
Federal Government Population Welfare Budget and Expenditure Analysis

(2010 – 11 to 2012 – 13)



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ABBREVIATIONS & ACRONYMS

A.E	Actual Expenditure
AKA	Also known as
B.E	Budget Estimates
Bn	Rupees in Billion
FY	Fiscal Year
GoP	Government of Pakistan
Mn	Million
NFC	National Finance Commission
P&D	Planning & Development Division
PIFRA	Project to improve Financial Reporting and Auditing
PW	Population Welfare
Rs.	Pakistan Rupees
R.E	Revised Estimates
TRF	Technical Resource Facility
Wef	With effect from
YoY	Year on Year basis

EXECUTIVE SUMMARY

1. Consolidated (current & development) expenditure by the Federal Government on Population Welfare was Rs. 2.8 bn against a budget allocation of Rs. 3.7 bn in FY 2011-12, indicating an increase of 240% in expenditure.
2. Development budget has maintained its dominant share (98%) in FY 2012-13. The development expenditure exhibits a large increase of more than 300% over FY 2010-11 with an execution rate of 77% in FY 2011-12 as compared to 17% in FY 2010-11.
3. Current expenditure is only 2% (Rs. 52 mn) of the total PW expenditure for the FY 2011-12 compared to 17% (Rs. 144 mn) in FY 2010-11 with an execution rate of 75% in FY 2011-12 as compared to 59% in FY 2010-11.
4. Use of Economic Classification is restricted to “Grants & Subsidies” only. For example, in FY 2012-13, 97% of the budget allocations was made under this classification .It has continued to grow from a share of 80% in FY 2010-11 and 93% in FY 2011-12. Other economic classification, i.e. operating expenses has consistently declined from a share of 8% in FY 2010-11 to just 1% in FY 2012-13. As for Functional Classification, more than 99% of the budget allocations are classified as “Planning” while the balance is put under the head of "District Administration". No new initiatives / projects have been launched in any of the years under analysis.
5. Except for “Employee Retirement Benefits” and “Grants & Subsidies”, all other budget heads exhibit a decline in growth rates in FY 2012-13. For example, employee related expenses, operating expenses and physical assets have decreased by 39%, 71% and 93% in FY 2012-13 respectively.
6. Share of PW budget allocations in Federal Government’s budget has continued to show a declining trend. The share was 0.18% of total federal budget in FY 2010-11, 0.13% in FY 2011-12 and 0.11% in FY 2012-13.
7. Salary component continues to dominate the budget expenditure when compared to non-salary component. The ratio of composition is 79:21. Overall, salary has recorded higher budget execution rates in both FY’s, i.e. 107% in 2011-12 and 60% in 2010-11 than execution rates for non-salary (60% and 59% in FY’s 2011-12 and 2010-11).

TABLE 1: FEDERAL GOVERNMENT - POPULATION WELFARE BUDGET AND ACTUAL EXPENDITURE

(Rs in Million)

	B.E 2010-11	%	A.E 2010-11	%	B.E 2011-12	%	A.E 2011-12	%	B.E 2012-13	%
Federal Govt.										
Current	243	6%	144	17%	69	2%	52	2%	81	2%
Development	4,116	94%	691	83%	3,645	98%	2,791	98%	3,477	98%
Total	4,358		836		3,714		2,843		3,558	

INTRODUCTION

1. This Report on Population Welfare budget and expenditure analysis of the Federal Government has been prepared by Consultant at the request of Technical Resource Facility (TRF).
2. Analysis in this Report cover FY's 2010-11, 2011-12 and 2012-13. Cut-off date for acquiring expenditure data expenditure for FY 2011-12 is 20 January 2013. The actual expenditures for the Federal Population Welfare have been used for analysis in this Report.
3. Source of the budget data is from the annual budget documents. Actual expenditure data has also been obtained from PIFRA System.
4. This document explain situation from macro perspective and then narrowing it down to micro. It analyses budget and expenditure trends separately. Report is divided into following Sections for clarity and understanding.

Section I Analysis of Population Welfare Budgets and Budgetary trends

Section II Analysis of Population Welfare Budget Execution and Expenditure trends

5. **Section I** attempts to analyse budgetary allocations and how budget has grown over the years in terms of aggregate and at detail levels.
6. **Section II** reviews the expenditure against budget allocations against various dimensions starting from aggregate to detail levels from economic and functional classification perspective.
7. The analysis has been done after extracting and carefully reformulating quite a voluminous budget and expenditure data over last five years (FY's 2008-13). All such data tables forming the basis of analysis have been included as Appendices of this Report which have been referred while appreciating budget analysis.
8. With in Appendices, Appendix A – Glossary of terms has been specially developed which describes key budget and expenditure terminologies which will guide readers in appreciating relevant financial terms and its local connotation.

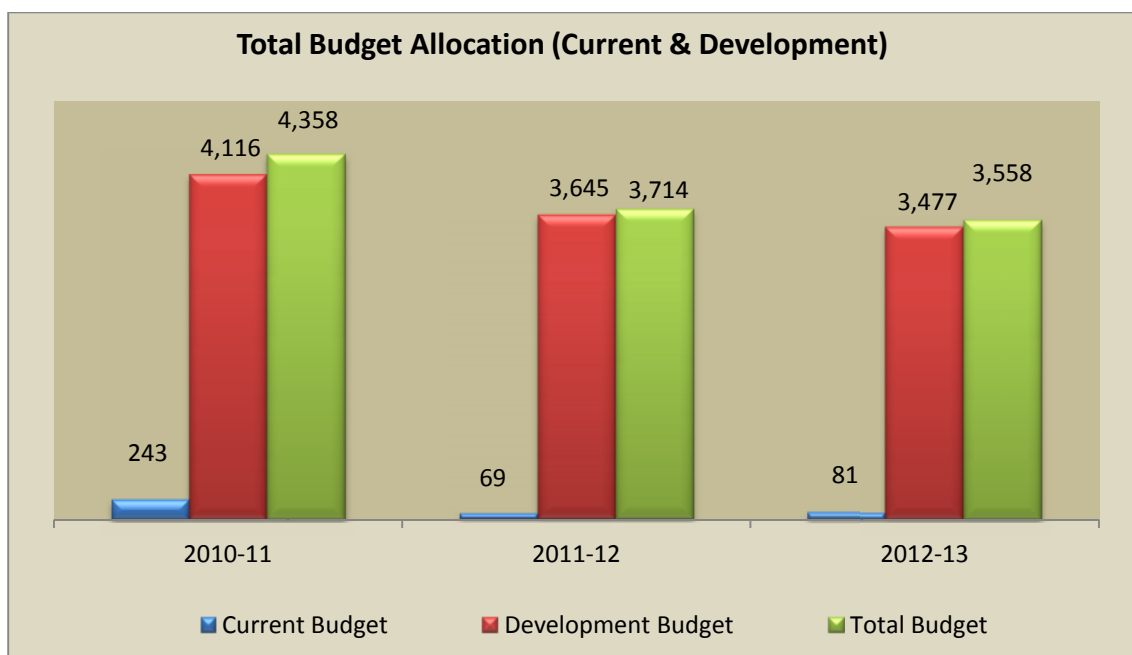
9. Key assumptions – the budget and expenditure analysis following sections does not provide commentary on:

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

Section 1: Analysis of Budget and Budgetary Trends

1. This Section of the Report provides analysis on Federal Government's budget allocation for Population Welfare and its historical trends during three financial years i.e. FY's 2010-11, 2011-12 and 2012-13. 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 Population Welfare.

FIGURE 1: BAR CHART (FEDERAL GOVERNMENT'S BUDGET ALLOCATION FOR POPULATION WELFARE)



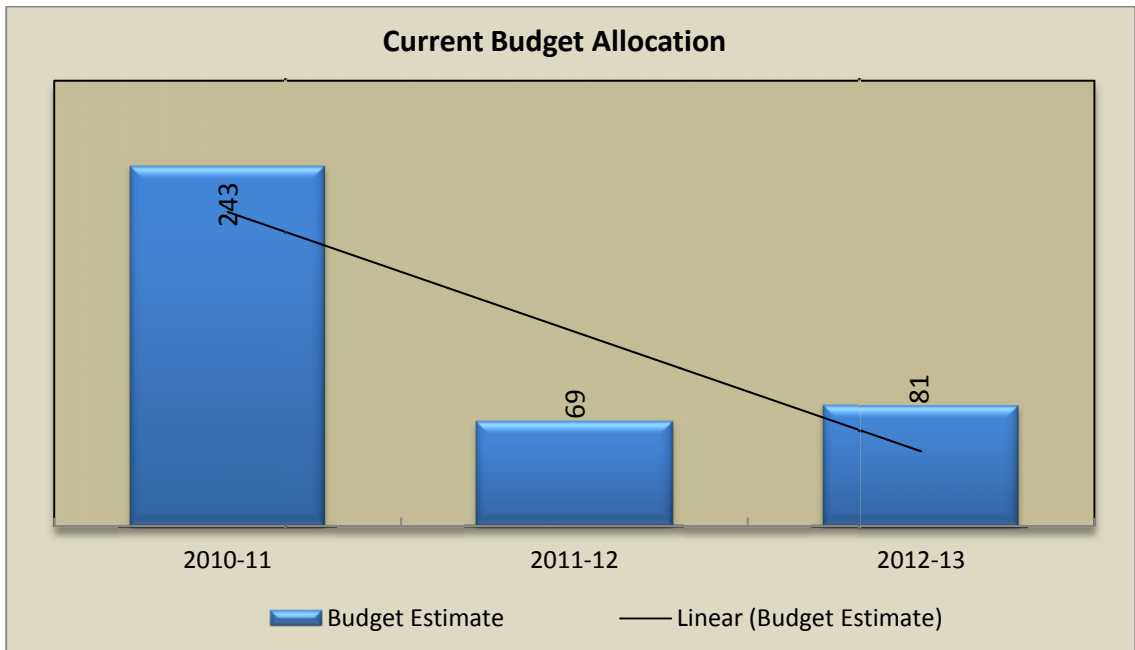
2. Population welfare mainly comprises development budget which accounts for more than 98% of the total population welfare budget in FY 2012-13. This share has increased from 96% recorded in FY 2010-11 (Table 1, Appendix B).
3. A very large proportion (97%) of PW consolidated (current & development) budget is allocated under the economic classification of grants & subsidies in FY 2012-13. It has continued to grow from a share of 80% in FY 2010-11 and 93% in FY 2011-12.

Other notable economic classification, i.e. operating expenses has consistently declined from a share of 8% in FY 2010-11 to just 1% in FY 2012-13 (Table 3, Appendix B).

4. Except for employee retirement benefits and grants & subsidies, all other budget heads exhibit a decline in growth rates in FY 2012-13. For example, employee related expenses, operating expenses and physical assets have decreased by 39%, 71% and 93% in FY 2012-13. Employee retirement benefits and grants & subsidies have remained almost unchanged in both FY's 2011-12 and 2012-13 (Table 2, Appendix B).
5. Functional classification "planning" dominates the consolidated budget allocations (current & development) during FY's 2011-12 and 2012-13. It had a share of 99% and 95% in these FY's. This classification had zero allocation in FY 2010-11 (Table 6 & 7, Appendix B).
6. Federal Government's budget allocations (current & development) for population welfare continue to show a declining trend during three years (FY's 2010-13). On YoY basis, these have declined by 4% in FY 2012-13 after falling by 15% in FY 2011-12. Overall decrease has been more than 18% since FY 2010-11 (Table 1, Appendix C).
7. Share of population welfare allocations in federal total budget outlay keeps declining every year. For example, the share was 0.18% of total budget which has come down to 0.11% in FY 2012-13 after recording a level of 0.13% in FY 2011-12 (Table 2, Appendix C).
8. Federal allocations for population welfare mainly comprise development budget as more than 98% has been earmarked for development projects in FY 2012-13. Current budget which had a share of 6% in FY 2010-11 has settled at just 2% in FY 2012-13 (Table 3, Appendix C).
9. Development budget has demonstrated a decreasing trend over FY's 2010-13. On YoY, it declined by 11% in FY 2011-12 and then by 5% in FY 2012-13. Overall decrease has been around 16% since FY 2010-11. Current budget declined at much

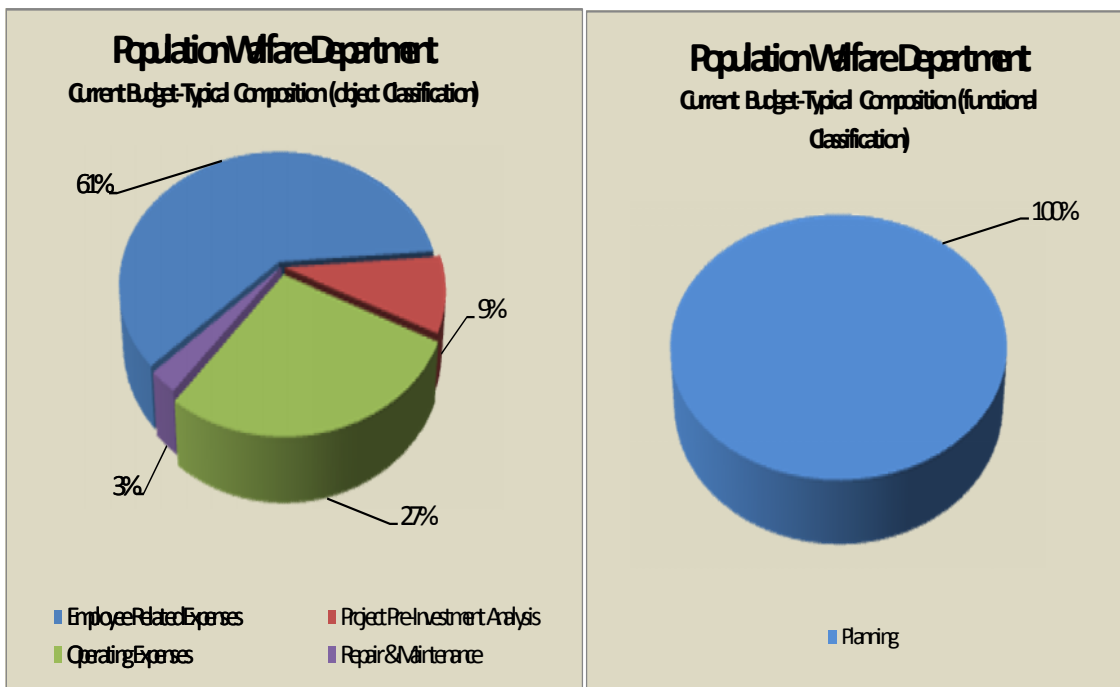
faster rate (71%) in FY 2011-12, however, it finally posted a positive growth of 17% in FY 2012-13 (Table 3, Appendix C).

FIGURE 2: BAR CHART (CURRENT BUDGET)



- In terms of level of budget allocations, current budget has shrunk considerably over the three year period (FY's 2010-13). Overall, the allocations have declined by two-third when compared to the level in FY 2010-11 (Table 4, Appendix C).

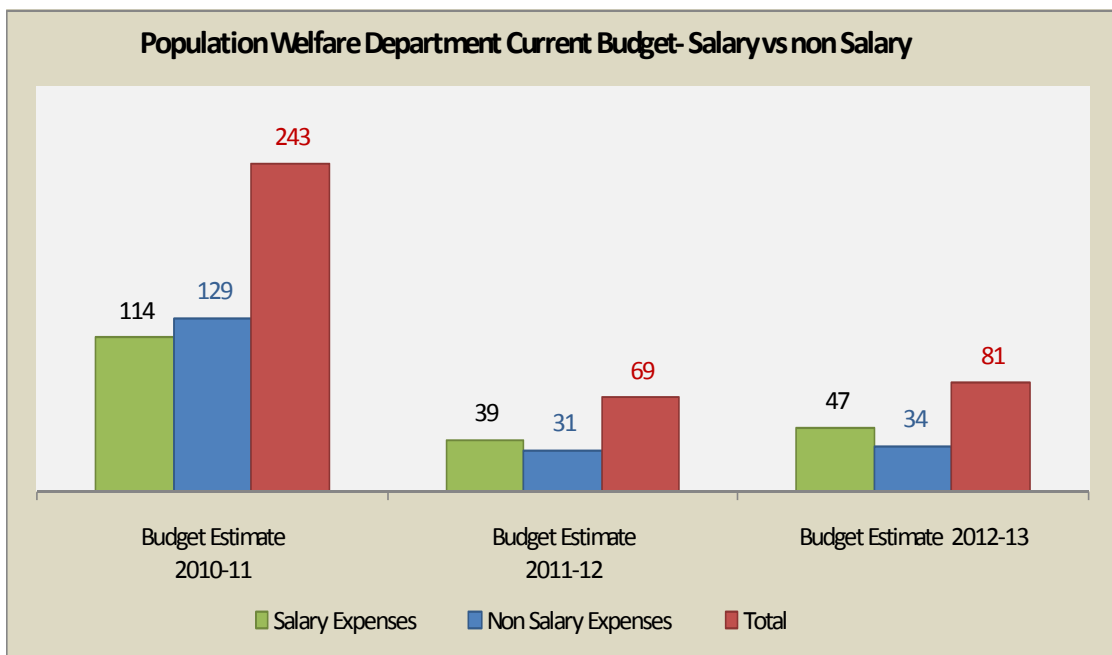
FIGURE 3: PIE CHART (CURRENT BUDGET)



11. Employee costs continue to claim a leading share since FY 2010-11. This share has increased from 47% in FY 2010-11 to 58% in FY 2012-13. Employee costs are followed by operating expenses (26%) and project pre-investment analysis (9%). Repair & maintenance continues to have share of 2% throughout FY's 2010-13 (Table 6, Appendix C).

12. Until FY 2010-11, whole of the current budget was put under the functional classification of "Population Welfare Administration". However, after the devolution under the 18th Amendment, this classification was changed and since FY 2011-12, the current budget is being classified under the head of "Planning". (Table 7, Appendix C).

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



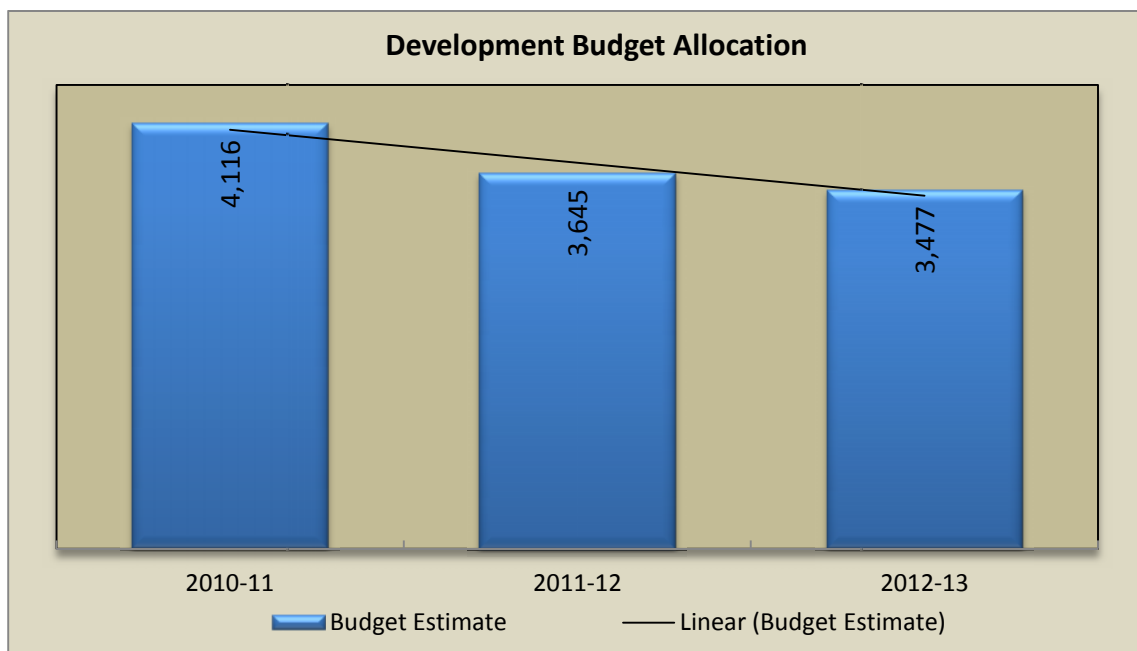
13. An analysis of salary and non-salary ratio indicates that salary proportion has consistently risen vis-a-vis non-salary since FY 2010-11. For example, the ratio between salary and non-salary was 47:53 in FY 2010-11 which has become 58:42 in FY 2012-13 (Table 8, Appendix C).

14. Both salary and non-salary components have posted huge declines since FY 2010-11. This decline took place in FY 2011-12 only as FY 2012-13 witnessed positive

growth. For example, salary and non-salary decreased by 66% and 76% in FY 2011-12 and grew by 23% and 10% respectively in FY 2012-13 (Table 9, Appendix C).

15. Within non-salary component, operating expenses have recorded an increase of 14% in FY 2012-13 after going down by a whopping 84% in FY 2011-12. Grants & subsidies declined in both years (i.e. by 30% in FY 2012-13 and 37% in FY 2011-12). Repair & maintenance has increased by 69% in FY 2012-13 after declining by 78% in FY 2011-12 (Table 10, Appendix C).

FIGURE 5: BAR CHART (DEVELOPMENT BUDGET)



16. Development budget consistently shows a declining trend since FY 2010-11. For example, it decreased by 11% in FY 2011-12 and 5% in FY 2012-13 (Table 11, Appendix C).
17. Almost entire development budget is classified under the object classification of "Grants, subsidies & write-off loans" in FY 2012-13. Budget allocations under this head have actually increased from 85% in FY 2010-11 to 95% in FY 2011-12 to nearly 100% in FY 2012-13. Negligible allocations appear in other budget heads, e.g. employee related expenses, operating expenses (both having less than 1% allocation in FY 2012-13) (Table 13, Appendix C).

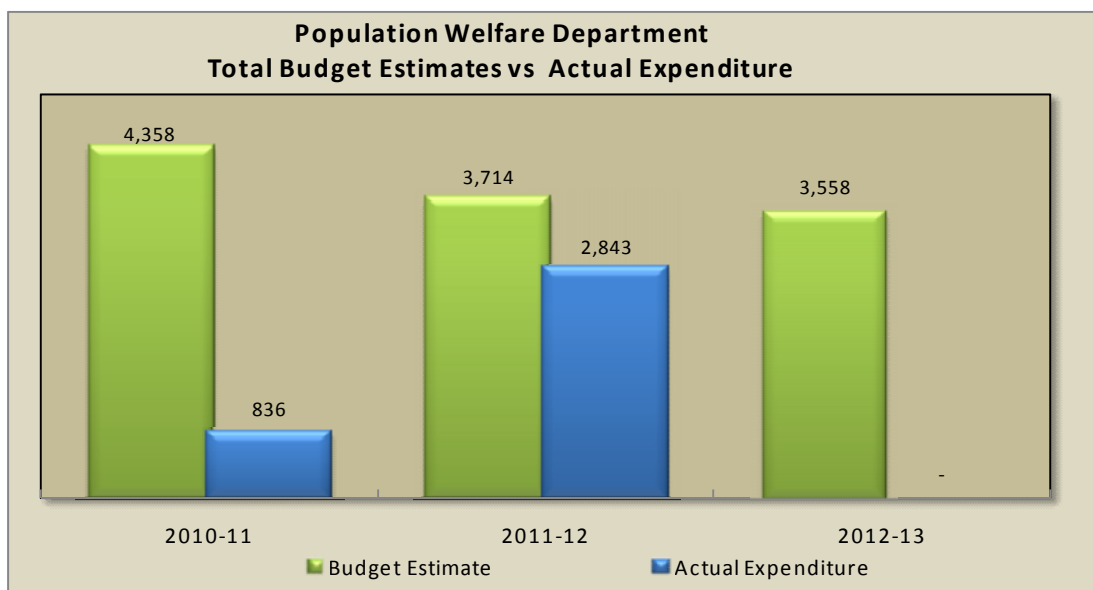
18. As far as functional classification is concerned, more than 99% of the budget allocations is classified as "Planning" while the balance is put under the head of "District Administration" (Table 14, Appendix C).

19. Development portfolio for population welfare comprises ongoing projects only. No new initiatives / projects have been launched in any of the years under analysis (Table 15 & 16, Appendix C).

Section 2: Analysis of Budget Execution and Expenditure Trends

1. This Section of the Report provides analysis on expenditure trends since last three years (2010-11 to 2012-13) for Federal Government's component of Population Welfare. It starts by providing analysis on total expenditures (current and development) against budget allocation i.e. providing the macro perspective and then finally drills down into assessing how expenditures have performed against current and development budget.

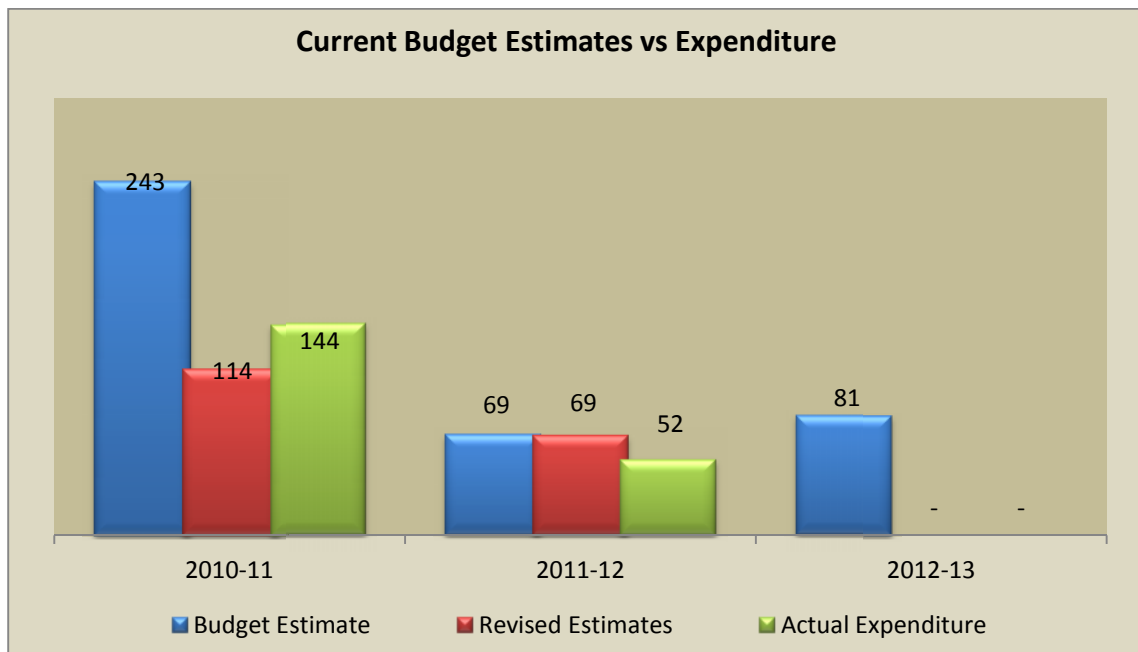
FIGURE 6: BAR CHART (BUDGET ESTIMATES)



2. Federal component of population welfare has registered an overall budget execution rate of 77% in FY 2011-12, up from an abysmally low rate of 19% in FY 2010-11. Expenditure level has also increased exponentially (240%) over FY 2010-11 (Table 1, Appendix D).
3. Budget execution rate based on revised estimates yields different results. Since budget estimates were subject to downward revisions in both FY's (85% down in 2010-11 and 4% down in 2011-12), the budget execution rate was quite higher (124%) in FY 2010-11 while it was more or less close to the rate based on original budget estimates (80%) in FY 2011-12 (Table 3, Appendix D).

4. Development budget has recorded a slightly higher execution rate (77%) compared to the rate recorded for current portion of population welfare budget (75%) in FY 2011-12. The situation was quite different in FY 2010-11, i.e. current budget had an execution rate of 60% while development budget had achieved a rate of 17% (Table 4, Appendix D).

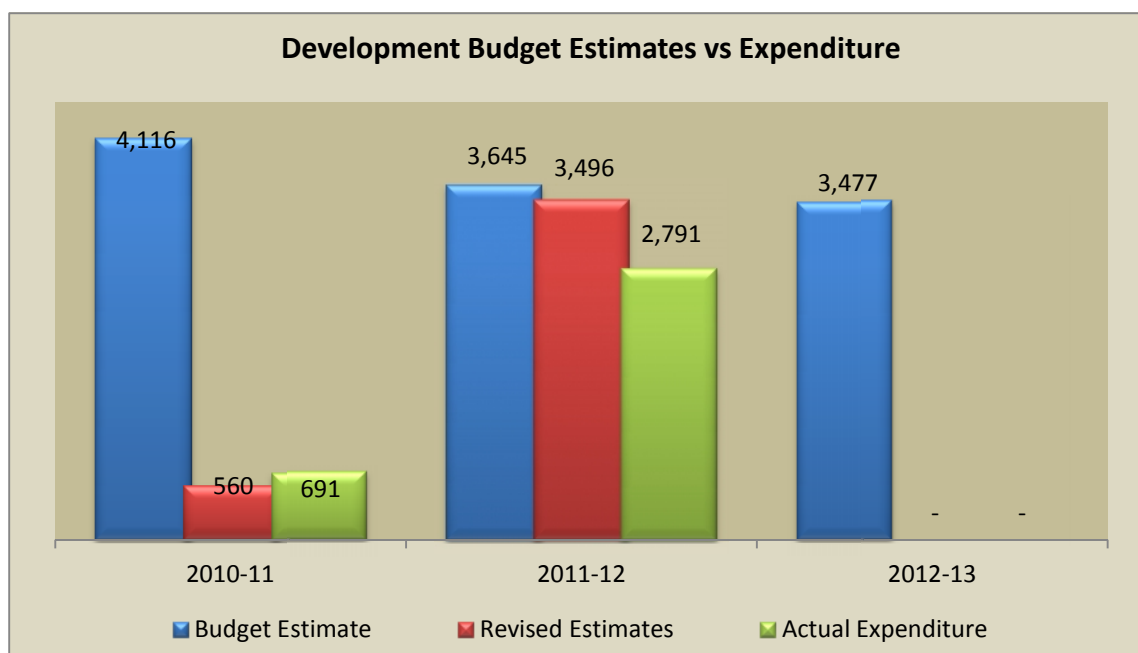
FIGURE 7: BAR CHART (CURRENT EXPENDITURE)



5. Current expenditure level has gone down from Rs. 144mn in FY 2010-11 to Rs. 52mn in FY 2011-12, indicating a decrease of 64%. Budget execution rate, on the other hand, has increased from 60% in FY 2010-11 to 75% in FY 2011-12 (Table 5, Appendix D).
6. Current budget estimates were subject to downward revision in FY 2010-11 (53%) and FY 2011-12 (1%). This has resulted in a quite high budget execution rate of 126% in FY 2010-11 (Table 6, Appendix D).
7. Salary and non-salary expenditure has decreased in FY 2011-12. Overall, salary has recorded higher budget execution rates in both FY's, i.e. 107% in 2011-12 and 60% in 2010-11 than execution rates for non-salary (60% and 59% in FY's 2011-12 and 2010-11) (Table 7, Appendix D).

8. Ratio of composition based on budget estimates for salary and non-salary components is 56:44 respectively in FY 2011-12. This when calculated on expenditure basis has become 79:21. Interestingly, the ratios based on budget estimate and expenditure were exactly the same in FY 2011-12 (i.e. 47:53) (Table 8, Appendix D).
9. Operating expense is the only key constituent of non-salary component in both FY's. It has recorded a budget execution rate of 53% in FY 2011-12 and 64% in FY 2010-11 (Table 9, Appendix D).

FIGURE 8: BAR CHART (DEVELOPMENT EXPENDITURE)



10. Development expenditure (Rs. 2.8 bn) exhibits a large increase of more than 300% over FY 2010-11. Budget execution rate has also increased from just 17% in FY 2010-11 to 77% in FY 2011-12 (Table 10, Appendix D).
11. Budget execution rate has also been computed using revised estimates. It is 123% in FY 2010-11 and 80% in FY 2011-12. The reason for the huge difference of rates in FY 2010-11 is due to a massive (86%) downward revision in the original budget estimates (Table 11 & 12, Appendix D).

12. Expense classifications have reported varying budget execution rates in FY's 2011-12. For example, operating expenses have recorded an execution rate of 3348% in FY 2011-12, while physical assets have recorded a budget execution rate of 100% in FY 2010-11 (Table 12, 13 & 14, Appendix D).

