly spread budget spending in the above areas as around 95% is concentrated in EDO Health, Hospitals, BHU's, RHC's, Health Department, etc.

22. Per capita health expenditure varies considerably between districts. Jamshoro tops the list with a per capita spending of Rs. 912 in FY 2010-11, while Karachi (District with largest population) and Larkana happen to have spent the least amongst the districts (i.e. Rs. 89 and Rs. 98) during FY 2010-11.

23. Sindh Government has promulgated a new local government ordinance (Sindh Government Peoples Local Government Ordinance, 2012) in September 2012 to regulate the affairs of local councils / local governments in the Province. With this change, Districts health function (administrative and financial) has been recentralized back to the Provincial Health Department. From FY 2012-13, districts have ceased to prepare their own health budgets and all their current and development allocations have been routed through Provincial Health Department. The number of district health budgets merged in the provincial health budget is estimated to be 550. Previously (i.e. before this merger), Health Department's budgets were estimated to be around 200 (both current & development).

24. Around 3/4th (71%) of the consolidated (province and aggregate districts) allocations are dominated by "General Hospital Services". Similarly, more than 76% of the provincial development budget is allocated under the same classification despite the fact that the development schemes relate to different categories. Functional classification used for health budget is not very informative. It needs to be responsive to needs of the Health Department and above all the Health Sector in the Province. It also needs to be more aligned to health policy objectives and strategic objectives. 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.

25. Executive summary does not provide any commentary on the fiscal situation of the Province. Summary will be updated once financial statements (civil accounts) for FY 2011-12 have been finalised,

TABLE 1: Government of Sindh 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 Sindh	10,864	9,440	14,556	11,844	16,877	12,955	22,868	29,059	40,607
District Governments	7,520	5,190	8,633	6,768	10,179	9,251	11,512	4,599	13,835
Total	**18,384**	**14,630**	**23,189**	**18,612**	**27,056**	**22,206**	**34,380**	**33,659**	**54,442**
Government of Sindh & District Governments									
Current budget	15,090	10,742	18,117	14,513	20,564	18,242	27,319	28,025	37,940
Development budget	3,294	3,887	5,072	4,099	6,492	3,965	7,061	5,633	16,502
Total	**18,384**	**14,630**	**23,189**	**18,612**	**27,056**	**22,206**	**34,380**	**33,659**	**54,442**
Government of Sindh									
Current budget	7,886	5,739	9,635	7,861	10,577	9,080	15,888	23,429	24,105
Development budget	2,978	3,701	4,921	3,983	6,300	3,876	6,980	5,630	16,502
Total	**10,864**	**9,440**	**14,556**	**11,844**	**16,877**	**12,955**	**22,868**	**29,059**	**40,607**

District Governments									
Current budget	7,204	5,003	8,481	6,652	9,987	9,162	11,431	4,596	13,835
Development budget	316	186	151	116	192	89	81	3	-
Total	**7,520**	**5,190**	**8,633**	**6,768**	**10,179**	**9,251**	**11,512**	**4,599**	**13,835**

% Share in Budget and Actual Expenditure

Overall	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Government of Sindh	59%	65%	63%	64%	62%	58%	67%	86%	75%
District Governments	41%	35%	37%	36%	38%	42%	33%	14%	25%
Overall	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Current budget	82%	73%	78%	78%	76%	82%	79%	83%	70%
Development budget	18%	27%	22%	22%	24%	18%	21%	17%	30%
Current budget	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Government of Sindh	52%	53%	53%	54%	51%	50%	58%	84%	64%
District Governments	48%	47%	47%	46%	49%	50%	42%	16%	36%
Development budget	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Government of Sindh	90%	95%	97%	97%	97%	98%	99%	100%	100%
District Governments	10%	5%	3%	3%	3%	2%	1%	0%	0%

Per Capita Expenditure

Population of Sindh (in Million)*		**41.333**		**42.499**		**43.697**		**44.929**	
Per Capita Expenditure - Total		**354**		**438**		**508**		**749**	
Per Capita Expenditure - Current		260		341		417		624	
Per Capita Expenditure - Development		94		96		91		125	

(Rs in Million)

*Source: Projections of 1998 Census, Population Census Organization – Government of Pakistan

GoS Overall Budget and Expenditure

GoS Overall Budget and Expenditure	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 the Sindh	157,997	155,637	193,972	184,049	262,452	183,986	258,976		496,301
District Governments	77,990	73,142	94,426	72,114	120,815	118,508	135,171		-
Total	**235,987**	**228,779**	**288,398**	**256,163**	**383,267**	**302,494**	**394,148**	**-**	**496,301**

GoS Overall Health Budget and Expenditure	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 the Sindh	10,864	9,440	14,556	11,844	16,877	12,955	22,868	29,059	40,607
District Governments	7,520	5,190	8,633	6,768	10,179	9,251	11,512	4,599	13,835
Total	**18,384**	**14,630**	**23,189**	**18,612**	**27,056**	**22,206**	**34,380**	**33,659**	**54,442**

% share of Health	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 the Sindh	7%	6%	8%	6%	6%	7%	9%	0%	8%
District Governments	10%	7%	9%	9%	8%	8%	9%	0%	0%
Total	**8%**	**6%**	**8%**	**7%**	**7%**	**7%**	**9%**	**0%**	**11%**

INTRODUCTION

1. This Report on health budget and expenditure analysis of the Provincial Government (Government of Sindh) and the District Governments in Sindh has been prepared by Consultant at the request of Technical Resource Facility (TRF). It is an update of a previous budget & expenditure report issued in March 2012. This Report will be further updated with macro-fiscal data once civil accounts / financial statements from Controller General of Accounts / Provincial Accountant General's office are finalised.

2. Analysis covers both budget allocations and related expenditure for FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13. However, since FY 2012-13 is not complete yet, expenditure data for the full year is not available. Hence, expenditure analysis has been done for four years (i.e. all years excluding FY 2012-13). Cut-off date for acquiring expenditure data expenditure for FY 2012-13 is 15 December 2011. Since provincial civil accounts / financial statements have not been finalised till date, no commentary has been made in this Report on fiscal performance of the Province. The Consultant will further update the Report as soon as the relevant data is finalised / available.

3. Source of provincial budget data is from the annual budget documents. Whereas all other data i.e. provincial expenditures, budget and expenditure of Districts 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 (Sindh) and District Accounts Offices. To this end, visits were performed by Consultant to certain selective Districts.

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 Health Budgets and Budgetary trends

Section II Analysis of Health Budget Execution and Expenditure trends

5. **Section I** attempts to analyses budgetary allocations and how budget has grown over the years in terms of aggregate and at detail levels. Contents of this Section appear in the following sequence:

- Brief intro of the Section
- Overall analysis of budget allocations (current & development) - Provincial Health Department and Aggregate Districts
- Overall analysis of budget allocations (current & development) - Provincial Health Department
- Detailed analysis of current budget allocations - Provincial Health Department
- Detailed analysis of development budget allocations - Provincial Health Department
- Overall analysis of budget allocations (current & development) - Aggregate Districts
- Detailed analysis of current budget allocations - Aggregate Districts
- Detailed analysis of development budget allocations - Aggregate Districts

6. **Section II** reviews the expenditure against budget allocations against various dimensions starting from aggregate to detail levels from economic and functional classification perspective. Contents in this Section area arranged in the following order:

- Brief intro of the Section
- Overall analysis of expenditure (current & development) - Provincial Health Department and Aggregate Districts
- Overall analysis of expenditure (current & development) - Provincial Health Department
- Detailed analysis of current expenditure - Provincial Health Department

- Detailed analysis of development expenditure - Provincial Health Department
- Overall analysis of expenditure (current & development) - Aggregate Districts
- Detailed analysis of current expenditure - Aggregate Districts
- Detailed analysis of development expenditure - Aggregate Districts
- Expenditure by 'service delivery' areas for a randomly selected sample of three districts, i.e. Badin, Larkana and Umerkot representing Upper and Lower Sindh

7. The analysis has been performed after extracting and carefully reformulating quite a voluminous budget and expenditure data over last three years (FY's 2008-11). 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. It also provides an overview of types of spending units with in Provincial Health Department and District Governments of Sindh.

9. After abolishing and then restoring Local Government system in FY 2011-12, Sindh Government has finally promulgated an ordinance ("Sindh Government Peoples Local Government Ordinance, 2012") in September 2012 to regulate the affairs of local councils / local governments in the Province. With this change, it appears that Districts health function (administrative and financial) has been recentralized back to the Provincial Health Department. From FY 2012-13, districts have ceased to prepare their own health budgets and all their current and development allocations have been made part of the Provincial Health Department. The number of district health budgets merged in the provincial health budget is estimated to be 550. Previously (i.e. before this merger), Health Department's budgets were estimated to be around 200 (both current & development).

10. Since separate budgets for districts are no more available, comparative budget allocations for districts for FY 2012-13 have been extracted by Consultant from Provincial budget books / records after a detailed scrutiny and assessment.

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

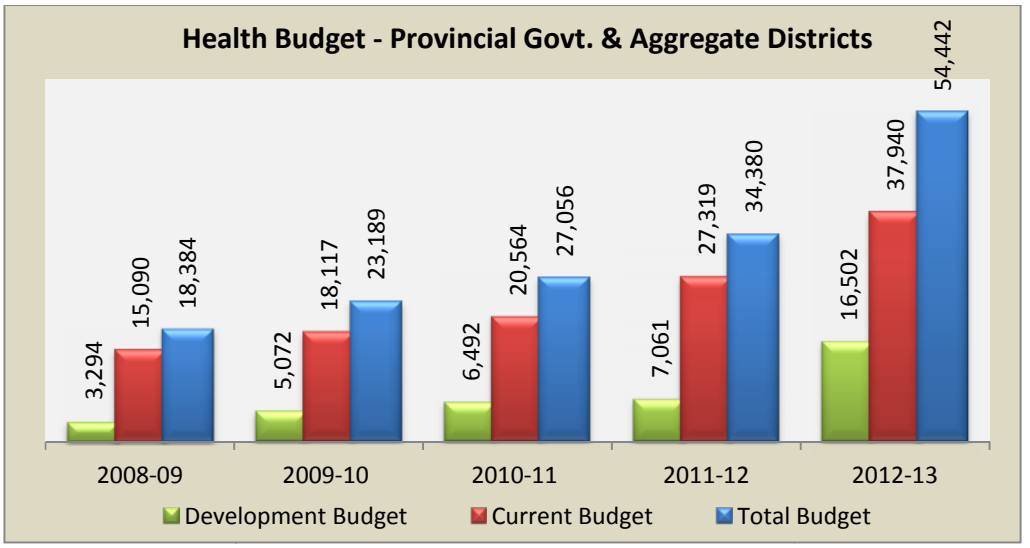
- Budgetary processes and flows, basis of budgeting and budget priorities used formulating budget estimates and their revision
- Causes and reasons for low budget execution (spending)
- The qualitative impact and aspects of expenditure
- Budget formulation and budget execution procedures and institutions

SECTION 1: Analysis of Budgets and Budgetary trends

1. This Section of the Report provides analysis on the budget allocation and its historical trends during FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 for (a) Health Department in Government of Sindh, and (b) District Governments. It starts by providing analysis on the total budget allocation (Health Department and Aggregate Districts) 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. Sindh comprises 23 Districts and until FY 2011-12 each District has had its own budget. Discussion on District budget in proceeding paragraphs starts by discussing consolidated budget (meaning ALL Districts) allocation but also provides a light commentary on particular Districts showing unusual movements in their budget allocations.

FIGURE 1: BAR CHART (HEALTH DEPARTMENT AND AGGREGATE DISTRICTS)



3. Employee costs continue to have leading share in the consolidated health allocations (province and aggregate districts) throughout FY's 2008-13. Operating expenses fall next to employee costs. It is notable that employee costs and operating expenses jointly used to claim more or less 3/4th of the consolidated allocations during first four years of analysis (FY's 2008-12), however, this joint share has declined to nearly 2/3rd of the consolidated allocations in FY 2012-13 (because of a decline in share of employee costs). For example, employee costs have an allocation of 36% in FY 2012-13, down from 47% in FY 2011-12, while operating expenses have almost maintained their share (1/3rd of consolidated allocations) throughout FY's 2009-13. Civil Works claim to have an allocation of 20% in the FY 2012-13, which is significantly up from the level in FY 2011-12 (i.e. 6%). The remaining allocations are shared by Grants, subsidies & write-off loans (11%), Transfer Payments (2%) and physical assets (2%) while repair & maintenance continues to have insignificant allocations (less than 1%) during FY's 2008-13 (Table 3, Appendix B).

4. An analysis of functional classification reveals that "General Hospital Services" has always had the highest allocation in the consolidated health budget (for province and aggregate districts) during five years of analysis (FY's 2008-13). For example, it has an allocation of 71% in FY 2012-13. Out of the remaining allocations Administration and Professional/Technical/ Universities, etc. have a share of 11% and 9% in FY 2012-13 (Table 7, Appendix B).

5. Consolidated (province and aggregate districts) health allocations exhibit a threefold increase (in nominal terms) since FY 2008-09. On YoY basis, the consolidated allocations (Rs. 54.4 bn) have grown by 78% in FY 2012-13 (highest growth rate in five years) (Table 2, Appendix B).

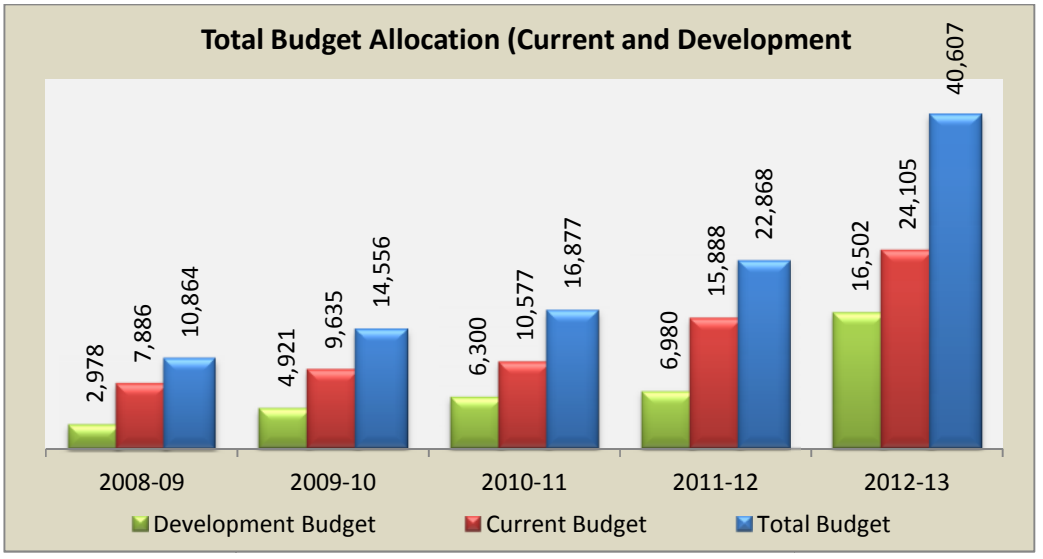
6. Among the chief constituents of the consolidated (province and aggregate districts) health allocations, Civil Works top with a huge growth rate of 412% in FY 2012-13 (YoY). In fact, if seen over FY's 2008-13, these have registered an enormous (40-times) increase in FY 2012-13. Grants, subsidies & write-off loans have grown by 81% in FY 2012-13, while operating expenses have recorded an increase of 47% in FY 2012-13. Physical Assets seems to be the only item in the expense list that

has declined by 42% in FY 2012-13, while employee expenses and repair & maintenance continues to show positive growth throughout FY's 2008-13 (Table 2, Appendix B).

7. Transfer payments have registered a huge growth rate of 75727% (YoY) after touching a level of Rs. 918 mn in FY 2012-13, the highest in five years (FY's 2008-13). Allocations for transfer payments have not been more than Rs. 11 mn in previous four years. As for Drugs & Medicines, the allocations have witnessed an increase of 71% in FY 2012-13 after recording a negative growth of 42% in FY 2011-12. Repair & Maintenance has risen by 65% in FY 2012-13 after growing by 76% in FY 2011-12. The share of repair & maintenance (in consolidated health allocations for province and aggregate districts) has however remained more or less at the level of FY 2011-12 (Table 2, Appendix B).

8. Share of development budget vis-a-vis current budget has increased since FY 2008-09. In FY 2012-13, this share was 30% of the consolidated (province and aggregate districts) health allocations while in FY 2008-09, it was just 18%. This increase is contributed by increase in provincial development budget while district development budget, after recording insignificant allocations, has finally disappeared in FY 2012-13 (Table 1, Appendix B).

FIGURE 2: BAR CHART (HEALTH DEPARTMENT – SINDH)



9. Provincial health allocations have grown by a massive 274% since FY 2008-09. On YoY basis, growth in the last year of analysis (FY 2012-13) is particularly notable when the allocations swelled to a high of 78% (Table 1, Appendix C).

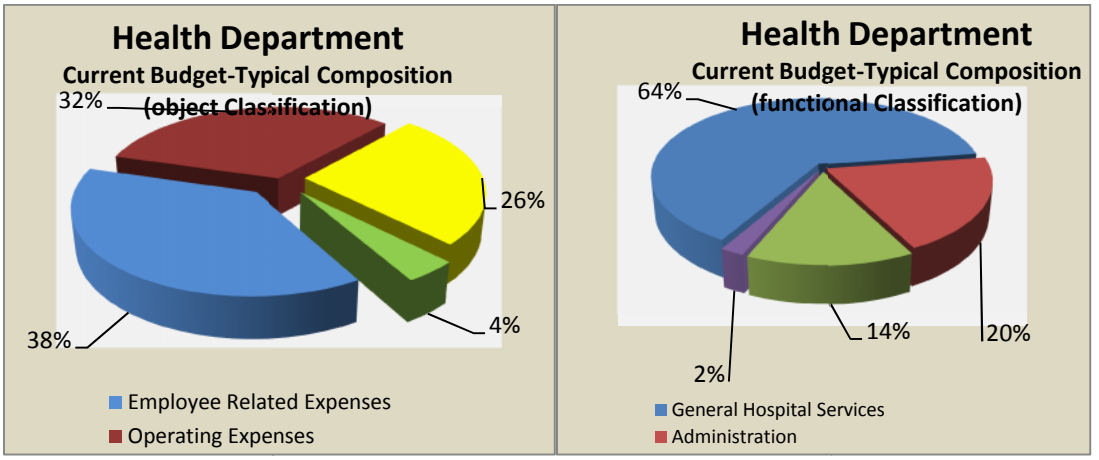
10. Resultantly, share of provincial health allocations in provincial total budget outlay has also increased to 7% in FY 2012-13. This share has not been more than 5% during three out of five years of analysis. FY 2010-11 was the only year when it declined to 4% (Table 2, Appendix C).

11. FY 2012-13 is a year of highest growth rates for both current and development budgets. However, development budget has generally increased at a much faster rate than current budget. For example, it has grown by 136% compared to a growth rate of 52% for current budget in FY 2012-13 (Table 3, Appendix C).

12. Current budget, in comparison to development budget, has had a higher proportion in provincial health allocations throughout FY's 2008-13. However, this proportion keeps falling. Higher growth rate in development budget has impacted on current: development ratio which has become 59:41 in FY 2012-13. The ratio was 69:31 and 63:37 in FY 2011-12 and FY 2010-11 for current and development budgets respectively (Table 3, Appendix C).

CURRENT BUDGET

FIGURE 3: PIE CHART (CURRENT BUDGET)



13. Current budget is made up of 9 different expense classifications, the most important (in terms of level of allocations) being employee costs, operating expenses and grants/subsidies & write-off loans. In FY 2012-13, these have recorded a share of 35%, 36% and 24% respectively. Repair & maintenance and physical assets each have a share of 1% or less in FY 2012-13 (Table 6, Appendix C)

14. Provincial current budget is also classified according to key functions performed by Health Department's spending entities. There are 10 different classifications under which current budget are classified functionally. In FY 2012-13, almost 2/3rd (63%) of the current budget is allocated under "General Hospital Services", 19% is meant for health administration while 14% is reserved for Professional/Technical Universities/Colleges, etc. A small amount (1%) is allocated for Anti-malaria and even less (0.1%) is budgeted for Drugs Control in FY 2012-13 (Table 7, Appendix C)

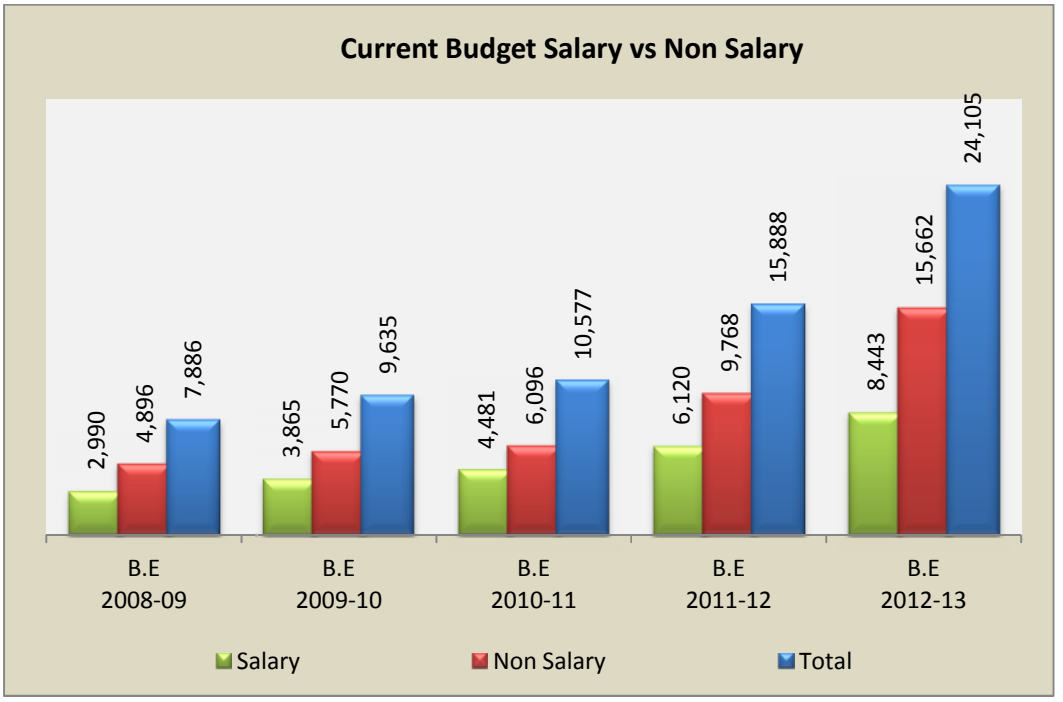
15. Provincial current budget has grown by 205% since FY 2008-09. On YoY, the allocations have risen by 52% in nominal terms (highest increase in five years) Table 4 & 5, Appendix C).

16. Following promulgation of 18th Amendment, some spending units (hospitals/medical institutes, etc.) of the defunct Ministry of Health have been transferred to the Province and put under the administrative and financial control of the provincial government. These spending units have started getting budget allocations through Provincial Health Department in FY 2011-12. Their current budget allocations for FY's 2012-13 and 2011-12 are Rs. 2.7 bn and 2 bn respectively. Details are as follows.

(Rs. in Million)

No.	Name of spending unit	FY 2011-12 (Revised Estimates)	FY 2012-13 (Budget Estimates)
1	Jinnah Post Graduate Medical Center (JPMC), Karachi	1,321	1,882
2	National Institute of Cardio-vascular Diseases (NICVD), Karachi	355	355
3	National Institute of Child Health (NICH), Karachi	338	436
4	Institute of Basic Medical Sciences (IBMS), Karachi	42	51
	Total	**2,056**	**2,724**

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



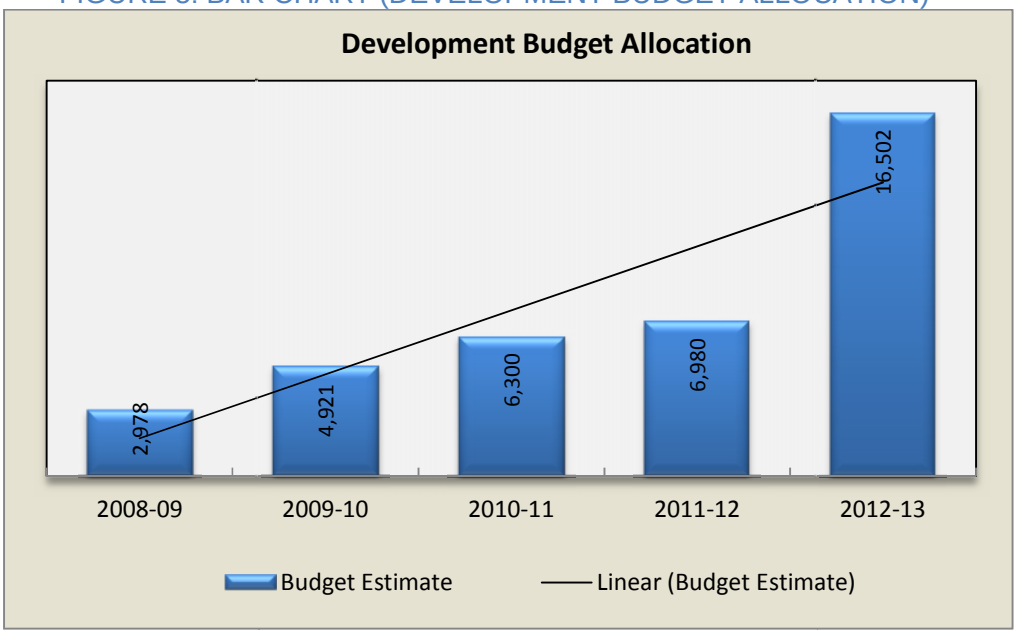
17. Share of salary component in provincial health allocations continued to rise (in comparison to salary component) during initial three years of analysis (FY's 2008-201011), however, it could not keep its upward movement in remaining two years and fell to its lowest level (35%) in FY 2012-13. Overall, share of non-salary component has always remained higher during five years (Table 8, Appendix C).

18. Non-salary has registered a much faster growth rate than salary component in recent two years. For example, it has grown by a constant 60% in FY's 2011-12 and 2012-13, whereas the growth in salary component was only 37% (YoY). Since FY 2008-09, non-salary has increased by 220% compared to salary component which registered an overall growth rate of 182% (Table 9, Appendix C).

19. In terms of level of allocations, operating expenses has been the largest expense category within non-salary component throughout FY's 2008-13. In FY 2012-13, operating expenses recorded a level of Rs. 8.6 bn which reflects an increase of 31% over FY 2011-12. Grants, Subsidies & Write-off loans exhibit phenomenal increases particularly in last two years (FY's 2011-13) and have grown by almost five times during this period to reach at a level of Rs. 5.6 bn in FY 2012-13. Physical assets demonstrate wide fluctuations during FY's 2008-13 and have finally recorded an increase of 3% in FY 2012-13 after growing by 94% in FY 2011-12. Repair & maintenance has got nothing in initial three years of the analysis and has recorded a rise of 127% after reaching the level of Rs. 126mn in FY 2012-13 (Table 10 & 11, Appendix C).

DEVELOPMENT BUDGET

FIGURE 5: BAR CHART (DEVELOPMENT BUDGET ALLOCATION)



20. Development budget allocations have increased by 454% since FY 2008-09. In real terms, the growth has been 416%. FY 2012-13 has witnessed the highest growth (136%) during FY's 2008-13 (YoY) (Table 12 & 13, Appendix C).

21. Civil works claim the largest share (66%) in development budget allocations in FY 2012-13. This share has more than doubled over two years (FY's 2011-13). Operating expenses follow with a share of 30%. Physical assets which had a share of 65% in FY 2009-10 is gradually diminishing and has a share of only 4% in FY 2012-13. Repair & maintenance, after recording insignificant allocation during FY's 2009-12, has got nothing in FY 2012-13 (Table 14, Appendix C).

22. Share of health development budget in Provincial ADP (Annual Development Program) has risen to 8% in FY 2012-13 (highest proportion in five years). This share remained stable at 5% during two years (FY's 2010-12) after growing to 7% in FY 2009-10 (Table 14A, Appendix C).

23. More than 3/4th (76%) of development budget have been classified under General Hospital Services in FY 2012-13, while the rest (24%) is allocated under Social Welfare Measures. During previous three years (FY's 2009-12), whole of the development allocations were classified under General Hospital Services (Table 15, Appendix C).

24. An analysis of the composition of development portfolio into new and ongoing schemes suggests that the share of ongoing schemes in total development budget has remained stable at 79% during last two years (FY's 2011-12 and 2012-13) while new schemes have had a share of 21%. Although, in FY 2012-13, new schemes have got an allocation of Rs. 3.5 bn (up from Rs. 1.4 bn in FY 2011-12), number of new schemes has remained almost at the previous year's level (i.e. 59). District-wise distribution of Provincial ADP suggests that Karachi leads the rest of the Province with 67 health schemes (new & ongoing) in FY 2012-13 (Table 16 & 17, Appendix C).

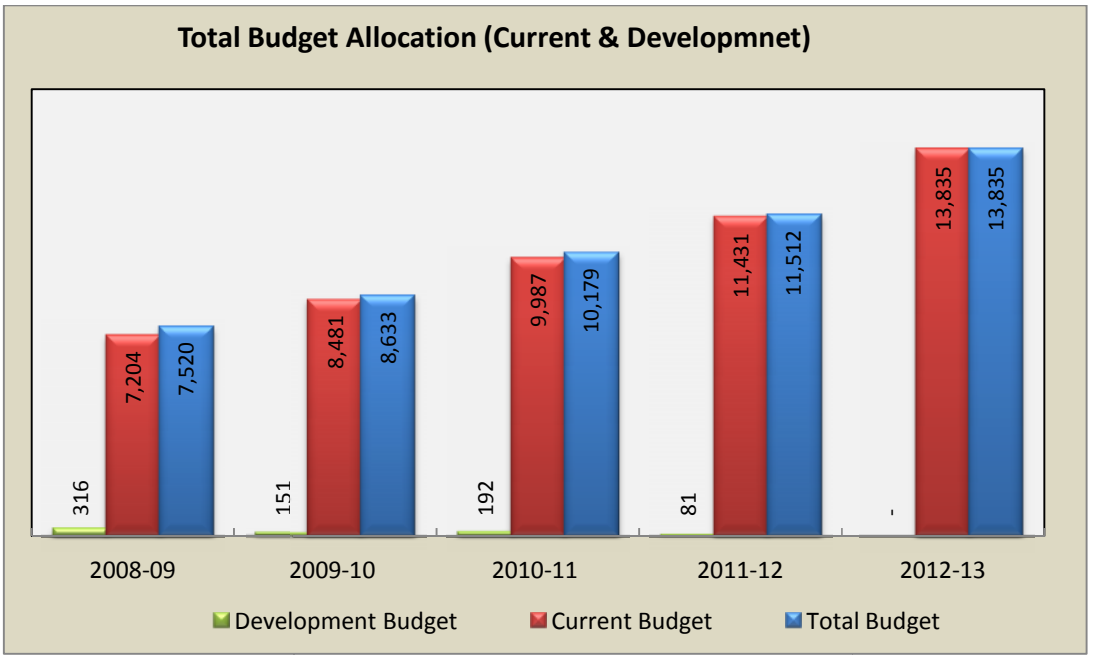
25. Unapproved development schemes have had significant allocations throughout FY's 2008-13. In FY 2012-13, for example, there were 75 unapproved schemes

with an allocation of 30% of the development budget, indicating that this ratio has risen again after touching the low of 22% in FY 201-12 (Table 18 - 20A, Appendix C).

26. Development portfolio also comprises some schemes that are in the nature of construction, improvement, renovation of THQ's / DHQ's and seem to relate to districts but are being executed as part of the provincial health portfolio. For example, there were 35 such schemes with an allocation of Rs. 1.1 bn in FY 2012-13 (Table 22, Appendix C).

DISTRICT GOVERNMENTS

FIGURE 6: BAR CHART (TOTAL BUDGET ALLOCATION CURRENT & DEVELOPMENT)



1. Health allocations for aggregate districts have risen to Rs. 13.8 bn in FY 2012-13, indicating a growth rate of 20% over FY 2011-12. Overall increase since FY 2008-09 has been 80%. In real terms the increase is estimated to be 12% (YoY) (Table 1, Appendix D).

2. Aggregate health allocations for districts represent current budget only. Development budget after declining consistently has finally disappeared in FY 2012-13 (Table 1A, Appendix D).

3. In FY 2012-13, current budget for aggregate districts has registered a growth rate of 21%, after rising by 14% in FY 2011-12. Overall increase since FY 2008-09 is 92% (Table 2, Appendix D).

4. Development budget, after fluctuating widely between minus 58% to 27% during FY's 2009-12, has no allocations at all in FY 2012-13 (Table 2, Appendix D).

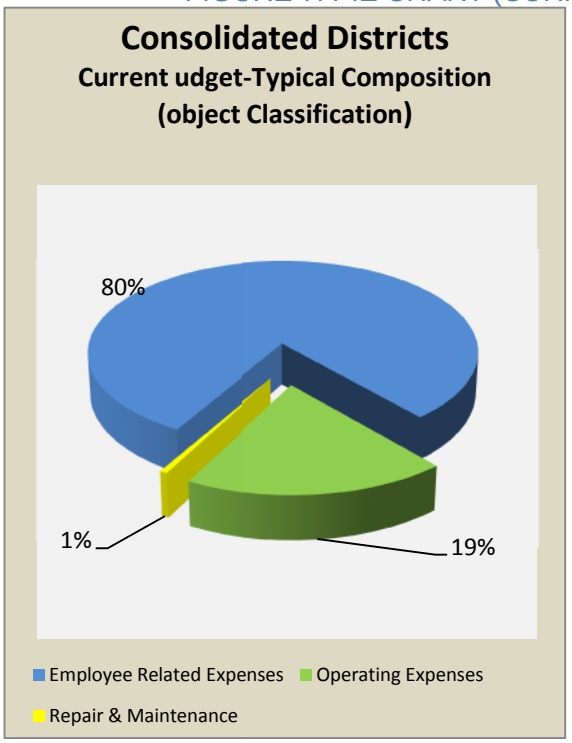
5. Analysis of budget by district reveals that during three years (FY's 2010-13) half of the health allocations have been made for seven districts only. Karachi, Hyderabad and Khairpur top the list with a share of 14%, 10% and 7% respectively (Table 3, Appendix D).

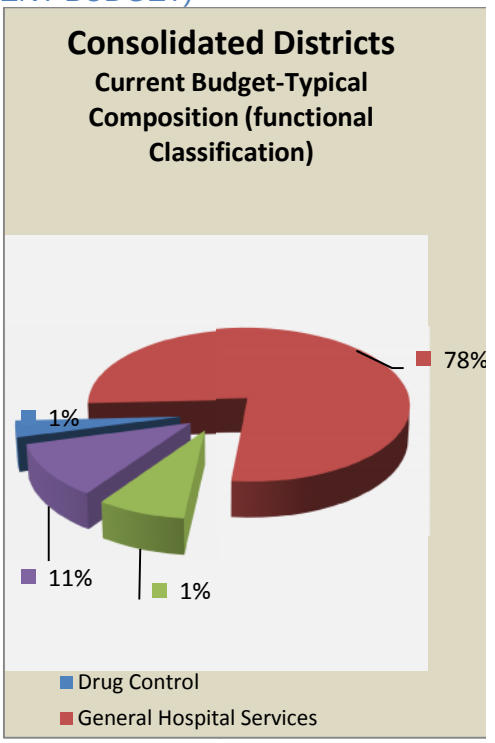
6. Another analysis of growth rates of district allocations suggests that Shikarpur has recorded the highest growth rate in FY 2012-13. Nawabshah is placed next with a growth rate of 61%, while Sukkur has got an increase of 58% in health allocations in FY 2012-13 (Table 4, Appendix D).

7. Similarly, some districts seem to be getting negligible allocations (or with negative growth rates) in FY 2012-13. For example, Kashmore (minus 40%), Umerkot (minus 14%) (Table 5, Appendix D).

CURRENT BUDGET

FIGURE 7: PIE CHART (CURRENT BUDGET)



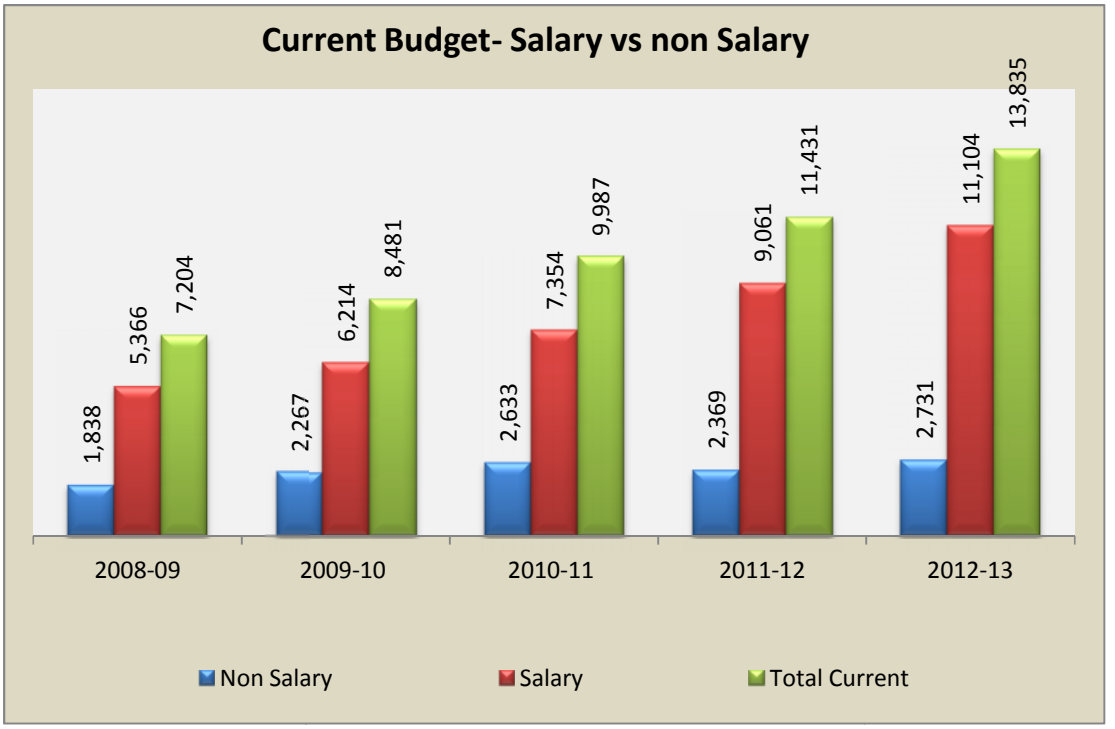


8. Current budget allocations for aggregate districts has have grown by 21% in FY 2012-13 after recording an increase of 14% in FY 2011-12. Overall growth since FY 2008-09 translates to 92% (all in nominal terms) (Table 6, Appendix D)

9. Almost whole of the district current budget is classified under two expense classifications (i.e. employee related and operating expenses). In FY 2012-13, more than 80% has been allocated for employee related expense and 19% operating expense. Repair & maintenance has never got more than 1% throughout FY's 2008-13 (Table 7, Appendix D).

10. Under functional classifications, General Hospital Services continues to claim major share in district current budget. In FY 2012-13, more than 77% was allocated for General Hospital Services while 11% was reserved for "Administration". Drugs control has got an allocation of 3% (slightly up from 1% in FY 2011-12) (Table 8, Appendix D).

FIGURE 8: BAR CHART (CURRENT BUDGET SALARY VS NON SALARY)



11. Throughout FY's 2008-13, salary component has maintained a leading share in district current health allocations. This, too, is rising over the years. For example, in FY 2012-13, salary has a 80% share in aggregate current allocations, up from 79% in FY 2011-12 and 74% in FY 2010-11 (Table 9, Appendix D).

12. District aggregate salary exhibits a more consistent and stable growth rate over the years (FY's 2008-13) while non-salary demonstrates erratic growth during this period. For example, salary has recorded an increase of 23% in each of FY 2012-13 and 2011-12 while non-salary has grown by 15% in FY 2012-13 after declining by minus 10% in FY 2011-12 (Table 10, Appendix D).

13. Within non-salary component, there are only two expense classifications with budget allocations in FY 2012-13, viz. operating expenses and repair & maintenance. These have increased by 40% and 24% (in nominal terms) over FY 2011-12. Surprisingly, no allocations are found for physical assets and grants & subsidies, which otherwise continued to have allocations throughout FY's 2008-12 (Table 11, Appendix D).

14. Operating expenses which largely comprise drugs & medicines have registered an overall increase of 61% since FY 2008-09. If drugs & medicines are excluded, the growth in net operating expenses (i.e. operating expenses minus drugs & medicines) is less (i.e. 34%). Allocations for drugs & medicines have increased by 39% in FY 2012-13 after falling by 13% in FY 2011-12. Overall increase in drugs & medicines since FY 2012-13 is 80% (Table 11, 12 & 12A, Appendix D).

15. Table 13 at Appendix D gives a comparison of districts with significant growth rates in overall budget allocations. For example, district Badin has got 71% more budget in FY 2012-13, Nawabshah has been allocated 61% more when compared to the levels in FY 2011-12.

16. There are some districts with declining budget allocations in FY 2012-13. For example, district Kashmore has got 40% less budget in FY 2012-13 when compared to the level in FY 2011-12. Similarly, both Umerkot and Mithi have got 14% lower budget allocations in FY 2012-13 (Table 14, Appendix D).

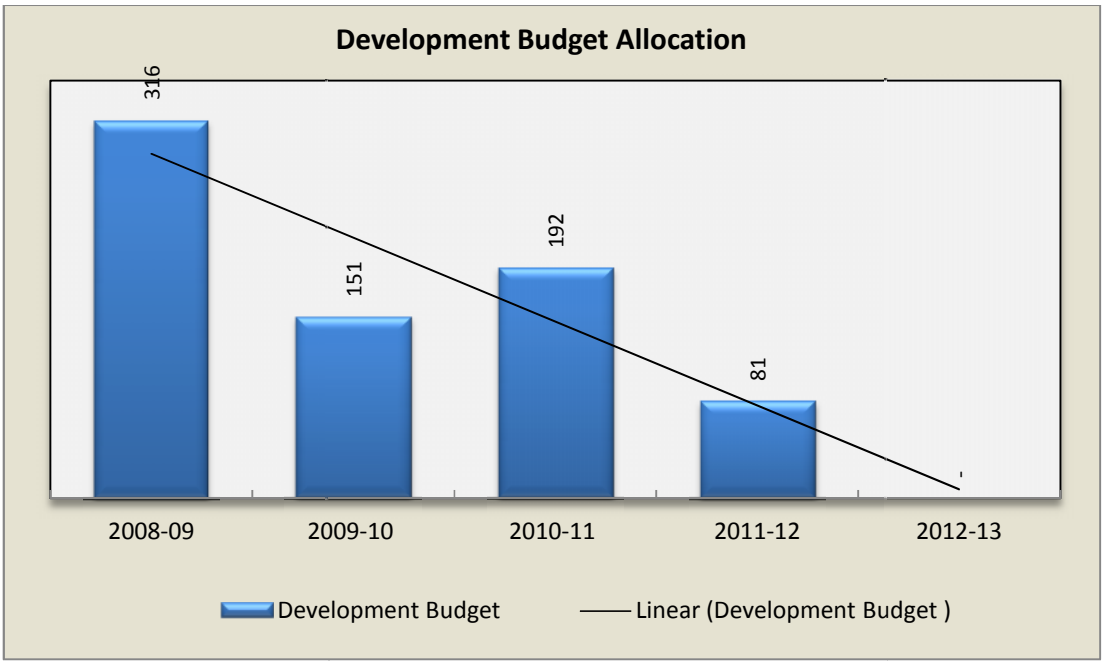
17. Besides overall high/low growth rates in budget allocations, districts have also been analysed with respect to growth rates in salary and non-salary components. Badin happens to have recorded the highest growth rate in salary component (94%) followed by Hyderabad (53%) and Khairpur (40%) in FY 2012-13. Similarly, Karachi leads all other districts with higher growth rates in non-salary component with a growth rate of 1324% in FY 2012-13, while Tando Muhammad Khan has recorded a growth rate of 89% in FY 2012-13 (Table 15 & 16, Appendix D).

18. All districts (except Umerkot) have got budget allocations for drugs & medicines during FY's 2008-13 (Table 16A, Appendix D).

19. Similarly, all districts (with exception of Karachi and Tando Muhammad Khan) have got allocations for Repair & Maintenance during FY's 2008-13 (Table 16B, Appendix D).

DEVELOPMENT BUDGET

FIGURE 9: BAR CHART (DEVELOPMENT BUDGET)



20. NO allocation has been made for district development budget in FY 2012-13. In previous four years (FY's 2008-12), there have been only minimal allocations with irregular growth rates, which ranged from minus 58% (FY 2011-12) to 27% (FY 2010-11) (Table 17, Appendix D).

21. Civil works has a major share (53%) in district development budget in FY 2012-13, followed by grants & subsidies (31%) and employee-related expenses (11%). Since there are no allocations for development budget in FY 2012-13, no budget classifications exist for this year (Table 18, Appendix D).

22. More than 83% of development budget is allocated under Administration, while the remaining 17% is classified as General Hospital Services. With slight variations, this ratio has remained the same over previous years (FY's 2008-11) (Table 19, Appendix D).

23. Whole of the development budget consists of non-salary component during three years (FY's 2009-12), although there was a small proportion (6%) for salary / wages in FY 2008-09 (Table 20, Appendix D).

24. Operating expenses and repair & maintenance have registered a growth rate of 379% and 245% respectively in FY 2011-12. On the other hand, grants & subsidies have recorded a zero percent growth, while physical assets declined by 100% in FY 201-12 (Table 21, Appendix D).

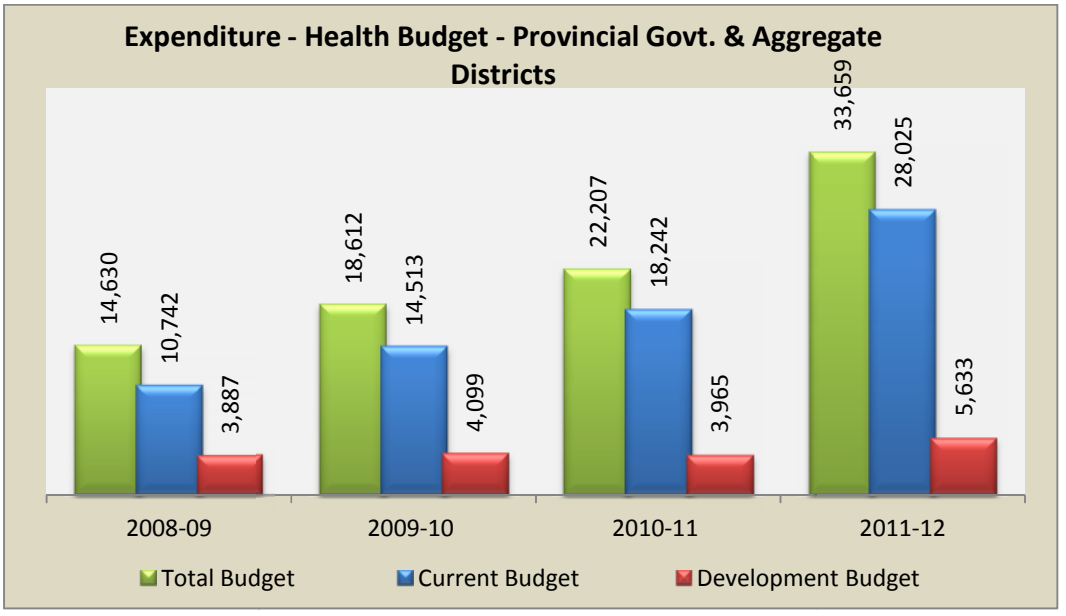
25. A large number of districts have not got any allocations for development budget in any of the years under analysis (Table 22, Appendix D).

Section 2: Analysis of Budget Execution and Expenditure trends

1. This Section of Report provides analysis on expenditure trends since last three years i.e. FY's 2008-11 for (a) Health Department in Government of Sindh, 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 aggregate expenditure against budget allocations and also provides a light commentary on particular Districts showing unusual movements in budget expenditure trends.

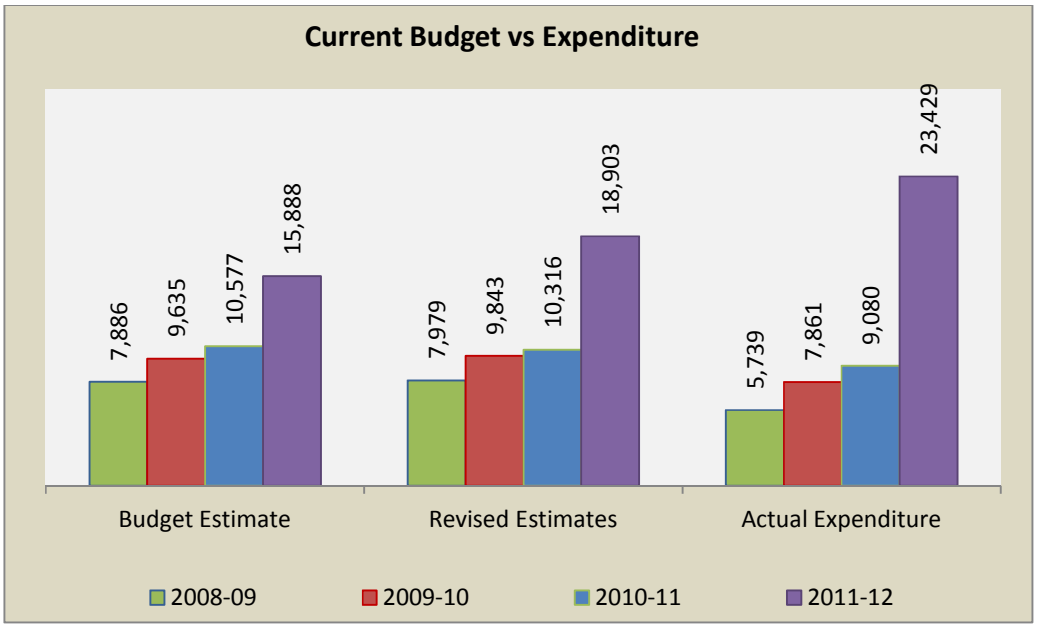
FIGURE 10: BAR CHART (HEALTH EXPENDITURE)



3. Consolidated (province and aggregate districts) health expenditure for Sindh has grown to Rs. 33.6 bn in FY 2011-12, indicating a growth of 130% since FY 2008-09. Budget execution rate has also recorded a high of 98% in FY 2011-12 after maintaining a level of 80%-82% in FY's 2008-11 (Table 3, Appendix B).

4. Current budget (for province and aggregate districts) has recorded a higher execution rate (103% and 89%) compared to development budget (80% and 61%) in FY's 2011-12 and 2010-11. In FY 2008-09, however, the situation was quite the opposite (i.e. development: 118% and current budget: 71%) (Table 4 & 5, Appendix B).

FIGURE 11: BAR CHART (CURRENT BUDGET VS EXPENDITURE)



5. Provincial health expenditure has grown to Rs. 29 bn in FY 2011-12, reflecting a threefold increase since FY 2008-09. Budget execution rate has also recorded a high of 127% in FY 2011-12 from a low of 77% in FY 2010-11 (Table 1, Appendix E).

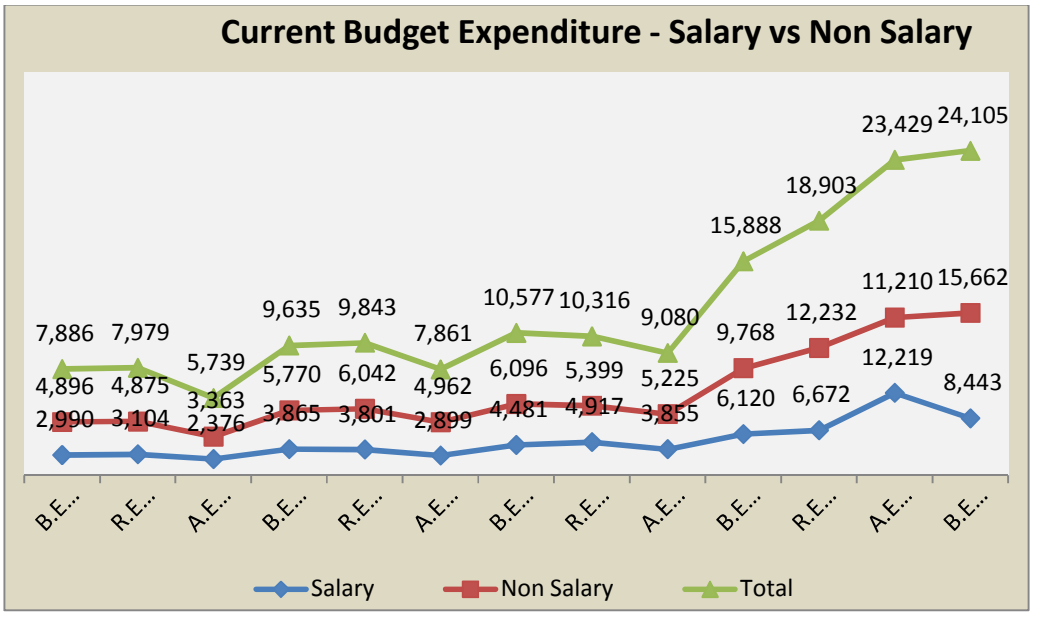
6. Each year budget estimates are revised to take into account changing financial requirement of the Department. Upward revisions have been carried out in 3 out of 4 years (i.e. FY's 2008-09, 2009-10 and 2011-12) while downward revision was done in FY 2010-11 only. Given the same level of actual expenditure, an upward revision produces a lower execution rate and a downward revision results in a higher execution rate. Budget execution rates based on revised estimates during the period of analysis are 71% (2008-09), 76% (2009-10), 90% (2010-11) and 119% (2011-12) (Table 3, Appendix E).

7. Throughout FY's 2008-12, health budget execution rate has remained below the average execution rate for the province. For example it was 77% and 81% compared to the Provincial average rate of 79% and 89% in FY's 2010-11 and 2009-10 respectively (Table 1 & 2, Appendix E).

8. Current budget has recorded a higher execution rate than development budget during 3 out of 4 years. For example, in FY 2011-12, the execution rate was 147% and 81% for current and development budgets respectively. Execution rate for current budget demonstrates a rising trend throughout FY's 2008-12, while that for the development budget has a fluctuating pattern during the same period (Table 4 & 9, Appendix E).

CURRENT BUDGET

FIGURE 12: CURRENT BUDGET EXPENDITURE – SALARY VS NON SALARY



9. Current expenditure for Provincial Health has grown by a whopping 308% since FY 2008-09 (in nominal terms). In real terms, the expenditure has grown by 264%. Execution rate for current budget has always maintained its upward movement

during FY's 2008-13 (e.g. 82%, 86% and 147% in FY's 2009-10, 2010-11 and 2011-12) (Table 4 & 4A, Appendix E).

10. Current budget estimates have been subject to upward and downward revisions during FY's 2008-12, however, these revisions are negligible particularly during initial three years i.e. FY's 2008-11 (ranging from 1% to minus 2%). Execution rates based on revised estimates produce slightly different results. For example, execution rate is 124% in FY 2011-12 and 88% in FY 2010-11 (Table 5, Appendix E).

11. Salary component has recorded a much higher execution rate (200%) in FY 2011-12 than in FY 2010-11 (86%). This rate is also higher when compared to the execution rate for non-salary component (115%) in FY 2011-12. Non-salary execution rate has generally witnessed consistent rising trend throughout FY's 2008-12 (Table 6, Appendix E).

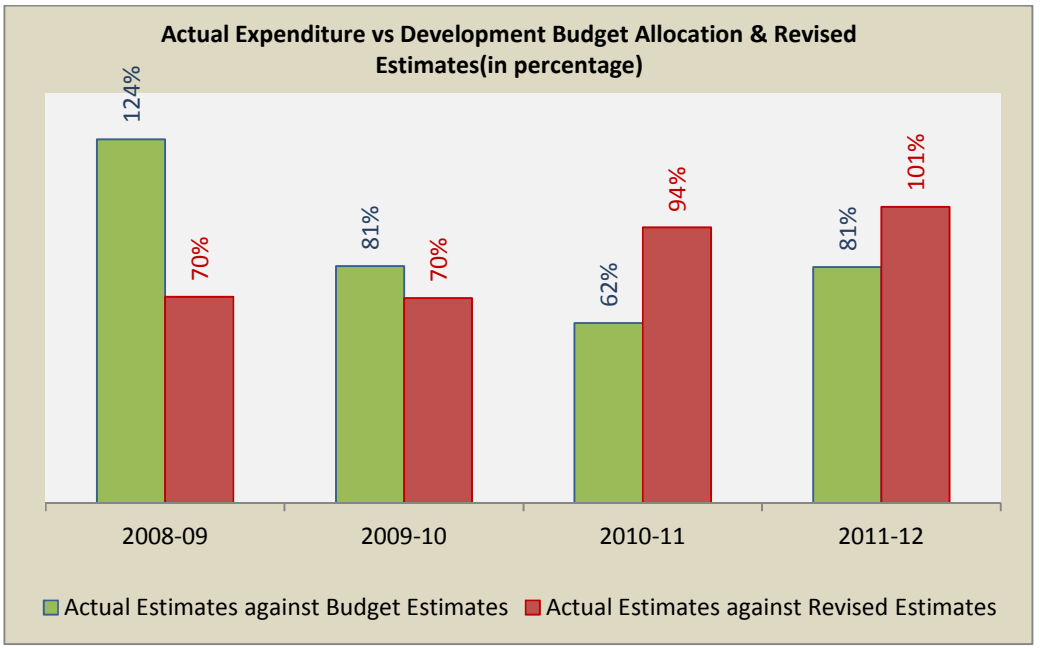
12. Ratio between salary and non-salary based on actual expenditure has witnessed slight fluctuation during FY's 2008-11. For example, the ratio has remained more or less close to the ratio based on budget allocations in FY's 2008-09 and 2009-10, while in FY 2010-11 both the ratios were exactly the same (i.e. 42:58). The situation has however changed in FY 2011-12 when this ratio changed to 52:48 for salary and non-salary whereas the ratio based on budget allocations was 39:61 (Table 6A, Appendix E).

13. Actual expenditure for drugs & medicines has surpassed budget allocations throughout FY's 2008-12. Also, in FY 2011-12, the execution rate was twice more (224%) than the rate achieved in FY 2010-11 (108%) (Table 7, Appendix E).

14. Budget heads within non-salary component exhibit wide fluctuations in execution rates throughout FY's 2008-12 and have mostly registered execution rates of 100% or above during this period. For example, in FY 2011-12, the execution rates were: physical assets (450%), operating expenses (109%), Repair & maintenance (262%). Grants, Subsidies & write-off loans have recorded an execution of 96% in FY 2011-12, down from 102% in FY 2010-11 (Table 8, Appendix E).

DEVELOPMENT BUDGET

FIGURE 13: BAR CHART (ACTUAL EXPENDITURE VS DEVELOPMENT BUDGET)



15. Development execution rate has moved up again to 81% in FY 2011-12 after falling each year during FY's 2008-11. The highest execution rate (124%) was recorded in FY 2008-09. In real terms, development expenditure has decreased each year in FY 2009-10 (3%) and FY 2010-11 (7%) (Table 9, Appendix F).

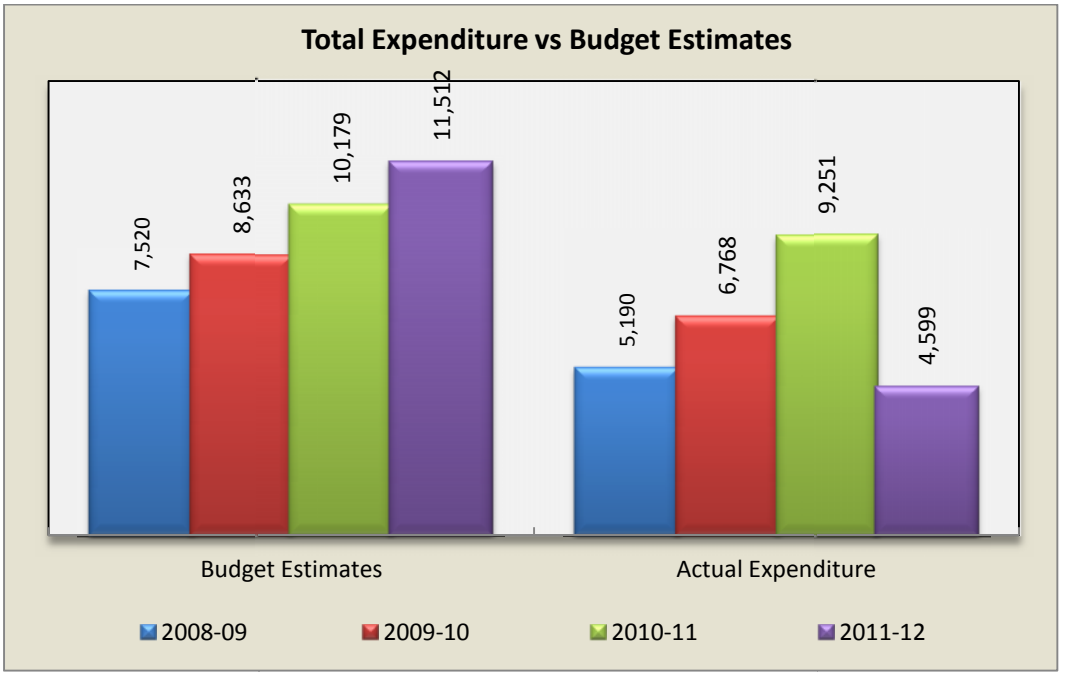
16. Wide fluctuations can be observed in execution rates of almost all budget heads throughout FY's 2008-12. Operating expenses, for example, have recorded an execution rate of 18% in FY 2011-12, down from 191% in FY 2010-11. Physical Assets have registered an execution rate of 201% in FY 2011-12, while Civil Works has recorded an execution rate of 71% in FY 2011-12 after touching a low of 24% in FY 2010-11. Repair & maintenance (with negligible expenditure levels throughout FY's 2008-12) has registered a highest ever execution rate of 2903% in FY 2011-12 (Table 12, Appendix E).

17. In real terms, development expenditure has grown by 50% in FY 2011-12. It was down by 7% in FY 2010-11 and 3% in FY 2009-10 (Table 12A & 12B, Appendix E);

18. Table 12, Appendix E also makes some interesting revelations on other aspects of budgeting. For example, certain budget heads have recorded actual expenditure in FY 2008-09 and FY 2011-12 despite the fact that there were no original budget allocations against these heads. These include Project Pre-investment analysis, Physical Assets, Civil Works and Repair & Maintenance.

DISTRICT GOVERNMENT

FIGURE 14: BAR CHART (TOTAL EXPENDITURE VS BUDGET ESTIMATES)



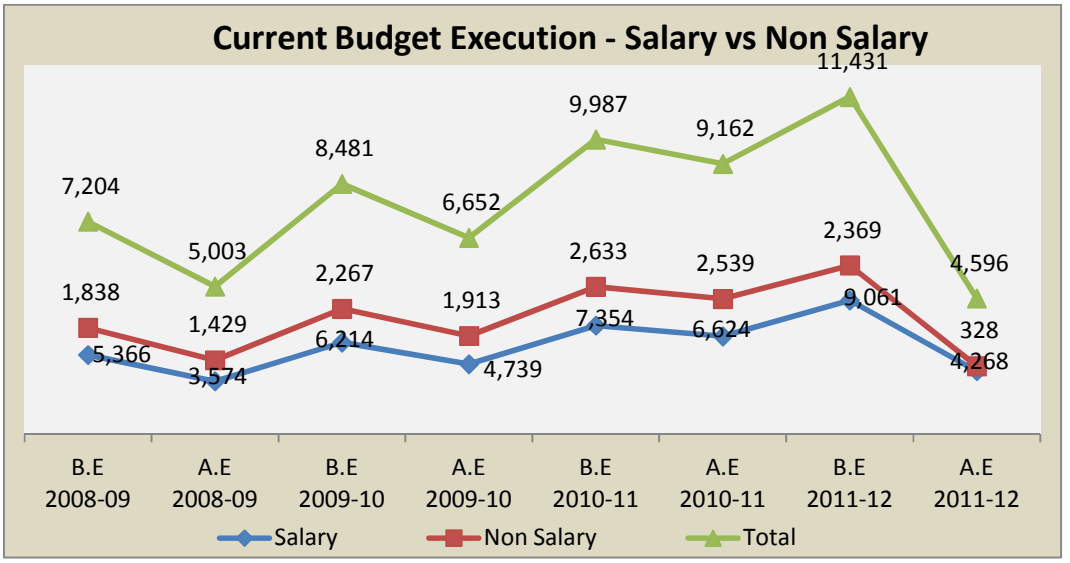
19. In FY 2011-12, health expenditure for aggregate districts has registered a negative grown of 55% after recording a high of 37% in FY 2010-11. The expenditure has in fact also declined by 11% when compared to the levels of FY 2008-09. In line with this decrease, in FY 2011-12, budget execution rate is at its lowest (50%) in four years after touching a high of 91% in FY 2010-11 (Table 1 & 2, Appendix F).

20. Like provincial budget, district current budget too has generally higher execution rate compared to development budget throughout FY's 2008-12. Current budget execution rate was 40% and 92% in FY's 2011-12 and 2010-11 respectively, while

budget execution rate for development budget was just 4% and 46% in these two years (Table 3, Appendix F).

CURRENT BUDGET

FIGURE 15: CURRENT BUDGET EXECUTION – SALARY VS NON SALARY



21. Current budget for aggregate districts has declined by 50% in FY 2011-12 after recording a positive growth of 38% in FY 2010-11 (YoY). The expenditure also depicts a decline of 36% since FY 2008-09 (Table 4, Appendix G).

22. Salary component has lagged behind non-salary component in terms of lower budget execution rates during three out of four years (FY's 2008-09 to 2010-11), though the difference between the two execution rates has consistently narrowed down till FY 2010-11. The situation has reversed in FY 2011-12 when the salary component recorded an execution rate of 47% and non-salary registered a rate of 14%. Ironically, these were the lowest rates for both the components during FY's 2008-12 (Table 5, Appendix F).

23. Budget execution rate for drugs & medicines has taken a nosedive in FY 2011-12 and plunged to its lowest level (16%) after recording a high of 106% in FY 2010-11. This sudden fall seems to be in line with the overall lowest execution rate for non-salary component (14%) in FY 2011-12 (Table 6, Appendix F).

24. Districts have recorded varying execution rates for drugs & medicines throughout FY's 2008-12. Generally most of the districts (15 out of 23) have demonstrated very high execution rates (100% or above) during FY's 2010-11 and 2009-10 for drugs & medicines. However, the situation has completely changed in FY 2011-12 with only 2 districts recording an execution rate 100% or above (Table 6A, Appendix F).

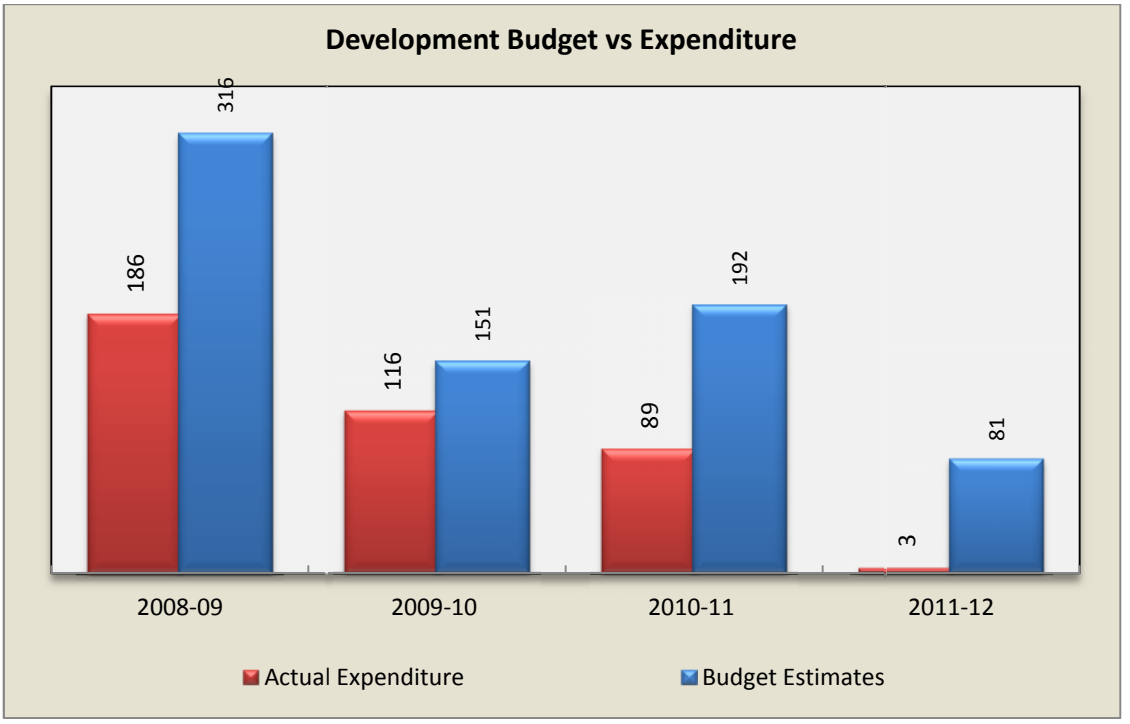
25. Similarly, almost all districts have had allocations for Repair & Maintenance during FY's 2008-12 and registered different budget execution rates. However:

- Jacobabad had zero spending against available budget in FY 2011-12
- Karachi had neither any allocation nor spending in FY 2011-12
- Umerkot had zero spending against available budget in FY 2008-09
- Tando Muhammad Khan has spending in FY 2010-11 without having allocations for R&M

26. Districts have been analysed with respect to high and low budget execution rates. For example, in FY 2011-12, FY Nawabshah, Badin, Sanghar and Sukkur are amongst those which have recorded execution rates of 62%, 60%, 54% and 54%. In FY 2010-11, too, Nawabshah and Badin had registered high execution rates of 129% and 123% respectively. Similarly, there were some districts (Kashmore, Umerkot and Ghotki) with low execution rates of 27%, 27% and 28% in FY 2011-12 (Table 7 & 8, Appendix F).

DEVELOPMENT BUDGET

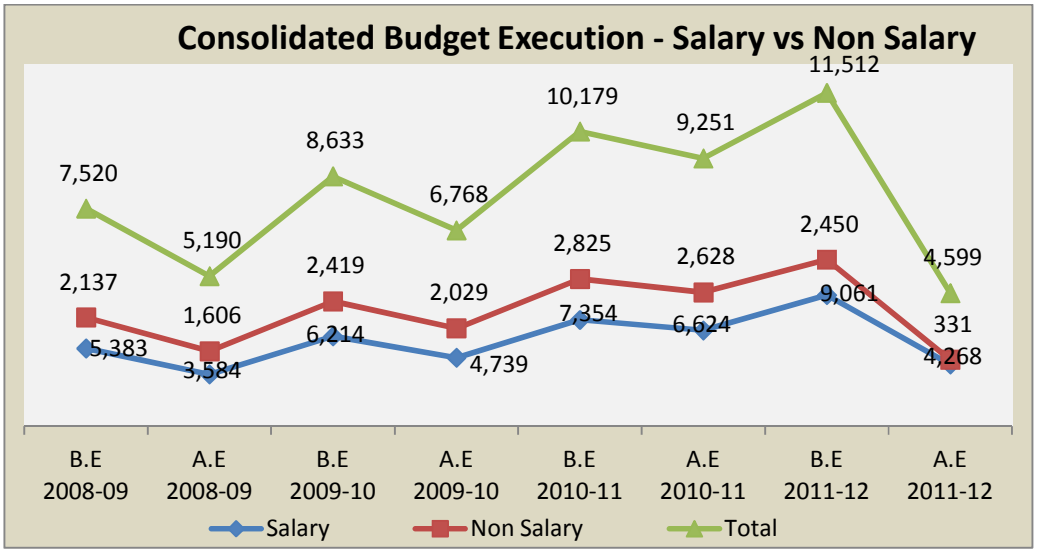
FIGURE 16: DEVELOPMENT BUDGET VS EXPENDITURE



27. Development expenditure for aggregate districts has declined by 98% since FY 2008-09. On YoY, too, actual expenditure has posted a negative growth every year (i.e. 96% in FY 2011-12, 23% in FY 2010-11 and 38% in FY 2009-10) (Table 9, Appendix F).

28. District development budget execution rate has deteriorated further after falling to its lowest level (4%) since FY 2008-09. This actually declined from a rate of 46% recorded in FY 2010-11 after reaching a high of 76% in FY 2009-10 (Table 9, Appendix F).

FIGURE 17: CONSOLIDATED BUDGET EXECUTION – SALARY VS NON SALARY



29. Since FY 2009-10, district development expenditure comprises non-salary component only. On analyzing the expenditure data (Table 10 & 11, Appendix F), one comes across with some strange findings, e.g.:

- Expenditure trends for almost all budget heads have been erratic throughout FY's 2008-12
- Employee-related expenditure appears in FY 2008-09 only
- Grants, Subsidies & Write-off loans have no spending in FY's 2010-11 and 2011-12 despite allocations
- Transfer Payments have no spending in FY 2008-09 despite allocation and have zero allocation and spending since FY 2010-11
- Physical Assets have no spending in FY 2009-10 despite allocation
- Civil Works is the only budget head with both allocations and spending throughout FY's 2008-12. The development execution

rate of 4% in FY 2011-12 (as explained in above paragraphs) is actually represented by spending of Rs. 3 mn under Civil Works

- Repair & Maintenance demonstrates a negative growth of 70% in expenditure (in nominal terms) since 2008-09, although it has recorded an execution rate of 100% or above throughout FY's 2008-11

30. Kashmore, Hyderabad and Mithi are the only districts with spending (of Rs. 1 mn each) in FY 2011-12. These have recorded an execution rate of 9%, 4% and 4% in FY 2011-12. In FY 2010-11, Jamshoro topped the list of districts with high budget execution rates (100%) (Table 12 & 13, Appendix F)

31. Per capita health spending has varied considerably between districts throughout FY's 2008-12. Districts like Jamshoro, Matiari and Tando Allah Yar continue to record high per capita spending (Rs. 912, Rs. 424, Rs. 418 respectively) in FY 2010-11, On the other hand, Karachi and Larkana happen to have spent the least amongst the districts (i.e. Rs. 89 and Rs. 98) during the same period (Table 12A & 12B, Appendix F)

32. Since functional classification of district budget provides only limited insight into the purpose for which district budget is actually spent, a rather detailed analysis was carried out for some of the districts to understand their budget spending pattern according to their service delivery areas. Tables 14 – 16 in Appendix F provide list of service delivery areas at the district level.

33. For the purpose of this analysis, three districts were randomly selected, namely, Badin, Larkana and Umerkot. The service delivery areas for which the budget has been consumed in these districts include:

- EDO – Health (administration/other)
- Hospitals
- Basic Health Units (BHU's)
- Rural Health Centers (RHC's)

- Health Department
- Nursing Schools
- Blood Transfusion Center

34. The analysis reveals that the selected districts have varying proportions of their budget spending against the above service delivery areas through FY's 2009-12. For example, in FY 2010-11, more than 88% of Umerkot's expenditure is concentrated in EDO Health & Hospitals, while 67% of Larkana's spending takes place for EDO Health and RHC's. Badin seems to have relatively more evenly spread budget spending in the above areas as around 95% is concentrated in EDO Health, Hospitals, BHU's, RHC's, Health Department, etc. (Table 17, Appendix F).

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