
Health Budget and Expenditure Analysis

(2008 – 09 to 2012 – 13)

**Health Consolidated
National (Federal) & Sub National
(Provinces and Regions)**



Acknowledgement

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ABBREVIATIONS & ACRONYMS

ADP	Annual Development Plan
A.E	Actual Expenditure
AJK	Azad government of the state of Jammu & Kashmir
AKA	Also known as
BCC	Budget Call Circular
B.E	Budget Estimates
Bn	Rupees in Billion
FATA	Federally Administered Tribal Areas
FY	Fiscal Year
GB	Gilgit Baltistan
GoP	Government of Pakistan
HD	Health Department
KPK	Khyber Pakhtunkhwa
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
Rs.	Pakistan Rupees
R.E	Revised Estimates
TRF	Technical Resource Facility
Wef	With effect from
YoY	Year on Year basis

EXECUTIVE SUMMARY

1. Consolidated Health Budget Allocation for FY 2012-13 is Rs 217b. It has almost doubled over the last five years (FY's 2008-09 to 2012-13) showing an annual average growth rate of 21%. Off all the five years, FY 2012-13 is the year when YoY growth was the most i.e. around 30%.
2. The Consolidated Health Budget Allocation against Over-all Budgetary Outlay (of the country) has remained more or less consistent i.e. about 4% over the period of analysis. Consolidated Health Budget Allocation has shown a relatively better budget growth rate (i.e. 21%) when compared with the growth of Over-all Budgetary Outlay (of the country) which has been around 15%. This shows a shift towards increased allocations for Health Ministry of Health (defunct) and Health Departments (Provinces and Regions).
3. Share of National Health Budget Allocation within Consolidated Health Budget Allocation has lost its prominence. It accounts for only 11% of Consolidated Health Budget Allocation and over the period of analysis it has grown by just over 3% in nominal terms while showing negative growth of 4% in real terms. While Sub-National Health Budget Allocation has grown by more than 140% over five years showing an average annual growth rate of 25%. Sub-National Health Budget Allocation for FY 2012-13 stands at Rs 193 bn as against Rs 79 bn in FY 2008-09;
4. Within Consolidated Health Budget Allocation, the focus between National and Sub-National Health Budget Allocations appears to be moving in a divergent manner. It is difficult to say whether it has any complimentary impact while analysing vertically. Focus of National Health Budget Allocation remains on the development side. Within National Health Budget Allocation ratio between current and development budget for FY 2012-13 is 24:76 showing slight variations from 19:81 in FY 2008-09.
5. Whereas focus of Sub-National Health Budget Allocation is on the current side. Within Sub-National Health Budget Allocation ratio between current and development budget allocation for FY 2012-13 is 72:28.
6. Consolidated Health Expenditure of Pakistan for FY 2011-12 is Rs 158b (against budget allocation Rs 167b) showing a growth of 79% since FY 2008-09. Within Consolidated Expenditure, the ratio between National and Sub-National Expenditure has changed with more focus towards the Sub-National health spending. Ratio

between National and Sub-National Health expenditure for FY 2011-12 is 13:87 as compared to 20:80 in FY 2008-09.

7. Consolidated Health Expenditure is showing relatively better growth rates when compared with the Over-all Consolidated Expenditure (of the country). Consolidated Health Expenditure grew by 79% whereas over-all Consolidated Expenditure grew by 58%. Similarly, Sub-National Health Expenditure is growing faster than Over-all Sub-National Consolidated Expenditure showing growth rate of 93% against the latter i.e. 74%.
8. Salary accounts for 45% of the Consolidated Health Expenditure. Over-all Consolidated Health Budget is showing an impressive budget execution rate maintaining an annual average of over 84%. FY 2011-12 has been a remarkably good year for the National and Sub-National Governments. Budget execution rate for National Health Budget has been 129% while for the Sub-National Governments it has been 91%.
9. The National Government's (Federal Government) share in Consolidated Health Expenditure continues to show a declining trend as 18th Constitutional Amendment takes its full impact. Its share has gone down from Rs 17.37 bn (20%) in FY 2008-09 to Rs 20.74 bn (13%) in FY 2011-12. On the other hand, much of the increase in Consolidated Health Expenditure can be attributed towards increased health spending at the level of Sub-National Governments which has increased from Rs 71.18 bn in FY 2008-09 to Rs 137.3 bn in FY 2011-12 registering a growth rate of 93%. And for the same period National Health Expenditure has grown by only 19%.
10. Punjab (46%) and Sindh (25%) account for more than 71% of Sub-National Health Expenditure – this trend has remained pretty much consistent during the period of analysis.
11. Budget execution rates of almost all the Provinces remain quite impressive, KPK, in particular, being able to execute more than 100% of budget allocation in FY's 2008-09, 2009-10 and 2011-12.
12. During the period of analysis, except for Punjab (67%), all the Provincial Governments are showing health expenditure growth rates of well over 100%. Punjab health expenditure lags far behind the growth it has experienced in terms of

its health budget - meaning the higher budget allocations have not translated into actual expenditures.

13. The Consolidated Health Current Expenditure has increase by more than 100% since last four years. It rose from Rs 58.1 bn in FY 2008-09 to Rs 117 bn in FY 2011-12. Much of this increase can be attributed towards increase in health expenditure at the level of Sub-National Governments.
14. During FY 2011-12, around 61% of Consolidated Health Current Expenditure was salary related expenditure. Ratio between salary and non-salary expenditure has changed over the years with more focused towards salary related expenses. This key ratio has change from 53:47 in FY 2008-09 to 61:39 in FY 2011-12. Salary related expenditures are growing much faster than non-salary related expenditures.
15. Repairs and maintenance continues to remain neglected – it has shown growth rate of 21% during last four years. Punjab (58%) and Sind (14%) account for more than 70% of repairs and maintenance under Consolidated Health Current Expenditure.
16. The Consolidated Health Development Expenditure for FY 2011-12 was Rs 41.1 bn showing a very modest increase of 35% over last four years in nominal terms. It is showing annual average growth rate of around 11% maintaining a steady budget execution rate.
17. The Sub-National Health Development Expenditure for FY 2011-12 was Rs 26.25 bn showing a growth of 48% over last four years. However, the budget growth for the same period has been around 92%. Clearly, the increase in Sub-National Health Development Budget Allocation is not necessarily translating into expenditure. This is largely because Punjab's development health budget allocation has almost doubled in last four years to Rs 24.8 bn. However, the development health expenditure has grown by a meagre 6%.
18. Consolidated Development Health Expenditure shows that emphasis on asset creation has declined over the last four years. In FY 2008-09, physical assets (25%) and civil works (21%) comprise about 46% of the Consolidated Development Health Expenditure. This important composition has changed drastically with physical assets (13%) and civil works (16%) comprise about 29% of the Consolidated Development

Health Expenditure. Only Punjab and Sind's development health expenditure seem to be focusing on physical assets and civil works.

19. It seems KPK is using operating expenses to finance its development expenditure. Over the period of analysis, it has shown a phenomenal growth rate of 3601%. KPK's operating expenses under development health expenditure have increased from Rs 96m in FY 2008-09 to Rs 3.5 bn in FY 2011-12
20. Per-capita health expenditure has increased from Rs 528 in FY 2008-09 to Rs 884 in FY 2011-12 showing an increase of 67%.
21. Following 18th Constitutional Amendment (w.e.f 1 July 2011), Ministry of Health stands dissolved while most of its functions have been transferred to Provincial Governments. Large tertiary institutions (for example, Khalifa Gul Nawaz Hospital – Peshawar, Sheikh Zayed Hospital – Lahore, Sheikh Khalifa Bin Zayed – Quetta) have been transferred to Provincial Governments. However, the vertical programs are still being financed by Federal Government through Ministry of Planning and Development Division.
22. Functional classification of health needs reform and alignment with health policy / strategic objectives. It limits ability to do a meaningful budget / expenditure -policy analysis. As per functional classification of expenditures more than 70% of Consolidated Health Expenditure is towards 'General Hospital Services' and 10% towards 'Administration'. This is not a very informative classification which can facilitate users and policy makers for example to identify expenditure between primary and secondary health services or MNCH for that matter.

TABLE 1: GOVERNMENT OF THE PAKISTAN-CONSOLIDATED HEALTH 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	%
National	24,329	23%	17,372	20%	29,242	22%	22,849	22%	23,561	15%	22,061	18%	16,056	10%	20,747	13%	25,043	11%
Sub National	79,878	77%	71,182	80%	102,653	78%	81,716	78%	131,021	85%	99,641	82%	151,415	90%	137,352	87%	192,770	89%
Total	104,207	100%	88,555	100%	131,895	100%	104,565	100%	154,582	100%	121,703	100%	167,471	100%	158,099	100%	217,813	100%
Government of the Pakistan																		
Current budget	62,663	60%	58,129	66%	81,412	62%	70,079	67%	95,038	61%	87,168	72%	110,598	66%	117,000	74%	144,156	66%
Development	41,544	40%	30,426	34%	50,483	38%	34,486	33%	59,544	39%	34,535	28%	56,873	34%	41,099	26%	73,657	34%
Total	104,207	100%	88,555	100%	131,895	100%	104,565	100%	154,582	100%	121,703	100%	167,471	100%	158,099	100%	217,813	100%
National																		
Current budget	4,596	19%	4,644	27%	5,496	19%	5,923	26%	6,217	26%	6,923	31%	965	6%	5,902	28%	6,024	24%
Development	19,733	81%	12,728	73%	23,746	81%	16,926	74%	17,344	74%	15,138	69%	15,091	94%	14,845	72%	19,019	76%
Total	24,329	100%	17,372	100%	29,242	100%	22,849	100%	23,561	100%	22,061	100%	16,056	100%	20,747	100%	25,043	100%
Sub National																		
Current budget	58,067	73%	53,484	75%	75,916	74%	64,156	79%	88,821	68%	80,245	81%	109,633	72%	111,098	81%	138,132	72%
Development	21,811	27%	17,698	25%	26,737	26%	17,560	21%	42,200	32%	19,397	19%	41,782	28%	26,254	19%	54,638	28%
Total	79,878	100%	71,182	100%	102,653	100%	81,716	100%	131,021	100%	99,641	100%	151,415	100%	137,352	100%	192,770	100%

% Share in Budget and Actual Expenditure

Consolidated	100%	100%	100%	100%	100%	100%	100%	100%	100%
National	23%	20%	22%	22%	15%	18%	10%	13%	11%
Sub National	77%	80%	78%	78%	85%	82%	90%	87%	89%
Consolidated	100%	100%	100%	100%	100%	100%	100%	100%	100%
Current	60%	66%	62%	67%	61%	72%	66%	74%	66%
Development	40%	34%	38%	33%	39%	28%	34%	26%	34%
Current budget	100%	100%	100%	100%	100%	100%	100%	100%	100%
National	7%	8%	7%	8%	7%	8%	1%	5%	4%
Sub National	93%	92%	93%	92%	93%	92%	99%	95%	96%
Development	100%	100%	100%	100%	100%	100%	100%	100%	100%
National	47%	42%	47%	49%	29%	44%	27%	36%	26%
Sub National	53%	58%	53%	51%	71%	56%	73%	64%	74%

Per Capita Expenditure

Population of Pakistan (in Million)*	167.605	171.242		174.958	178.755
Per Capita Expenditure - Total	528	611		696	884
Per Capita Expenditure - Current	347	409		498	655
Per Capita Expenditure - Development	182	201		197	230

- Source: Projection on 1998 population as per population census organization

INTRODUCTION

1. This Report on Consolidated Health Budget and Expenditures of Pakistan has been prepared by Consultant at the request of Technical Resource Facility (TRF). It aims to consolidated health budget and expenditures of National (Federal Government) and Sub-National Governments (Provinces and Regions).
2. Analysis in this Report cover FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13. Source of federal and provincial budget data are the annual budget documents. Where as all other data i.e provincial expenditures, budget and expenditure is taken from PIFRA System.
3. In case of Provincial Governments, development expenditure figures are also being maintained by Health Department based on information received from P&D and spending units/programs. Reliability of these figures is doubtful, therefore Consultant has taken figures from PIFRA System which actually represents record of State.
4. The document explains situation from macro perspective and then 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 Consolidated Health Budgets and Budgetary trends

Section II Analysis of Consolidated Health Budget Execution and Expenditure trends

5. **Section I** attempts to analyse budgetary allocations and how budget has grown over the years in terms of aggregate and at National and Sub-national levels;
6. **Section II** reviews the expenditure against budget allocations against various dimensions starting from aggregate to detail levels from economic and functional classification perspective at National and Sub-national levels;
7. The above analysis could only be performed 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.

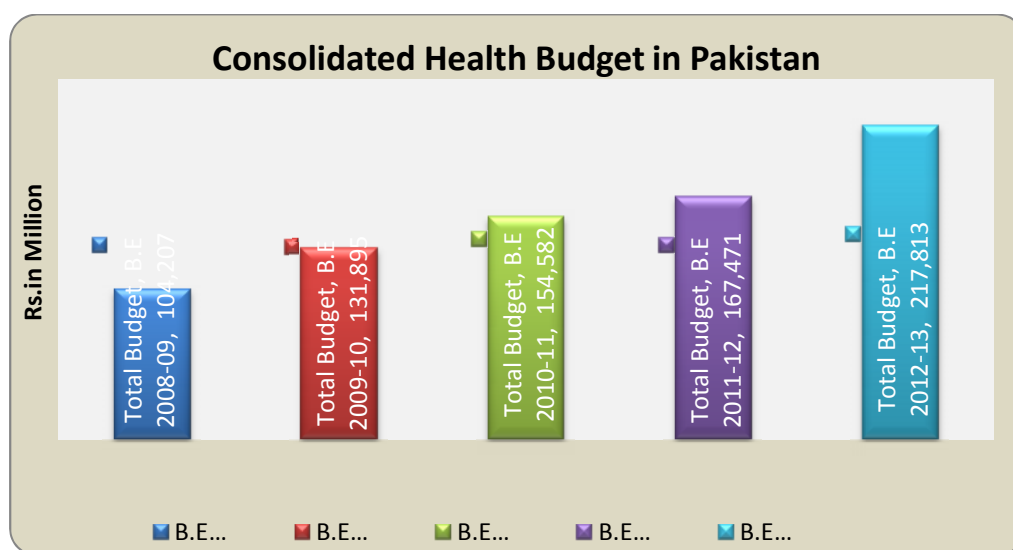
8. With in Appendices, Appendix A – Glossary of terms has been specially developed which describes key budget and expenditure terminologies which will guide readers in appreciating relevant financial terms and its local connotation. It also provides an overview of types of spending units at National and Sub-National Governments.
9. Key assumptions – the budget and expenditure analysis following sections does not provide commentary on:
 - Budgetary processes and flows, basis of budgeting and budget priorities used formulating budget estimates and their revision
 - Causes and reasons for low budget execution (spending)
 - The qualitative impact and aspects of expenditure
 - Budget formulation and budget execution procedures and institutions

Section 1: Analysis of Budget and Budgetary Trends

1. This Section of the Report provides analysis on the budget allocation and its historical trends during five financial years i.e FY's 2008-09, 2009-10, 2010-11, 2011-12 and 2012-13 for (a) National Government (Federal Government), and (b) Sub-National Governments. 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 each level of Government. Since this is a Consolidated Report, readers are requested to refer to individual budget and expenditure reports of Federal and Provincial Government which provides much detailed analysis of respective Governments.

CONSOLIDATED HEALTH ALLOCATION

FIGURE 1: BAR CHART (CONSOLIDATED HEALTH BUDGET ALLOCATION IN PAKISTAN)



2. Consolidated Health Budget Allocation in Pakistan for FY 2012-13 is Rs 217 bn. It has almost doubled over the last five year (FY 2008-09 to 2012-13) showing an average growth rate of 21%. Off all the five years FY 2012-13 is the year when YoY growth was the most i.e. 30% (Table 1, Appendix C).

3. Consolidated Health Budget Allocation against Over-all Budgetary Outlay (of the Country) has remained more or less consistent i.e. about 4% over the period of analysis (Table 12, Appendix B).

TABLE 2: BUDGET ESTIMATES

(Rs. In Million)

	Budget Estimate 2008-09	Budget Estimate 2009-10	Budget Estimate 2010-11	Budget Estimate 2011-12	Budget Estimate 2012-13
Overall Budget	2,889,412	3,511,925	3,762,845	4,282,934	5,059,709
% increase (YoY)		22%	7%	14%	18%
Average Growth					15%
Consolidated Health Budget	104,207	131,895	154,582	167,471	217,813
% increase (YoY)		27%	17%	8%	30%
Average Growth					21%
% share of Health Budget in overall Budget	4%	4%	4%	4%	4%

4. Consolidated Health Budget Allocation has shown a relatively better budget growth rate (i.e 21%) when compared with Over-all Budgetary Outlay (of the Country) which is around 15%. This shows a shift towards increased allocations for Health Ministry of Health (defunct) and Health Departments (Provinces and Regions) (Table 12A, Appendix B).

FIGURE 2: PIE CHART (TOTAL HEALTH BUDGET TYPICAL COMPOSITION – OBJECT CLASSIFICATION)

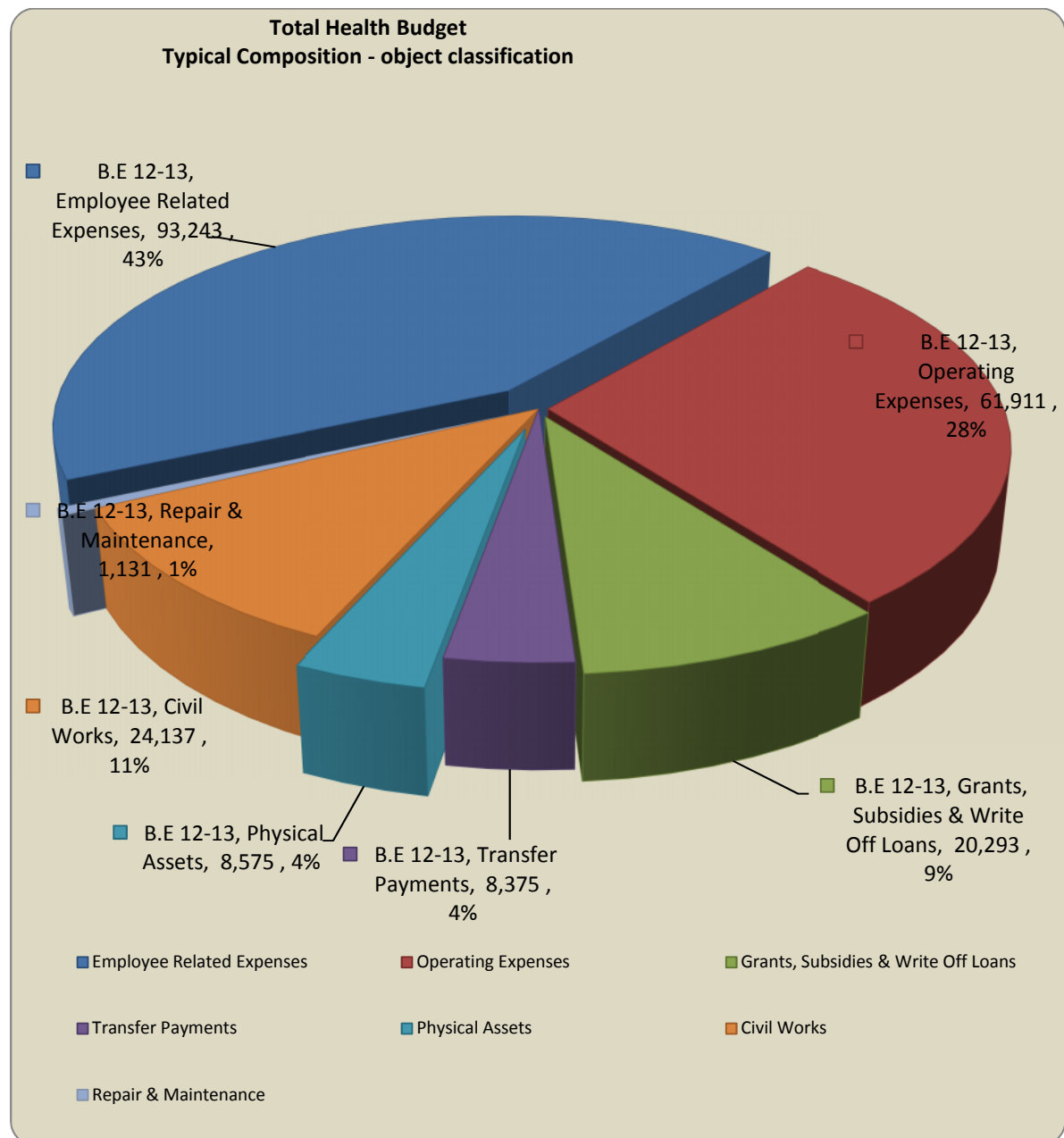
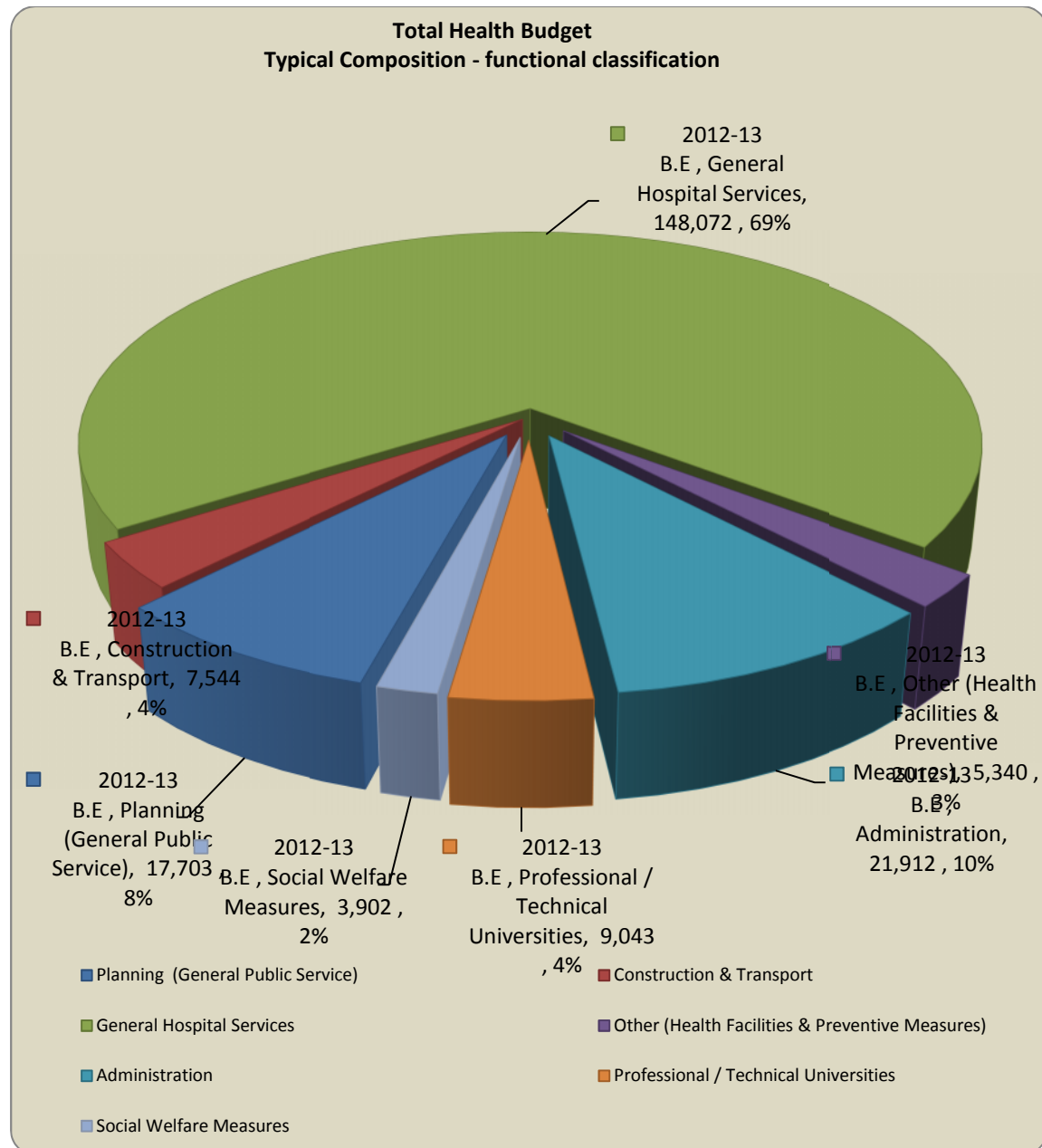


FIGURE 3: PIE CHART (TOTAL HEALTH BUDGET TYPICAL COMPOSITION – FUNCTIONAL CLASSIFICATION)



5. In terms of Economic classification, employee relates expenses and operating expenses account for more than 70% of Consolidated Health Budget Allocation. Employee related expenditure accounts for around 40% of the Consolidated Health Budget Allocation in FY 2012-13. This ratio has more or less remained the same over the last five years. Repairs and maintenance remain dismally low and consistently around 1% (Table 3A, Appendix C).
6. And in terms of functional classification, more than 65% of Consolidated Health Budget Allocation is for 'general hospital and services' around 10% is for Administration with balance on areas like professional/technical universities and other preventive health facilities (Table 3B, Appendix C).
7. Consolidated Health Current Budget Allocation continues to dominate in Consolidated Health Budget Allocation. In FY 2012-13 it accounts from 66% of Consolidated Health Budget Allocation showing and increase (of 10%) from FY 2008-09 (Table 1C, Appendix C).

TABLE 3: CONSOLIDATED HEALTH BUDGET

(Rs. In Million)

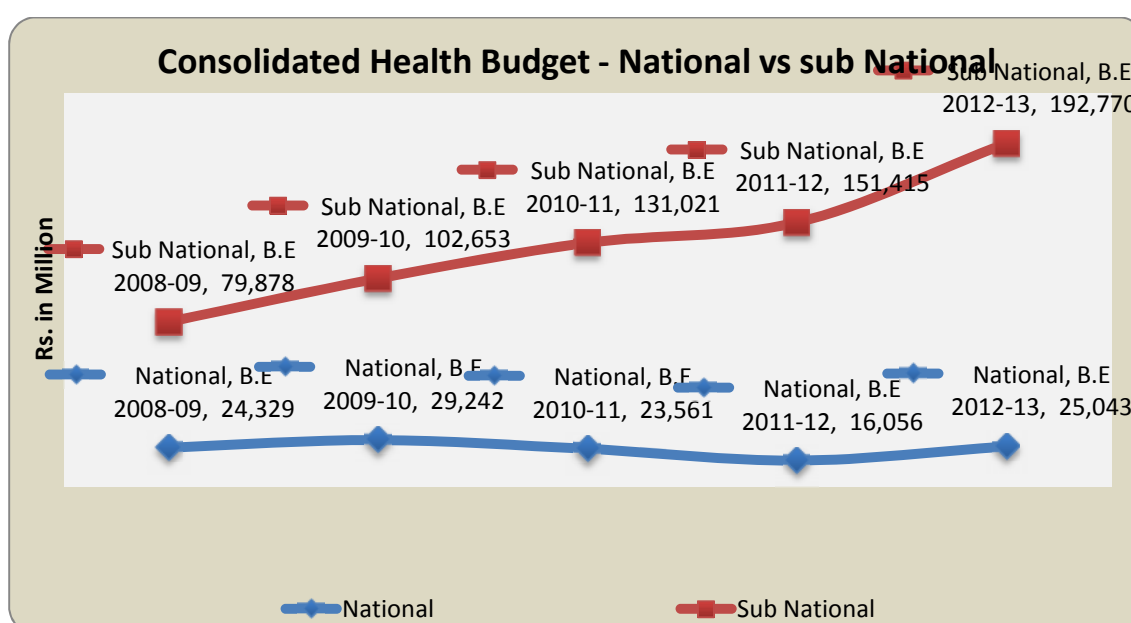
	Budget 2008-09	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Consolidated Health Budget	104,207	131,895	154,582	167,471	217,813
Current Budget	62,663	81,412	95,038	110,598	144,156
Development Budget	41,544	50,483	59,544	56,873	73,657
% share of current Budget	60%	62%	61%	66%	66%
% share of development Budget	40%	38%	39%	34%	34%

8. Salary related expenses comprises 43% of Consolidated Health Budget Allocation in FY 2012-13 showing an increase of 122% from FY 2008-09 compared to non salary increase of 100% for same period (Table 3, Appendix C);

National and Sub-National (Provinces and Regions) Health Budget Allocations

9. This Section of the Report analysis health budgetary allocations in terms of its geographical locations with the objective to better appreciate how health budget allocations have evolved with in elements of Federation in Pakistan. For the benefit of readers, it bifurcates health budget allocations by National (Federal) Government and Sub-National Governments (Provinces and Regions i.e AJK, GB and FATA).

FIGURE 4: CONSOLIDATED HEALTH BUDGET – NATIONAL VS SUB NATIONAL



10. Share of National Health Budget Allocation within Consolidated Health Budget Allocation has lost its prominence but has not necessarily ended. Its share has decreased from 23% (Rs. 24.3bn in FY 2008-09) to 11% (Rs 25bn in FY 2012-13) – this has been largely due to two reasons. Firstly, a noticeable trend of increased allocation in public health sector at the level of Provinces. Secondly, following 18th Constitutional Amendment when the health functional was devolved to the Provincial Governments (Table 1A, Appendix C).

11. National Health Budget Allocation accounts for only 11% of Consolidated Health Budget Allocation. Over the period of analysis it has grown by just over 3% in nominal terms while showing negative growth of 4% in real terms. While Sub-National Health Budget Allocation has grown by more than 140% over five years showing an average annual growth rate of 25%. Sub-National Health Budget Allocation for FY 2012-13 stands at Rs 193 bn as against Rs 79 bn in FY 2008-09 (Table 1A, Appendix C).

TABLE 4: CONSOLIDATED HEALTH BUDGET

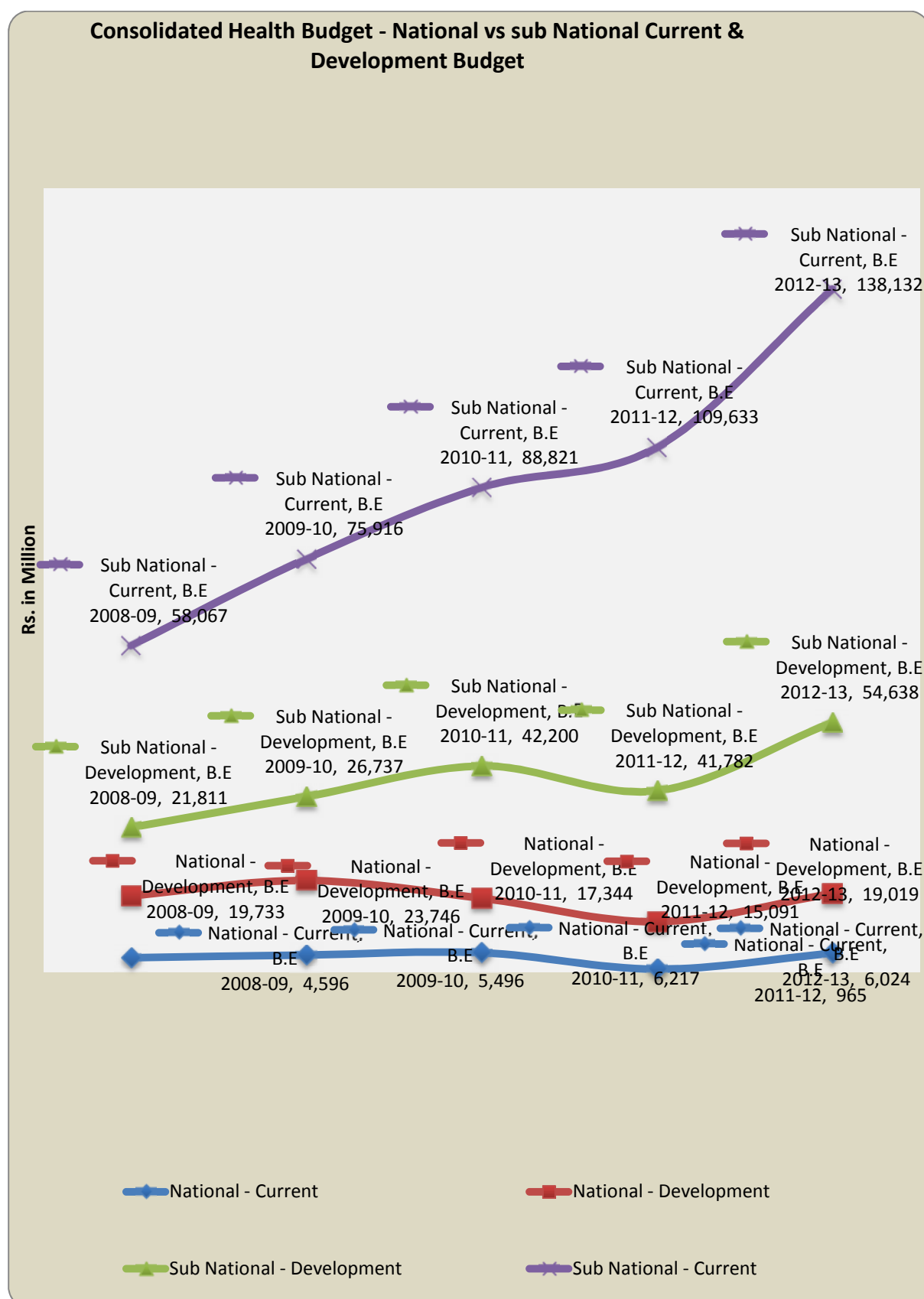
(Rs. In Million)

Consolidated Health Budget	Budget Estimate 2008-09	Budget Estimate 2009-10	Budget Estimate 2010-11	Budget Estimate 2011-12	Budget Estimate 2012-13
National (Federal)	24,329	29,242	23,561	16,056	25,043
Sub National (Provinces + Regions)	79,878	102,653	131,021	151,415	192,770
% Increase (YoY)					
National (Federal)		20%	-19%	-32%	56%
Sub National (Provinces + Regions)		29%	28%	16%	27%
% Increase from year 2008-09					
National (Federal)					3%
Sub National (Provinces + Regions)					141%
% Share in Consolidated Health Budget					
National (Federal)	23%	22%	15%	10%	11%
Sub National (Provinces + Regions)	77%	78%	85%	90%	89%

12. Except for FY 2011-12, the Sub-National Health Budget Allocation is registering impressive growth rates of around 27% (Table 1A, Appendix C).

13. With in Consolidated Health Budget Allocation, the focus between National and Sub-National Health Budget Allocations appears to be moving in a divergent manner. It is difficult to say whether it has any complimentary impact while analysing vertically.

FIGURE 5: CONSOLIDATED HEALTH BUDGET – NATIONAL VS SUB NATIONAL CURRENT & DEVELOPMENT BUDGET



14. Focus of attention of National Health Budget Allocation remains on the development side. With in National Health Budget Allocation ratio between current and development budget allocation for FY 2012-13 is 24:76 showing slight variations from 19:81 in FY 2008-09 (Table 1D, Appendix C).
15. Where as Sub-National Health Budget Allocation is on the current side. With in Sub-National Health Budget Allocation ration between current and development budget allocation for FY 2012-13 is 72:28 (Table 1D, Appendix C).
16. With in Sub-National Health Budget Allocation the Provincial Health Budget Allocations of all the four Provinces has increased by more than 100%. Sind and Balochistan stand out as the two Provinces enjoying the most budget growth (Table 2, Appendix C).

TABLE 5: SUB NATIONAL CONSOLIDATED HEALTH BUDGET

(Rs. In Million)

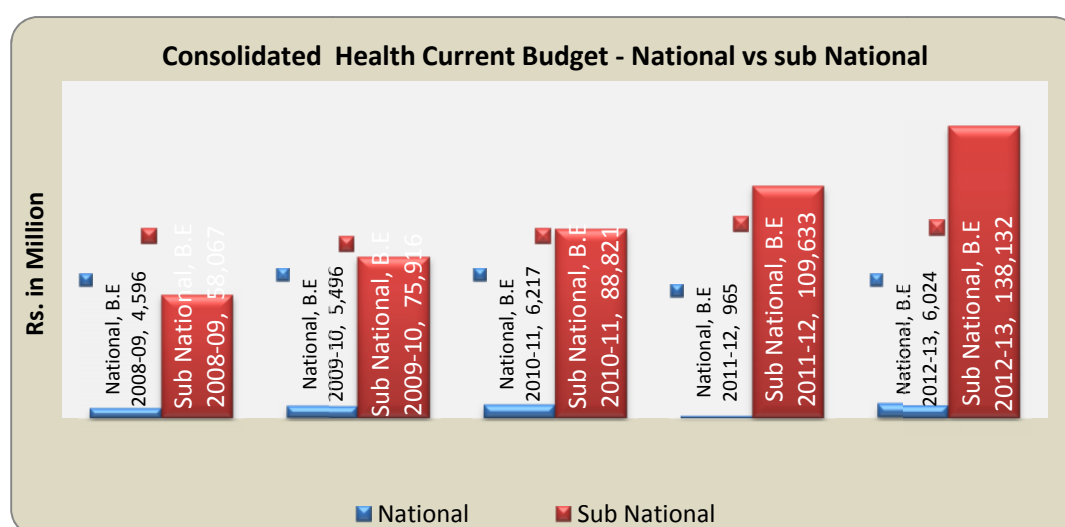
Sub National Consolidated Health Budget	Budget Estimate 2008-09	Budget Estimate 2009-10	Budget Estimate 2010-11	Budget Estimate 2011-12	Budget Estimate 2012-13	% increase in 2012-13 from 2008-09
Provinces	76,039	98,136	125,927	144,624	184,803	143%
Punjab	42,959	58,204	73,012	79,602	93,778	118%
Sindh	18,384	23,189	27,056	34,380	54,442	196%
KPK	10,492	11,912	17,548	20,175	25,417	142%
Balochistan	4,203	4,830	8,312	10,466	11,166	166%
Regions	3,839	4,518	5,094	6,791	7,967	108%
AJK	1,780	2,026	1,989	2,809	3,842	116%
FATA	1,706	2,140	2,292	3,032	3,168	86%
GB	354	352	813	950	957	171%
Total sub national	79,878	102,653	131,021	151,415	192,770	141%

17. Health Budget Allocation for Regional Governments (AJK, GB and FATA) account for around 4% of the Consolidated Health Budget Allocation. And with Regional Governments Health Budget Allocation for GB has doubled over the last five years i.e

from Rs 354 mn in FY 2008-09 to Rs 957 in FY 2012-13. Health Budget Allocation for AJK for FY 2012-13 is Rs 3.84 bn showing an increase of 116% since FY 2008-09 (Table 2, Appendix C).

Consolidated Health Current Budget of Pakistan:

FIGURE 6: CONSOLIDATED HEALTH CURRENT BUDGET – NATIONAL VS SUB NATIONAL



1. The Consolidated Health Current Budget of Pakistan has grown more than double) over last five years. For FY 2012-13, Consolidated Health Current Budget Allocation for was Rs 144 bn. Much of this increase has been due to the increased allocations for Sub-National Health Current Budget which showed an increase of 138% since FY 2008-09 and stands at Rs 138 bn in FY 2012-13 (Table 4 & 4A, Appendix C).

FIGURE 7: CONSOLIDATED HEALTH CURRENT BUDGET – TYPICAL COMPOSITION – OBJECT CLASSIFICATION

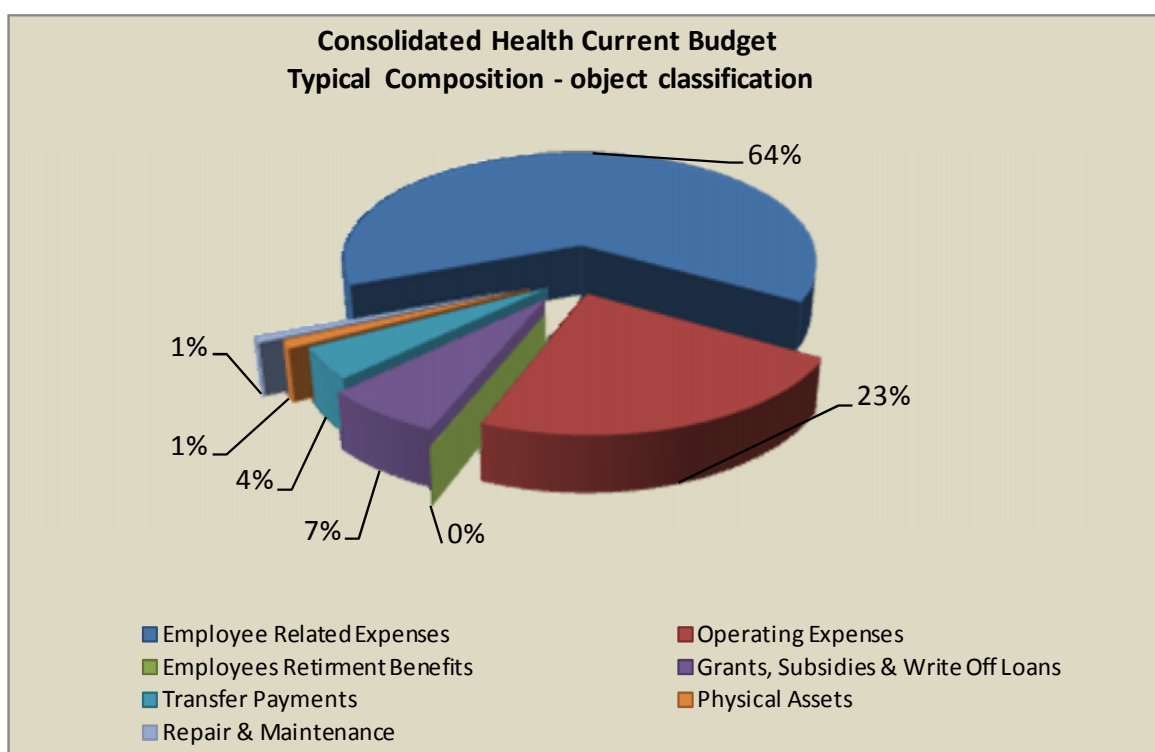
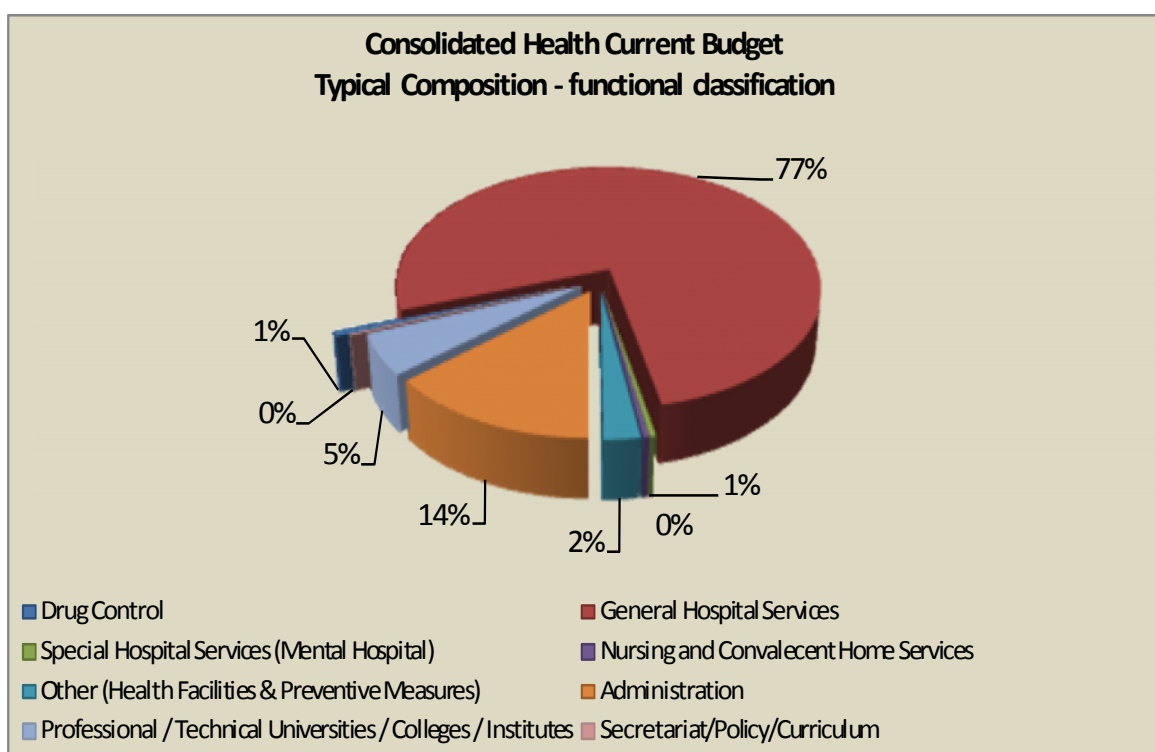


FIGURE 8: CONSOLIDATED HEALTH CURRENT BUDGET – TYPICAL COMPOSITION – FUNCTIONAL CLASSIFICATION



2. In terms of economic composition, employee related (64%) and operating expenses (23%) account for more than 87% of Consolidated Health Current Budget. Ratio of 'employee related expenses' with in Consolidated Health Current Budget has grown since FY 2009-10 where it used to be around 55% (Table 6, Appendix C).
3. In terms of functional classification, general hospital services (76%) and Administration (14%) account for more than 92% for Consolidated Health Current Budget (Table 7, Appendix C).
4. National Health Current Budget and Sub-National Health Current Budget accounts for 4% and 96% (respectively) of the Consolidated Health Current Budget. Share of National Health Current Budget has gone down from i.e. from 7% in FY 2008-09 to 4% in FY 2009-13 (Table 4A, Appendix C).
5. Within Sub-National Health Current Budget all the Provinces are showing impressive budget growth rates of well over 100% since FY 2008-09. KPK stands out as the Province showing highest budget growth rate i.e. well over 173% (Table 5, Appendix C).

TABLE 6: SUB NATIONAL CURRENT HEALTH BUDGET

(Rs. In Million)

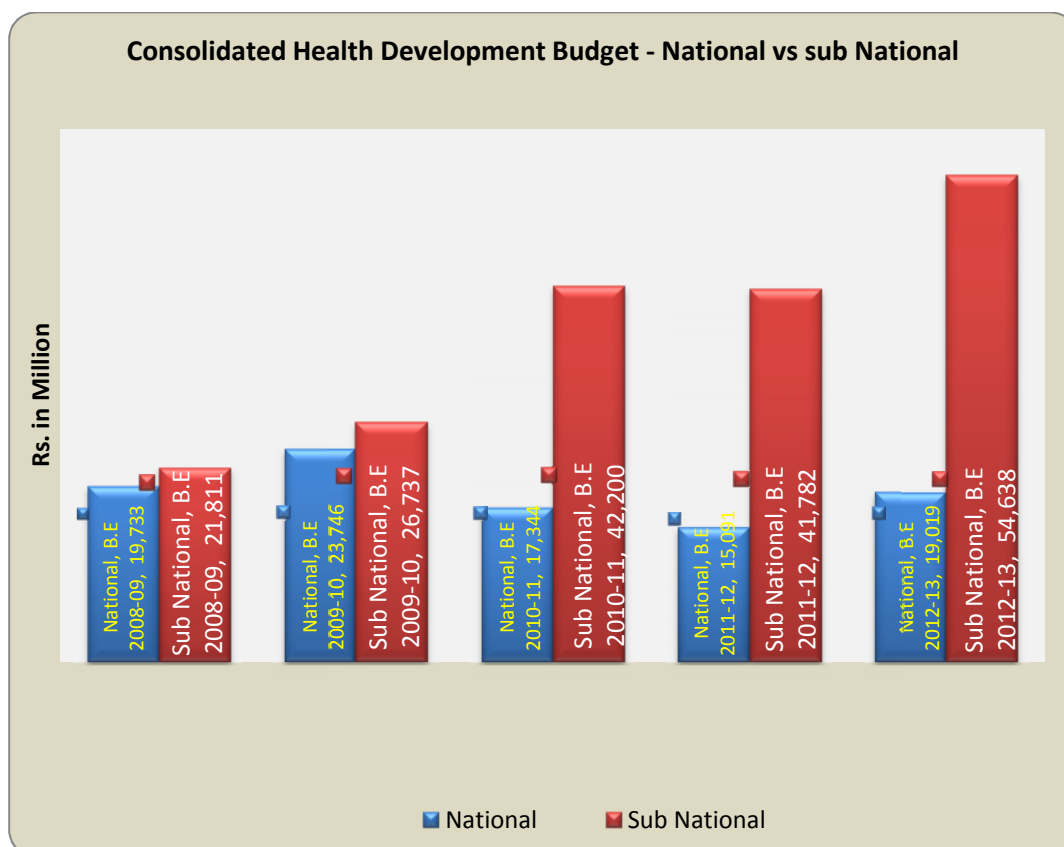
Sub National Current Health Budget	Budget Estimate 2008-09	Budget Estimate 2009-10	Budget Estimate 2010-11	Budget Estimate 2011-12	Budget Estimate 2012-13	% increase in 2012-13 from 2008-09
Provinces	55,518	73,047	85,225	104,698	132,411	139%
Punjab	29,984	43,062	46,243	54,802	66,778	123%
Sindh	15,090	18,117	20,564	27,319	37,940	151%
KPK	6,531	7,579	10,976	13,708	17,841	173%
Balochistan	3,913	4,289	7,443	8,869	9,851	152%
Regions	2,549	2,869	3,595	4,935	5,721	124%
AJK	1,380	1,624	1,819	2,543	3,255	136%
FATA	877	945	1,021	1,584	1,717	96%
GB	292	300	756	807	749	156%
Total sub National	58,067	75,916	88,821	109,633	138,132	138%

6. Over the period of analysis, salary budget is growing much faster than non-salary budget. During this period salary related budget has grown by 150% i.e from Rs 36b in FY 2008-09 to Rs 92 bn in FY 2012-13. During the same period non-salary budget grew by 100% i.e from Rs 25b in FY 2008-09 to Rs 51 bn in FY 2012-13 (Table 9, Appendix C).
7. With in non-salary budget, grants & subsidies (163%) and transfer payments (228%) stand out as showing most impressive growth rates over last five years. Where as project pre-investment analysis, physical assets and repairs and maintenance are all showing negative growth rates (Table 10, Appendix C).
8. Punjab (48%) and Sind (21%) comprise about 70% of employee related expenses with in Consolidated Health Current Budget. In terms of employee related expenses budgetary growth, KPK stands out as the Province registering an extraordinary salary budget increase of 222% in FY 2012-13 (Rs 4.3 bn from FY 2008-09) (Table 10A, Appendix C).
9. Employee related expenses for Federal Govt for FY 2012-13 is Rs 2.6b showing an increase of 75% from FY 2008-09. This is quite unusual especially when the health function is supposed to have been devolved to the Provincial Governments (Table 10A, Appendix C).
10. Similar to employee related expenses, Punjab (45%) and Sind (35%) comprise about 80% of operating expenses with in Consolidated Health Current Budget. In terms of operating expenses budgetary growth, KPK stands out as the Province registering largest health current budget increase i.e of 153% in FY 2012-13 (Rs 909m from FY 2008-09) (Table 10B, Appendix C).
11. Balochistan's budgetary allocation for operating expenses shows erratic trends. On YoY basis, after registering a growth of 100% in FY 2010-11 it showed negative growth in FY 2011-12 and a minimal growth rate of 10% in FY 2012-13 (Table 10B, Appendix C).
12. There are no consistency trends as such in growth rates of operating expenses of either the National Government or the Sub-National Governments;

13. Budget allocation for repairs and maintenance is showing consistent downwards trends. It is showing negative growth rates in nominal and real terms. Budget allocation for repairs and maintenance has gone down to Rs 1bn (FY 2012-13) from Rs 1.19 bn (FY 2008-09) (Table 10C, Appendix C).
14. Almost similar to employee related & operating expenses, Punjab (57%) and Sind (19%) comprise about 73% of repairs & maintenance expenses with in Consolidated Health Current Budget. Interestingly, Sind stands out as the Province showing extraordinary budget increase i.e of 321 % in FY 2012-13 for repairs and maintenance (Table 10C, Appendix C).

Consolidated Health Development Budget

FIGURE 9: CONSOLIDATED HEALTH DEVELOPMENT BUDGET – NATIONAL VS SUB NATIONAL



1. The Consolidated Health Development Budget of Pakistan for FY 2012-13 is Rs 73.65 bn showing an increase of 77% over the last five years. On YoY basis it grew the most on FY 2012-13 showing an increase of 30% (Table 11, Appendix C). Much of this increase is due to rise in allocation for Sub-National Development Health Budget – as discussed in following paragraphs.
2. Consolidated Health Development Budget is growing at a rate faster than the increase noted in the over-all development budget allocation (of the Country) which was around 52% over last five years (Table 12E, Appendix B).

TABLE 7: BUDGET ESTIMATES

(Rs. In Million)

	Budget Estimate 2008-09	Budget Estimate 2009-10	Budget Estimate 2010-11	Budget Estimate 2011-12	Budget Estimate 2012-13
Overall Development Budget	812,754	1,111,138	854,742	954,563	1,236,725
Health Development Budget	41,544	50,483	59,544	56,873	73,657
% increase from 2008-09					
Overall Development Budget					52%
Health Development Budget					77%

FIGURE 10: PIE CHART (CONSOLIDATED HEALTH DEVELOPMENT BUDGET – TYPICAL COMPOSITION – OBJECT CLASSIFICATION)

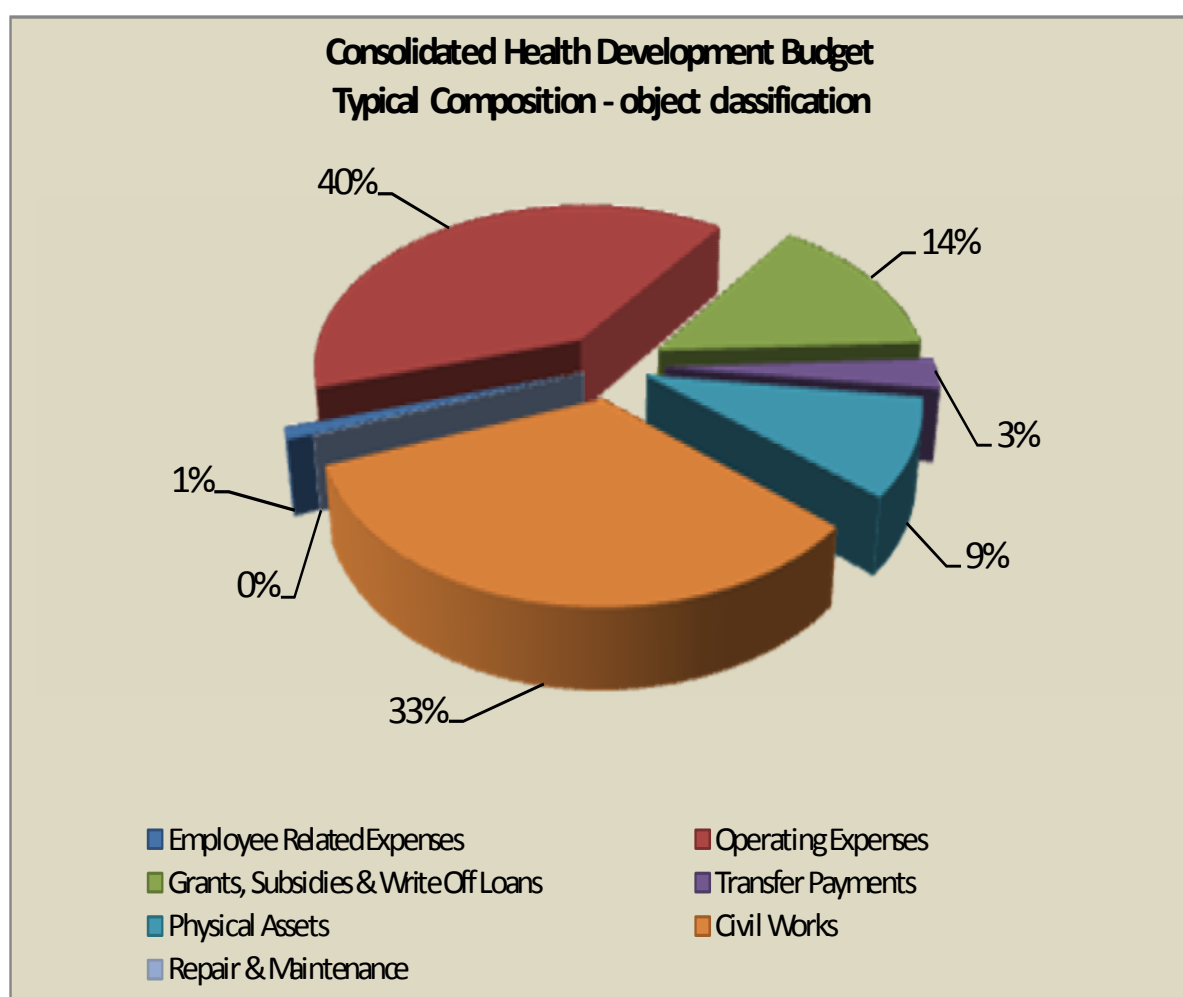
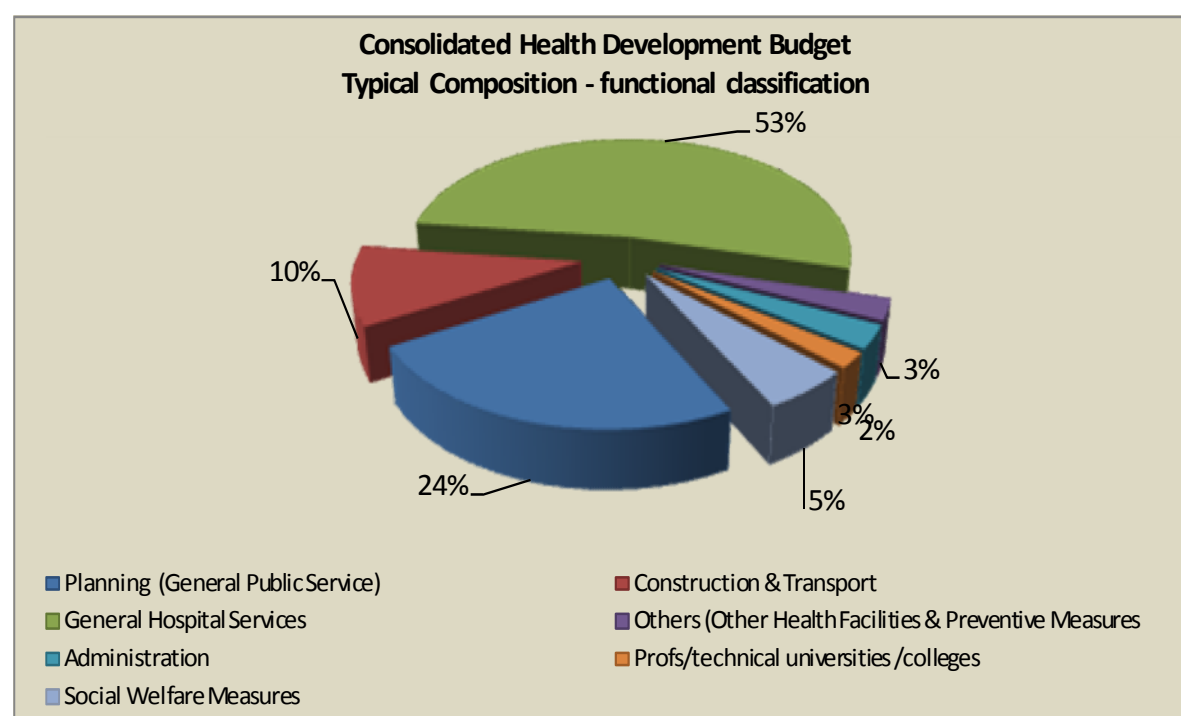


FIGURE 11: PIE CHART (CONSOLIDATED HEALTH DEVELOPMENT BUDGET – TYPICAL COMPOSITION – FUNCTIONAL CLASSIFICATION)



3. In terms of economic composition, operating expenses (40%), civil works (33%) and grants & subsidies (14%) account for more than 91% of Consolidated Health Development Budget. And in terms of functional classification, general hospital services (52%), Planning (24%) and Construction Transport (10%) account for more than 86% for Consolidated Health Development Budget (Table 13 & 14, Appendix C).
4. Over last five years, the ratio between National Health Development Budget and Sub-National Development Health Budget has changed drastically with more focus of allocating increased development resources towards the Sub-National Governments. Ratio between National Development Health Budget and Sub-National Health Development Budget has moved from 47: 53 in 2008-09 to 26:74 in FY 2012-13 (Table 11A, Appendix C).
5. Within Consolidated Health Development Budget, National Health Development Budget is showing negative budget growth (-4%) in nominal and real terms (-10%). For FY 2012-13, Federal Health Development Budget is Rs 19.01b showing an increase of 26% on YoY basis. This is most unusual since the Health is now a devolved function (Table 11 A & 11 B, Appendix C);

6. However, the Sub-National Health Development Budget, since last five years is showing consistent budgetary growth on YoY basis except for FY 2011-12 where it showed negative growth rate of 1%. Sub-National Health Development Budget for FY 2012-13 is Rs. 54.6 bn showing a growth of over 151% since FY 2008-09. On YoY basis, FY 2010-11 stands out as the year where most budgetary growth took place i.e. 58% (Table 11A, Appendix C).

TABLE 8: SUB NATIONAL HEALTH DEVELOPMENT BUDGET

(Rs. In Million)

	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate	% increase in 2012-13 from 2008-09
Sub National Health Development Budget	2008-09	2009-10	2010-11	2011-12	2012-13	
Provinces	20,520	25,089	40,702	39,926	52,392	155%
Punjab	12,976	15,142	26,769	24,800	27,000	108%
Sindh	3,294	5,072	6,492	7,061	16,502	401%
KPK	3,961	4,334	6,571	6,467	7,575	91%
Balochistan	290	541	869	1,598	1,315	354%
Regions	1,291	1,648	1,499	1,856	2,246	74%
AJK	400	402	170	266	587	47%
FATA	829	1,195	1,272	1,448	1,451	75%
GB	61	51	57	142	208	239%
Total sub National	21,811	26,737	42,200	41,782	54,638	151%

7. Punjab and Sind comprise more or less around 75% of the over-all Sub-National Health Development Budget Allocation. Sind and Balochistan stands out as showing most growth rates.

TABLE 9: SUB NATIONAL HEALTH DEVELOPMENT BUDGET

(Rs. In Million)

	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
Sub National Health Development Budget	2008-09	2009-10	2010-11	2011-12	2012-13
Provinces	20,520	25,089	40,702	39,926	52,392
Punjab	12,976	15,142	26,769	24,800	27,000
Sindh	3,294	5,072	6,492	7,061	16,502
KPK	3,961	4,334	6,571	6,467	7,575
Balochistan	290	541	869	1,598	1,315
Regions	1,291	1,648	1,499	1,856	2,246
AJK	400	402	170	266	587
FATA	829	1,195	1,272	1,448	1,451
GB	61	51	57	142	208
Total sub National	21,811	26,737	42,200	41,782	54,638
Provinces	94%	94%	96%	96%	96%
Punjab	59%	57%	63%	59%	49%
Sindh	15%	19%	15%	17%	30%
KPK	18%	16%	16%	15%	14%
Balochistan	1%	2%	2%	4%	2%
Regions	6%	6%	4%	4%	4%
AJK	2%	2%	0%	1%	1%
FATA	4%	4%	3%	3%	3%
GB	0%	0%	0%	0%	0%

8. Various elements of Consolidated Development Budget Allocation do not exhibit any particular or a consistent budgetary growth trend which does not bode well on the quality of health sector budgeting. Often one can notice pretty erratic trends.
9. The National Government seems to be consistently holding lion's share of operating expenses. As at FY 2012-13, it comprises of around 61% of Consolidated Health Development Budget showing an increase of 91% since last five years (Table 15 A,

Appendix C). This is quite surprising since health is a devolved function since 1st July 2011.

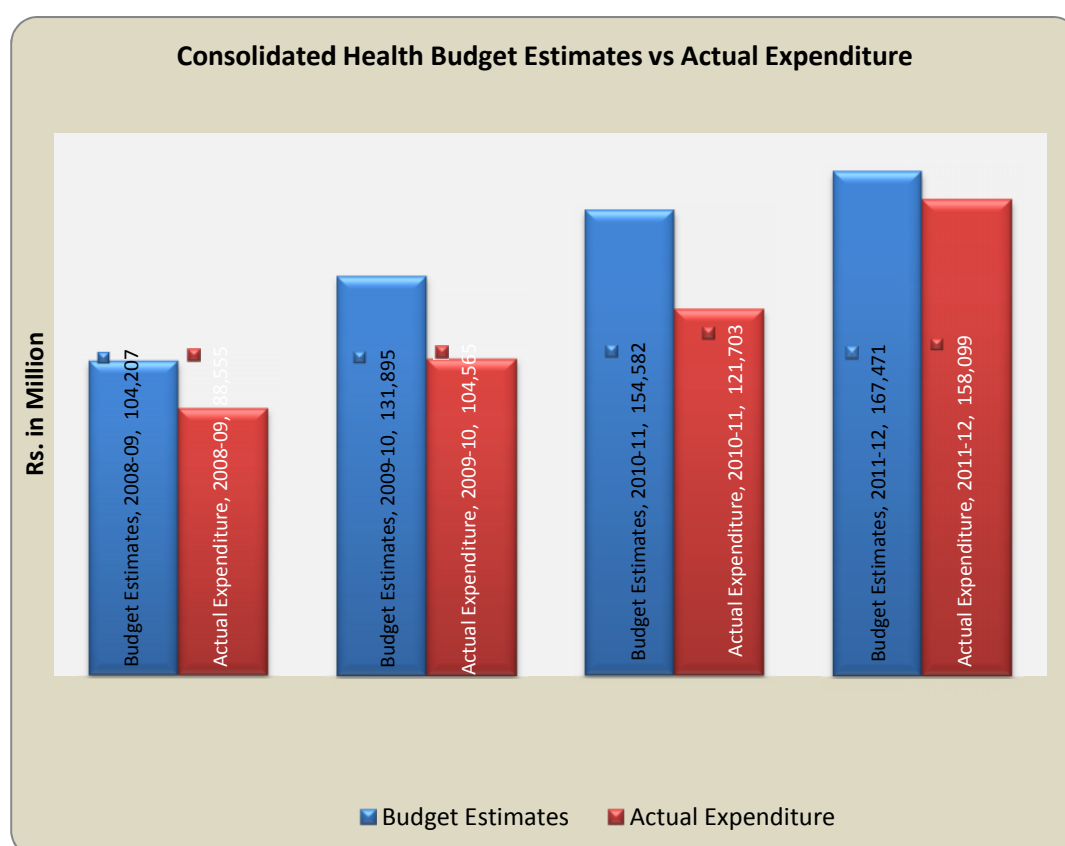
10. Over the last five years, KPK stands out as the Province registering increase in budgetary growth rate of 1088% for operating expenses followed by FATA (1392%) in the Regions. Interestingly, National Government's accounts for more than 61% of operating expenses under, its share has increased to Rs 17.9 bn in FY 2012-13 from Rs 9.37 bn in FY 2008-09. Where as for the same period Punjab is registering a negative growth of 82% in operating expenses (Table 15A, Appendix C).
11. During the period of analysis, grants and subsidies under Consolidated Development Health Budget Allocation has increased from Rs 646m to Rs 10.57b in FY 2012-13. Punjab is the only Provincial Government which is making allocations under grants and subsidies (Table 15B, Appendix C);
12. Though Consolidated Health Development Budget Allocation should primarily be meant for asset building activities, however, the allocation for Physical Assets has gone down to Rs 6.87 bn since FY 2008-09 showing negative growth rate of 14%. KPK, Balochistan and Regions are showing nil classification for Physical Assets – this could be due to classification issues. Punjab and Sind consistently constitute most of the budget allocation under physical assets (Table 15C, Appendix C).
13. Punjab, Sind and KPK comprise almost the entire allocation for civil works with in Consolidated Development Health Budget. Balochistan and Provinces show NIL budget allocation under this head (Table 15 D, Appendix C).

Section 2: Analysis of Consolidated Health Budget Execution and Expenditure Trends

1. This Section of the Report provides analysis on the health budget execution and health expenditure trends during four financial years i.e. FY's 2008-09, 2009-10, 2010-11 and 2011-12 for (a) National Government (Federal Government), and (b) Sub-National Governments. It starts by providing analysis on the total health expenditure (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 health current and development expenditure for each level of Government. Since this is a Consolidated Report, readers are requested to refer to individual budget and expenditure reports of Federal and Provincial Government which provide much detailed analysis of respective Governments.

Consolidated Health Expenditure:

FIGURE 12: BAR CHART (CONSOLIDATED HEALTH BUDGET ESTIMATES VS ACTUAL EXPENDITURE)



2. The Consolidated Health Expenditure has grown from Rs 88.55 bn in FY 2008-09 to Rs 158 bn in FY 2011-12 showing a growth rate of 79% in nominal terms. It has consistently exhibited impressive budget execution rate maintaining an annual average of over 84% (Table 1, Appendix D).
3. FY 2011-12 has been a remarkably good year for the National and Sub-National Governments. Budget execution rate for National Health Budget has been 129% while for the Sub-National Governments it has been 91% (Table 1A, Appendix D);

TABLE 10: BUDGET ESTIMATES

(Rs. In Million)

	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure
	2008-09		2009-10		2010-11		2011-12	
National	24,329	17,372	29,242	22,849	23,561	22,061	16,056	20,747
Sub National	79,878	71,182	102,653	81,716	131,021	99,641	151,415	137,352
Execution Rate								
National		71%		78%		94%		129%
Sub National		89%		80%		76%		91%

4. Over the period of analysis, Consolidated Health Expenditure is showing better growth rates when compared with the Over-all Consolidated Expenditure (of the Country). Consolidated Health Expenditure grew by 79% where as over-all Consolidated Expenditure grew by 58%. Similarly, Sub-National Health Expenditure is growing faster than Over-all Sub-National Consolidated Expenditure showing growth rate of 93% against the latter i.e 74% (Table 13A, Appendix B);

TABLE 11: ACTUAL EXPENDITURE

(Rs. In Million)

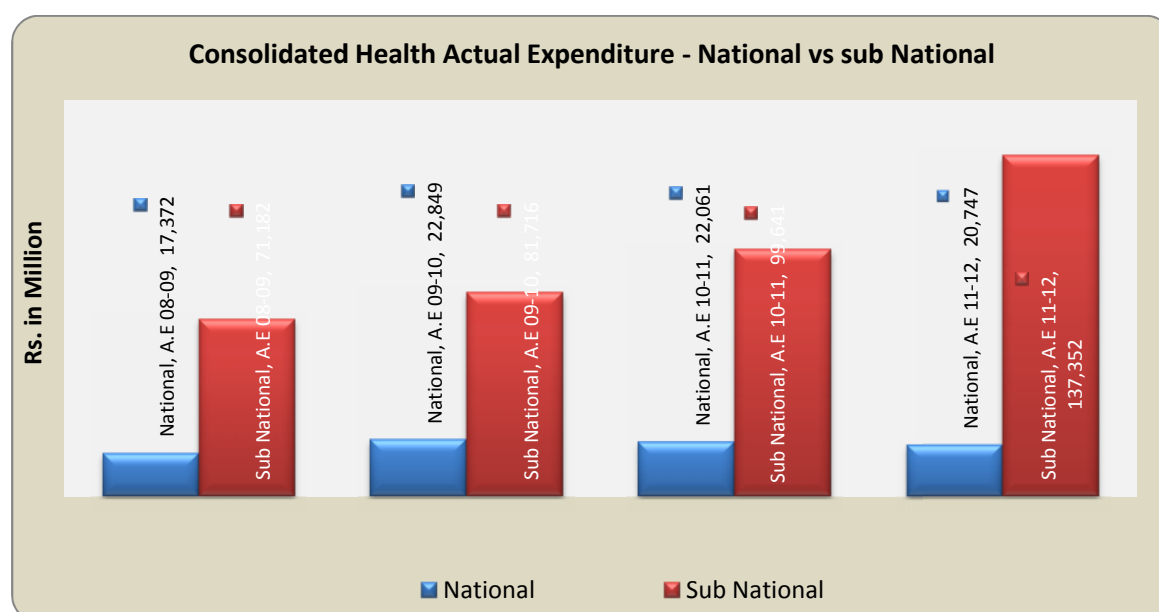
	Actual Expenditure 2008-09	Actual Expenditure 2009-10	Actual Expenditure 2010-11	Actual Expenditure 2011-12
Overall Expenditure:	3,120,538	3,599,409	4,002,368	4,937,083
National	2,238,765	2,600,611	2,845,016	3,404,547
Sub National	881,773	998,798	1,157,352	1,532,536
% increase from 2008-09				58%
National				52%
Sub National				74%
Health Expenditure:	88,555	104,565	121,703	158,099
National	17,372	22,849	22,061	20,747
Sub National	71,182	81,716	99,641	137,352
% increase from 2008-09				79%
National				19%
Sub National				93%

5. Employee related expenses (45%) and operating expenses (26%) account for more than 70% of Consolidated Health Expenditure. In terms of functional classification, general hospital and services (70%) and administration (10%) comprises of around 80% of Consolidated Health Expenditure (Table 3 & 3A, Appendix D);

National and Sub-National (Provinces and Regions) Health Expenditure

6. This Section of the Report analysis health expenditure in terms of its geographical locations with the objective to better appreciate how expenditure patterns (and its composition) have evolved within elements of Federation in Pakistan. For the benefit of readers it bifurcates health expenditure by National (Federal) Government and Sub-National Governments (Provinces and Regions i.e. AJK, GB and FATA).

FIGURE 13: BAR CHART (CONSOLIDATED HEALTH EXPENDITURE – NATIONAL VS SUB NATIONAL)



7. The National Government's share in Consolidated Health Expenditure continues to show declining trend. It has gone down from Rs 17.37 bn (20%) in FY 2008-09 to Rs 20.74 bn (13%) in FY 2011-12 (Table 1A, Appendix D).
8. On the other hand, much of the increase in Consolidated Health Expenditure can be attributed towards increased health spending at the level of Sub-National Governments which has increased from Rs 71.18 bn in FY 2008-09 to Rs 137.3 bn in FY 2011-12 registering growth rate of 93%. And for the same period National Health Expenditure has grown by only 19% (Table 1A, Appendix D).

9. Punjab (46%) and Sind (25%) account for more than 71% of Sub-National Health Expenditure – this trend has remained pretty much consistent during the period of analysis (Table 1C, Appendix D).
10. Budget execution rates of almost all the Provinces remain quite impressive, KPK, in particular, being able to execute more than 100% of budget allocation in FY's 2008-09, 2009-10 and 2011-12 (Table 1B, Appendix D);
11. During the period of analysis, except for Punjab (67%), all the Provincial Governments are showing expenditure growth rates of well over 100%. Punjab health expenditure lags far behind the growth it has experiences in terms of its health budget - meaning the higher budget allocations have not translated into actual expenditures (Table 1B, Appendix D).

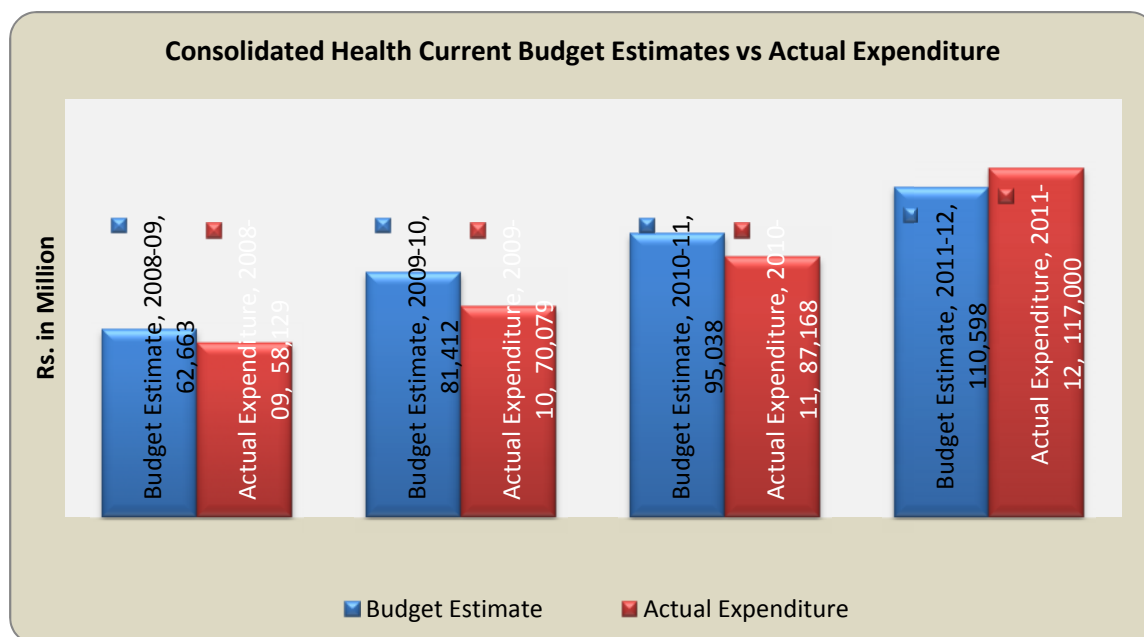
TABLE 12: SUB NATIONAL CONSOLIDATED HEALTH EXPENDITURE

(Rs. In Million)

Sub National Consolidated Health Expenditure	Actual Expenditure	Actual Expenditure	Actual Expenditure	Actual Expenditure	% increase in 2011-12 from 2008-09
	2008-09	2009-10	2010-11	2011-12	
Provinces	67,380	77,130	93,852	130,449	94%
Punjab	38,030	42,078	47,949	63,439	67%
Sindh	14,630	18,612	22,207	33,659	130%
KPK	10,805	12,273	16,957	23,810	120%
Balochistan	3,915	4,167	6,740	9,541	144%
Regions	3,803	4,586	5,789	6,903	82%
AJK	1,875	1,974	2,637	3,204	71%
FATA	1,579	2,271	2,278	2,623	66%
GB	349	342	874	1,077	209%
Total	71,182	81,716	99,641	137,352	93%

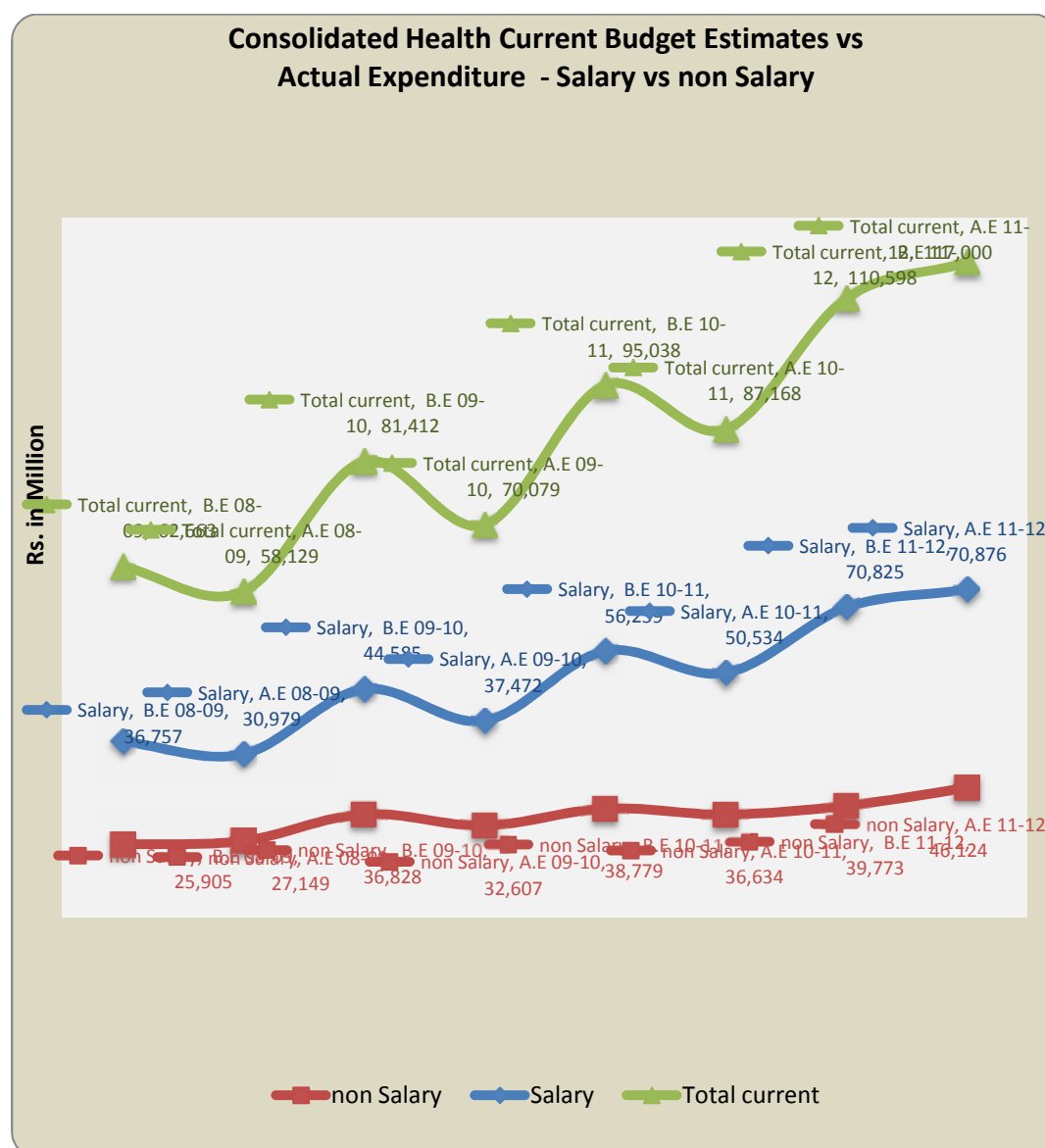
Consolidated Health Current Expenditure:

FIGURE 14: BAR CHART (CONSOLIDATED HEALTH CURRENT BUDGET ESTIMATES VS ACTUAL EXPENDITURE)



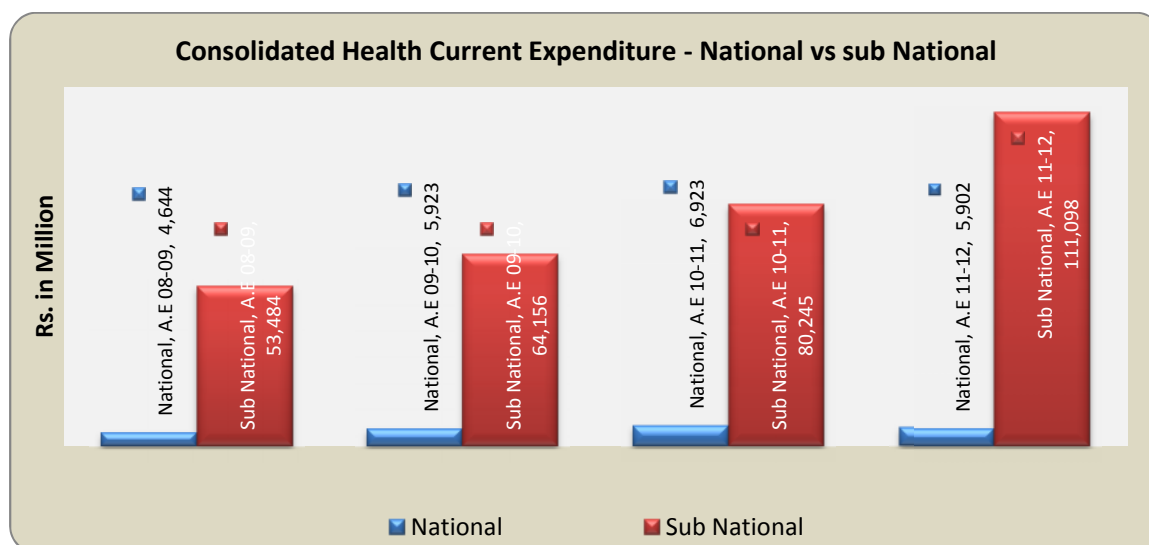
12. The consolidated health current has increase by more than 100% since last four years. It rose from Rs 58.1 bn in FY 2008-09 to Rs 117 bn in FY 2011-12 (Table 4, Appendix D). Much of this increase can be attributed towards increase in health expenditure at the level of Sub-National Governments (Provinces and Regions).

FIGURE 15: BAR CHART (CONSOLIDATED CURRENT BUDGET ESTIMATES VS ACTUAL EXPENDITURE – SALARY VS NON SALARY)



13. During FY 2011-12, more than 61% of Consolidated Health Current Expenditure was salary related expenditure. Ratio between salary and non-salary expenditure has changed over the years with more focused towards salary related expenses. This key ratio has change from 53:47 in FY 2008-09 to 61:39 in FY 2011-12 (Table 6A, Appendix D). Salary related expenditures are growing much faster than non-salary related expenditures.

FIGURE 16: BAR CHART (CONSOLIDATED HEALTH CURRENT BUDGET EXPENDITURE – NATIONAL VS SUBNATIONAL)



14. From FY's 2008-09 to 2011-12, National and Sub-National Health Expenditures are showing growth rate of 27% and 108% respectively. The National Health Expenditure is losing its significance with in the over-all composition of Consolidated Health Expenditure. It's share has gone down to 5% in FY 2011-12 from 8% in FY 2008-09 (Table 4B, Appendix D).
15. Employee related expenses (61%) and operating expenses (23%) consistently comprise more than 80% of Consolidated Health Current Expenditure. And in terms of functional classification, general hospital services (78%) and administration (13%) account for more than 90% of Consolidated Health Current Expenditure (Table 8A & 8B, Appendix D).
16. During the period of analysis i.e while comparing FY 2008-09 and 2011-12, the expenditures have grown the most are transfer payment (142%) and salary related expenditures (129%) (Table 8, Appendix D).
17. National and Sub-National Governments enjoy very impressive budget execution rates. The annual average health current budget execution rate of Sub-National Governments is well over 90% (Table 4C, Appendix D).

TABLE 13: SUB NATIONAL CURRENT HEALTH EXPENDITURE

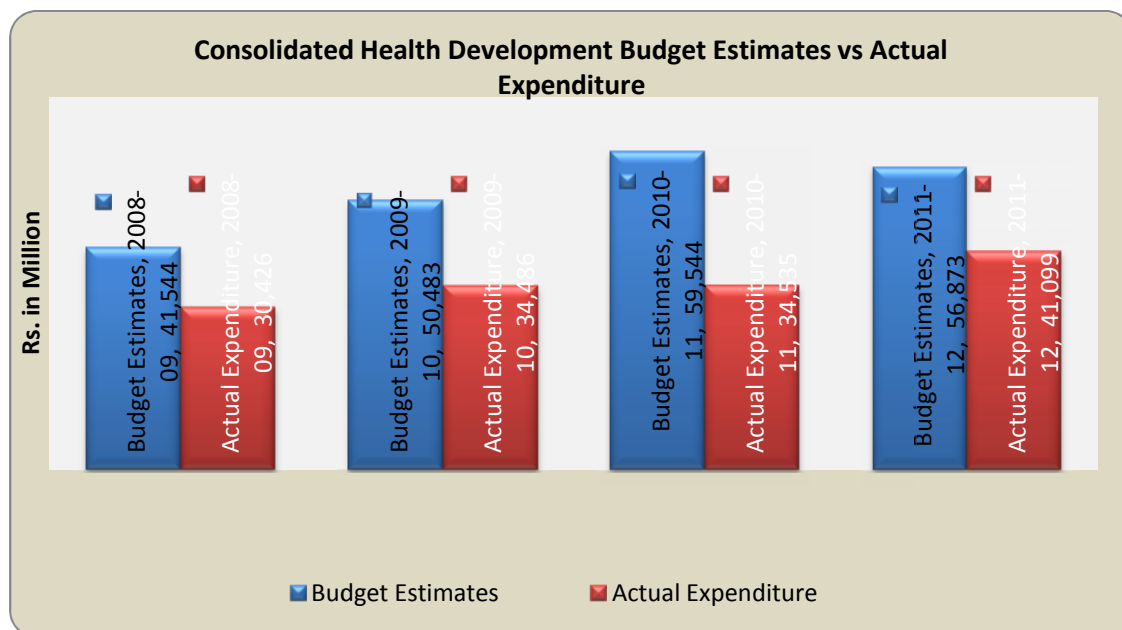
(Rs. In Million)

Sub National Current Health Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure
	2008-09		2009-10		2010-11		2011-12	
Provinces	55,518	50,738	73,047	61,091	85,225	75,524	104,698	105,456
Punjab	29,984	29,358	43,062	33,922	46,243	39,233	54,802	54,217
Sindh	15,090	10,742	18,117	14,513	20,564	18,242	27,319	28,025
KPK	6,531	7,096	7,579	8,614	10,976	12,306	13,708	15,620
Balochistan	3,913	3,542	4,289	4,043	7,443	5,743	8,869	7,594
Regions	2,549	2,746	2,869	3,065	3,595	4,720	4,935	5,642
AJK	1,380	1,614	1,624	1,828	1,819	2,490	2,543	2,661
FATA	877	843	945	944	1,021	1,410	1,584	1,904
GB	292	289	300	293	756	820	807	1,077
Total	58,067	53,484	75,916	64,156	88,821	80,245	109,633	111,098
Execution Rate:								
Sub National		92%		85%		90%		101%
Provinces		91%		84%		89%		101%
Punjab		98%		79%		85%		99%
Sindh		71%		80%		89%		103%
KPK		109%		114%		112%		114%
Balochistan		91%		94%		77%		86%
Regions		108%		107%		131%		114%
AJK		117%		113%		137%		105%
FATA		96%		100%		138%		120%
GB		99%		98%		109%		133%

18. Employee relates expenditure have grown by 130% during the last four years. They stand at Rs 70.8 bn in FY 2011-12 moving up from Rs 31 bn in FY 2008-09. Punjab (48%) and Sind (23%) account from more than 70% of employee related expenses in Consolidated Health Current Expenditure. Employee related expenses are growing at an annual average of 33% in Sub-National Health Current Expenditures (Table 8C, Appendix D).
19. Sindh stands out as the only Province showing growth rate of 177% for salary related expenditures during four year of analysis (Table 8C Appendix D);
20. Operating expenses have grown by 80% during last four years and stands at Rs 26.8b in FY 2011-12. Almost similar to employee related expenses, Punjab (51%) and Sindh (28%) comprise around 80% of operating expenses in Consolidated Health Current Expenditure. Operating expenses are growing at an annual average of 22% in Sub-National Health Current Expenditures (Table 8D, Appendix D).
21. With in Sub-National Health Current expenditure, the operating expenses of Sind (126%), KPK (103%) and Balochistan (138%) have grown by more than 100% since FY 2008-09. Interestingly, GB is showing a negative growth rate for operating expenses of 52% (Table 8D, Appendix D).
22. Repairs and maintenance continues to remain neglected – it has shown expenditure growth rate of 21% during last four years. Punjab (58%) and Sind (14%) account for more than 70% of repairs and maintenance under Consolidated Health Current Expenditure (Table 8F, Appendix D).

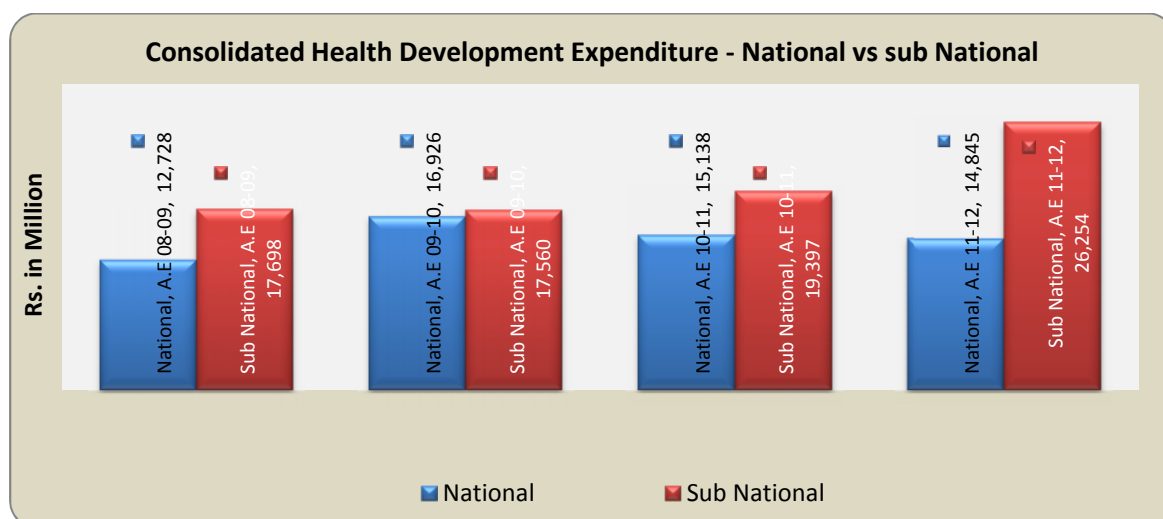
Consolidated Health Development Expenditure:

FIGURE 17: BAR CHART (CONSOLIDATED HEALTH DEVELOPMENT BUDGET ESTIMATES VS ACTUAL EXPENDITURE)



23. The Consolidated Health Development Expenditure for FY 2011-12 was Rs 41.1 bn showing a modest increase of 35% over last four years in nominal terms. It is showing annual average growth rate of around 11%. Over-all it has maintained steady budget execution rate. Budget execution rate for Consolidated Health Expenditure has been 58% and 72% in FY's 2010-11 and 2011-12 respectively (Table 9, Appendix D).

FIGURE 18: BAR CHART (CONSOLIDATED HEALTH DEVELOPMENT EXPENDITURE – NATIONAL VS SUB NATIONAL)



24. As one would expect, ratio between National Health Development Expenditure and Sub-National Health Development Expenditure has gone down from 42:58 in FY 2008-09 to 36:64 in FY 2011-12 (Table 9B, Appendix D). National Health Development Budget (80%) shows better average annual budget execution rate when compared to Sub-National Development Health Budget (64%).

TABLE 14: DEVELOPMENT HEALTH EXPENDITURE

(Rs. In Million)

Development Health Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure	Budget Estimate	Actual Expenditure
	2008-09		2009-10		2010-11		2011-12	
National	19,733	12,728	23,746	16,926	17,344	15,138	15,091	14,845
Sub National	21,811	17,698	26,737	17,560	42,200	19,397	41,782	26,254
Execution Rate								
National		65%		71%		87%		98%
Sub National		81%		66%		46%		63%
% of Actual Expenditure in:								
National		42%		49%		44%		36%
Sub National		58%		51%		56%		64%

25. The economic composition of Consolidated Health Development Expenditure is fragmented over various elements. Operating expenses (26%), grants & subsidies (29%), physical assets (13%) and civil works (16%) comprise around 84% of Consolidated Health Development Expenditure (Table 14, Appendix D).

26. Interestingly, in FY's 2008-09, 2009-10 and 2010-11, salary used to comprise around 18%, 18% and 32% respectively of Consolidated Health Development Expenditure. But this has gone down to around 1% in FY 2011-12 (Table 14 Appendix D).

27. On the other hand, in terms of functional classification, a new classification function has been added since FY 2011-12 which is not quite meaningful i.e 'To Provinces – General Public Services'. All expenditures relating to vertical at the Federal level are now being classified under this head. Surprisingly, this was not the classification that

was used while allocation budget in FY 2011-12. Then it was classified under 'Planning – General Public Services' (Table 14A, Appendix D);

28. In FY 2011-12, 'To Provinces – General Public Services' (30%) and General Hospital Services (49%) comprise about 79% of Consolidated Health Development Expenditure (Table 14A, Appendix D).
29. The Sub-National Health Development Expenditure for FY 2011-12 was Rs 26.25b showing a growth of 48% over last four years. However, the budget growth for the same period has been around 92%. Clearly, the increase in Sub-National Health Development Budget Allocation is not necessarily translating into expenditure (Table 9B, Appendix D).
30. Punjab (35%), Sind (21%) and KPK (31%) comprise around 88% of the Sub-National Health Development Expenditure. Punjab's share of Sub-National Health Development Expenditure has decreased from 49% (Rs 8.6 bn) in FY 2008-09 to 35% (Rs 9.2 bn) in FY 2011-12 (Table 9D, Appendix D).
31. Punjab's development health budget allocation has almost doubled in last four years to Rs 24.8b. However, the development health expenditure has grown by a meager 6% (Table 9C & 9D, Appendix D);
32. Balochistan (422%) and KPK (121%) are the two Provinces that stand out in showing most growth in development health expenditures. These both comprise around 40% of Sub-National Development Health Expenditure (Table 9C, Appendix D).
33. Consolidated Development Health Expenditure shows that emphasis on asset creation has declined over the last four years. In FY 2008-09, physical assets (25%) and civil works (21%) comprise about 46% of the Consolidated Development Health Expenditure. This important composition has changed drastically with physical assets (13%) and civil works (16%) comprise about 29% of the Consolidated Development Health Expenditure (Table 14, Appendix D).
34. It is likely that KPK is using operating expenses to finance its development expenditure. Over the period of analysis, it has shown a phenomenal growth rate of 3601%. KPK's operating expenses under development health expenditure have

increased from Rs 96 mn in FY 2008-09 to Rs 3.5 bn in FY 2011-12 (Table 14C, Appendix D).

35. Only Punjab and Sind's development health expenditure seem to be focusing on physical assets and civil works. These both Provinces account for 97% of the over spending on Consolidated Development Health Expenditure under physical assets and civil works (Table 14D & 14E, Appendix D).

