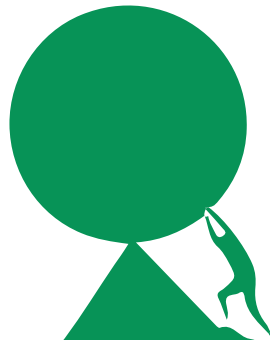


RESILIENT

Khyber Pakhtunkhwa

White Paper 2020-21





Government of Khyber Pakhtunkhwa

White Paper

2020/21 Budget

FOREWORD

With the joint context of the world's worst public health crisis in 102 years and the world's worst recession since 1929, budgeting in the times of Corona is a challenge; across the world; across Pakistan; and in Khyber Pakhtunkhwa.

Nonetheless, we believe that budget's gives direction and hope, and shows that the government is willing to be bold. I'd like to think that it is encapsulated by five headlines.

- It includes the biggest investment in healthcare in the history of this province.
- It caters for a Rs. 24 billion COVID19 emergency fund, supplementing the health budget, as well as to cover administrative costs, rescue and relief costs, and to support the poorest through the Ehsaas programme if necessary. This will be topped up if necessary.
- It protects the size of the development budget, because spending is what will help to keep the wheels of the economy rolling.
- It contains no new taxes; no increase in taxation rates; and includes the most innovative and ambitious package of tax reforms and relief in the history of this province.
- It is built on significant reform in the current budget; this means we have cut costs, identified savings, and reinvested that money within the budget to be able to achieve better service delivery from government across sectors.

Given the scale of the health and economic crisis we are facing, we will need to do more. Successful execution will require speed, boldness and clarity of decisions through the year at a speed that is a departure from business-as-usual. It will require government and opposition to think beyond their traditional roles to help make change happen. No one should expect an easy year, but if we grasp the silver linings that are available to us in terms of the opportunity to speed up reform, then we can actually make a cliché come true and turn this crisis into an opportunity, at least in some ways.

It is a challenging time, but one of the distinctive features of Khyber Pakhtunkhwa and its people is our resilience. Resilience is the theme of this budget, because it is our resilience above all else that will enable us to emerge from this crisis stronger and better.

From a financial perspective, one thing that gives me confidence is the set of financial management reforms that we have undertaken over the past year.

- After thorough analysis, development expenditure budget for FY2020-21 is centered around schemes with a potential to drive essential services, generate employment and accelerate economic recovery.

- Expenditure budgeting includes an expansive exercise to improve salary budgeting, and align it with actual figures from previous years.

Documents such as this White Paper can simply become obligations to fulfil or boxes to check. In Khyber Pakhtunkhwa, we want to make sure this doesn't happen. Last year, we reviewed the format and structure of this entire document, so the white paper actually does become the embodiment of the government's approach to budgeting. We continue to build on that, with minor changes while retaining consistency of format.



Taimur Khan Jhagra
Minister for Finance

19th June, 2020

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Chapter 1 - Overview

The Khyber Pakhtunkhwa Budget for 2020-21

This year's Khyber Pakhtunkhwa budget is one that is deeply influenced by the impact of the COVID-19 pandemic. Not only has COVID-19 taken a toll on potential revenue for the province by putting the national economy in distress, but has also escalated expenditure for the provincial government. The Khyber Pakhtunkhwa government is doing its utmost to mitigate the health and socio-economic impact of COVID-19 on the citizens of the province. This 'once in a hundred years' pandemic has caused a global recession on the scale that hasn't been seen since the great depression. Governments around the world have been forced to implement recession based economic policies. That is tightening fiscal belts, increasing or maintaining government development spending, and decreasing taxation to encourage and revive economic activity. Khyber Pakhtunkhwa Government is keen to proactively tackle the economic fallout of COVID-19 and has developed a budget on the following Key Principles.



Key Principles

			
Revenue	Current Expenditure	Development Expenditure	Debt / Savings
<ul style="list-style-type: none"> • No increase in taxes • Elimination of redundant taxes • Integration of duplicate taxes • Broadening the tax base • Revenue collection will be used to fund the costs of emergency 	<ul style="list-style-type: none"> • Improve salary budgeting to reflect actuals • Pension reform – For increased sustainability • Streamlined hiring policies • No allocation for training, entertainment etc. • Reduced allocation in case of non-essential departments for TA/DA, POL, electricity and purchase/repair of assets 	<ul style="list-style-type: none"> • Essential services schemes to be given priority • Focus on labor intensive schemes to generate employment • Increase development spending for accelerated economic recovery 	<ul style="list-style-type: none"> • Domestic borrowing under provincial / federal guarantee • Foreign borrowing • Identify savings / sources of Debts through year in partnership with Federal government to maintain expansionary fiscal policy

In this backdrop, total expenditure of KP Government is estimated at Rs. 923 billion, including Rs. 739 billion in the settled districts, and Rs. 184 billion in the Merged Areas. Expenditure in the Merged Areas includes a Rs. 10 billion grant from the provincial government out of its own resources, in line with the decision taken for all provinces to contribute 3% of their divisible pool

share to the development of merged districts. The Government of KP has also included Rs. 9 billion for COVID-19 in merged districts as part of their current budget of Rs. 88 billion.

This year's total estimated receipts are Rs. 923 billion. This includes Rs. 739 billion for settled districts, and Rs. 184 billion for merged districts. Federal Transfers including Federal Tax Assignment, 1% War on Terror, and Straight Transfers will add to Rs. 477.5 billion. Rs. 58.3 is estimated against profits from Hydro-Electricity. Provincial Own Receipts are projected at Rs. 49.2 billion. Grants from Federal Government for Merged Areas is estimated at Rs. 161 billion. Finally, Foreign Project Assistance adds to Rs. 86 billion.

Table 1 shows a summary of budgeted expenditure and receipts for 2020-21 for the entire province. Compared to last year, this year's receipts for the settled districts of Rs. 923 billion reflects an increase of 2.5 % over last year's budgeted receipts of Rs. 900 billion, and expenditure of Rs. 923 B reflects an increase of 8% of last years budgeted expenditure of Rs. 855 billion. This rate of increase in expenditure vs a marginal increase in revenue is the adjustment the government has had to make as a consequence of the economic fallout of COVID-19. Provincial Government will work with the Federal Government so national commitments under the IMF is met.

To view the general abstract of the 2020/21 Budget, revenue, and expenditure summary, please refer to the financial statements in the Annex.

Table 1 (1 of 2)

Summary: Revenue

Rs. Bln

Head	Actuals 2018-19*	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total Revenues	463.0	900.0	763.2	923.0
Federal Transfers	393.0	533.3	379.1	477.5
Federal Tax Assignment	327.9	453.2	318.6	404.8
1 % for War on Terror	39.4	54.5	38.3	48.6
Straight Transfers	25.7	25.6	22.2	24.1
Profit from Hydro Electricity (NHP)	20.0	55.7	51.3	58.3
Net Hydel Profit	6.9	21.2	21.2	21.5
Arrears of Net Hydel	13.1	11.9	11.9	0.0
Net Hydel Profit (Previous arrears)		22.6	18.2	36.8
NHP as per AGN Kazi formula,(KCM)				
Provincial Own Receipts	31.8	53.4	46.8	49.2
Provincial Tax Receipts	19.9	33.0	27.6	28.1
Provincial Non-Tax Receipts	11.9	21.3	19.2	21.1
Other Receipts	0.1	24.7	104.6	91.0
Recovery of Investment & loans	0.1	0.3	0.3	0.3
Domestic Loan				44.0
Savings from operational shortfall				46.7
Financing from Cash Balance and W&M Facility		24.4	104.3	
Grants from Federal Govt.	7.9	151.0	115.9	161.0
PSDP (Federal)	7.9		12.9	
Grants from Fed Govt (Non-Dev for MAs)		79.0	66.0	73.0
Additional Financing Requirements from Fed Govt.(Non-Dev for MAs)				15.0
Grants from Federal Govt (Dev. for MAs)	0.0	72.0	37.0	48.0
Additional Financing Requirements from Fed Govt.(Dev for MAs)				25.0
Foreign Project Assistance (FPA)	10.1	82.0	48.0	73.4
Foreign Project Assistance (NMAs)			17.6	12.6

*2018-19 figures are for settled districts only as financial merger of ex-FATA had not taken place

Table 1 (2 of 2)

Summary: Expenditure

Rs. Bln

Head	Actuals 2018-19*	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total Expenditure	491.9	855.0	763.2	923.0
Current Revenue Expenditure	369.0	526.3	532.6	593.1
Salary (Provincial)	84.3	121.0	116.5	124.3
Salary (District)	129.1	135.0	145.5	150.0
Pension	67.5	69.9	74.0	86.0
Subsidy	2.9	3.2	3.1	3.2
Investment & Committed Contribution		9.0	3.8	0.0
Interest Payments	10.3	10.0	14.3	16.5
Local Councils	4.0	5.8	5.8	6.3
COVID-19 contingency				15.0
O&M and Contingency	60.6	75.3	85.4	86.1
District Non-Salary	10.2	18.2	18.2	17.8
Current Expenditure (NMAs)		79.0	66.0	88.0**
Capital Expenditure (Debt principal repayment)	8.8	9.7	10.2	12.0
Total Current Expenditure	377.7	536.0	542.8	605.1
Development Expenditure	114.1	319.0	220.5	317.9
ADP (Provincial)	83.7	108.0	95.0	104.0
ADP (Districts)	17.0	46.0	4.0	44.6
ADP/10 Year Plan for NMAs		83.0	38.0	73.0
ADP (District NMAs)				10.3
Development Grants (PSDP Federal)	2.2		17.9	
Foreign Project Assistance	11.2	82.0	48.0	73.4
Foreign Project Assistance (NMAs)			17.6	12.6
(Deficit)/Surplus	(28.9)	45.0	0.0	0

*2018-19 figures are for settled districts only as financial merger of ex-FATA had not taken place

**This includes Rs. 9 B for COVID-19 for Relief & Rehab, Health Department and Ehsaas Program

Additional Notes:

This represents KP's contribution to Merged Districts

Provincial Government will work with the Federal Government so that national commitments under the IMF are met

Chapter 2 provides the estimates for provincial revenue in the 2020/21. Total estimated revenue is **Rs. 923 billion** with the largest share being of Federal Receipts, straight transfers and NHP. This continues to reflect the importance of increasing Khyber Pakhtunkhwa's own source revenue, and last year's performance sets a good benchmark to build on. The Khyber Pakhtunkhwa Revenue Authority for the first time in its history has shown a year on year increase of 81% in collection. This evidence points to a key reform area for the current government yielding results. Detailed breakups and trends are provided in the chapter.

Chapter 3 deals with the provincial expenditure. This year's total expenditure is budgeted at **Rs. 923 billion** which is 8% higher than last year. This increase in expenditure is despite the provincial government's effort to enforce strict fiscal discipline in order to protect the development budget. The size of expenditure is heavily tilted towards current expenditure where salaries and pensions make up the bulk of the portfolio. Fiscal reform on the current side have become absolutely essential for long term sustainability and the increase in retirement age from 60 to 63 years, would have led to a permanent saving of **Rs. 20 billion** for the province. The government continues to hope that it can convince the highest court in the land to agree with its point of view.

Chapter 4 provides a comprehensive narrative of the province's strategy to improve management of public finances. These are rooted in the PFM Reform Strategy 2017-20 that aims to achieve six key policy objectives: a) ensuring policy driven planning and budgeting; b) facilitation of a comprehensive, credible and transparent annual budget; c) improving predictability and control in budget execution; d) enabling resource mobilisation and providing relief in taxes; e) improving asset and liability management and, f) fostering accountability for results. The chapter also outlines the initiatives of the Finance Department that directly help achieve the aforementioned objectives.

Chapter 5 provides a brief overview of Bank of Khyber's last fiscal year's performance as well as updates on the management of various funds under the Finance Department. It is important to note that improvements to the overall fiscal management would be able to further strengthen the provincial finances and allow for greater flexibility in investment of these funds.

Chapter 6 deals with the financing available to Merged Areas in 2020/21 Budget. The total size of budget for Merged Areas is **Rs. 184 billion** and is 11 % higher than last year's budget. Keeping in mind that the merger of Merged Areas is the key challenge for Pakistan today, the Government of Khyber Pakhtunkhwa has contributed **Rs. 10 billion** from its share of the Federal Divisible Pool as well. The Finance Department has also setup a separate accounting mechanism for Merged Areas to ensure that the funds are spent where intended.

Chapter 2 – Revenue Estimates

The Receipts, or Revenue of the Province of Khyber Pakhtunkhwa includes three kinds of receipts:

- General Revenue Receipts
- Capital Receipts
- Development Receipts

For financial year 2020-21, total receipts are estimated at **Rs. 923 billion** for the entire province of Khyber Pakhtunkhwa. This includes **Rs. 713 billion** as General Revenue Receipts, **Rs. 49 billion** as Provincial Own Revenue Receipts, and **Rs. 161 billion** as grants from the federal government (to fund the budget of the Merged Areas prior to the settlement of an NFC award).

Of the Rs. **923 billion**, **Rs. 749 billion** are receipts for the settled districts (of former Khyber Pakhtunkhwa), and the **Rs. 161 billion** grants from the federal government and **Rs 13 Billion** from Foreign Project Assistance are to fund the budget of the Merged Areas of former FATA.

The **total receipts of Rs. 923 billion are 2.5% greater** than last year's budgeted figure of Rs. 900 billion.

2.1 General Revenue Receipts

The General Revenue Receipts consist of Federal Transfers and Provincial Own Receipts. For financial year 2020-21 the General Revenue Receipts are budgeted at **Rs. 713 billion**, compared to **Rs. 695.6 billion** for 2019-20. This represents annual budgeted increase of 2.5%.

Of the total, federal transfers are budgeted at **Rs. 477.5 billion (64%)**, profits from hydro-electricity or Net Hydel Profits (NHP) are budgeted at **Rs. 58.3 billion (7.79%)**, and provincial own-source revenue at **Rs. 49.2 billion (6.6%)**.

However, if straight transfers (including oil and gas duties, surcharges and royalties) of **Rs. 24.1 billion** are added to this figure, the province's direct contribution to General Revenue Receipts increases to **Rs. 82.36 billion**, or 14% of the total.

2.1.1 Transfers from Federal Government

Transfers from Federal Government consist of the following:

- a. Shares awarded through the NFC Award
- b. Net Hydel Profit
- c. Revenue from Oil & Gas

These transfers constitute **51.7 %** of the total General Revenue Receipts of the Province. The Shared Taxes (NFC) is governed by Part-VI Chapter-1 of the Constitution of Pakistan, which provides a framework for distribution of resources between the federation and the provinces. An amount of **Rs. 453.4 billion** (including 1% war on Terror) is expected to be transferred from the Federal Government to the Khyber Pakhtunkhwa Province during financial year 2020-21. Breakdown of federal transfers and historical trends is shown in Table 2.

It is important to note here that the actual Federal Transfers have consistently remained lower in comparisons to budgeted figures. The difference is substantial and impacts provincial budgeting significantly. 2019-20 is no exception, and after 11 months, there is a shortfall of **Rs. 134.6 billion**. The smaller federating unit, Khyber Pakhtunkhwa is impacted more significantly than Punjab or Sindh, since it has a smaller revenue base of its own.

Table 2

Federal Transfers to Khyber Pakhtunkhwa since 2018-19

Units: Rs Bln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total Federal Transfers	413.0	589.0	430.4	535.8
Federal Tax Assignment	327.9	453.2	318.6	404.8
Taxes on Income	124.6	169.1	132.0	166.1
Custom Duties	56.6	81.7	44.4	52.0
Sales Tax	126.4	173.4	117.4	157.9
Capital Value Tax (CVT)	0.3	0.3	0.2	0.3
Federal Excise	20.0	28.7	24.6	28.5
1% of Divisible Pool for WoT	39.4	54.5	38.3	48.6
Straight Transfers	25.7	25.6	22.2	24.1
Royalty on Crude Oil	16.1	13.5	12.6	11.5
Royalty on Natural Gas	7.9	7.7	9.8	9.1
Gas Development Surcharge	0.2	1.7	-2.1	1.4
Excise Duty on Natural Gas	1.5	2.7	1.9	2.1
Profits from Hydro-Electricity	20.0	55.7	51.3	58.3
Net Hydel Profit	6.9	21.2	21.2	21.5
Arrears of Net Hydel	13.1	11.9	11.9	0.0
Net Hydel Profit (Previous arrears)		22.6		36.8
NHP as per AGN Kazi formula,(KCM)			18.2	
Incentive on Surplus Cash	10			

2.1.1.a National Finance Commission Award

Article 160 of the Constitution of Islamic Republic of Pakistan provides for the setting up of a National Finance Commission (NFC) to periodically make recommendations for:

- a. The distribution between the Federation and the Provinces of the net proceeds of the taxes mentioned in clause (3) of Article 160
- b. The making of grants-in-aid by the Federal Government to the Provincial Governments;
- c. The exercise by the Federal Government and the Provincial Governments of the borrowing powers, conferred by the Constitution; and
- d. Any other matter relating to finance referred to the Commission by the President.

The National Finance Commission finalized the 7th NFC Award on 18th March, 2010, in which the Federal Government reduced its collection charges from 5% to 1% that significantly benefited the provinces. The share of provinces in vertical distribution was also increased from 49% to 56% for 2010-11 and to 57.5% for the remaining years of the 7th Award. Under clause 3(A) of Article 160 of the Constitution of Islamic Republic of Pakistan, inserted through the 18th Constitutional Amendment, the share of the provinces, in each Award of National Finance Commission shall not be less than the share given to the provinces in the previous Award. The Multiple-Criteria Formula was used for the first time under 7th NFC Award. According to formula, following weightages are included; 82% to population, 10.3% to poverty and backwardness, 5% to revenue collection/generation, and 2.7% to Inverse Population Density (IPD). Realizing the central role of Khyber Pakhtunkhwa in the War on Terror, 1% of the Gross Divisible Pool was also assigned to it in addition to its otherwise share. A comparison of horizontal distribution shares of Provinces in 7th NFC Award and the previous NFC Award is given in Table 3.

Table 3

Share of Provinces in the Divisible Pool as per 7th NFC Award

Units: Rs Bln

Province	% Share in the 6 th Award	% Share in 7 th NFC Award			Budget Estimate 20-21
		Horizontal share	1% for War on Terror	Grant for Compensation on account of OZ&T	
Punjab	53.2	51.74			51.74
Sindh	24.96	24.55			24.55
Khyber Pakhtunkhwa	14.78	14.62	1.80%		16.42^[1]
Baluchistan	7.05	9.09			9.09

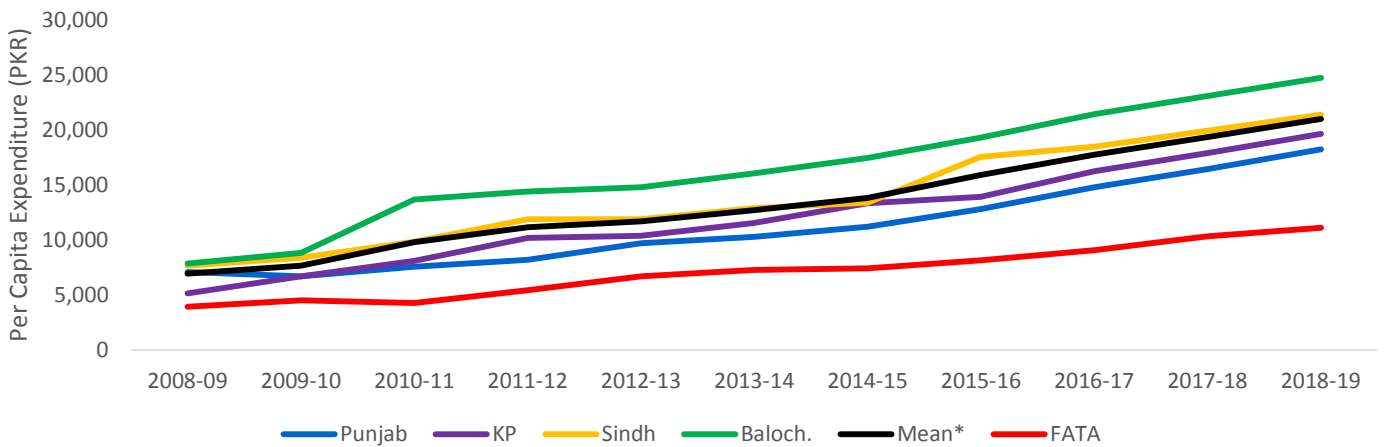
[1]The grant for war on terror is 1% of the total divisible pool, which is equivalent to 1.8% of the Provincial share in the net proceeds of Provincial Divisible Pool

Ever since the 7th NFC Award, there has been a stalemate between Federal and Provincial Governments over its successor Award. The 8th NFC constituted on 21st July, 2010 ended its 5-year term without making any recommendations while 9th NFC constituted on 24th April, 2015 held three inconclusive meetings before it was reconstituted on 10th January, 2019. The 8th Award will remain operative until the finalization and implementation of the 9th NFC Award. The reconstituted 9th NFC met for the first time on 6th February, 2019 and has been deliberating on the possible features of a fresh Award.

Of paramount importance to the province of Khyber Pakhtunkhwa in a fresh award is (i) a recalculation of the provincial share on the basis of the 2017 census and the merger of the Merged Areas into the province (ii) a permanent settlement of the issue of Net Hydrel Profits determination in line with the constitution and Article 161.

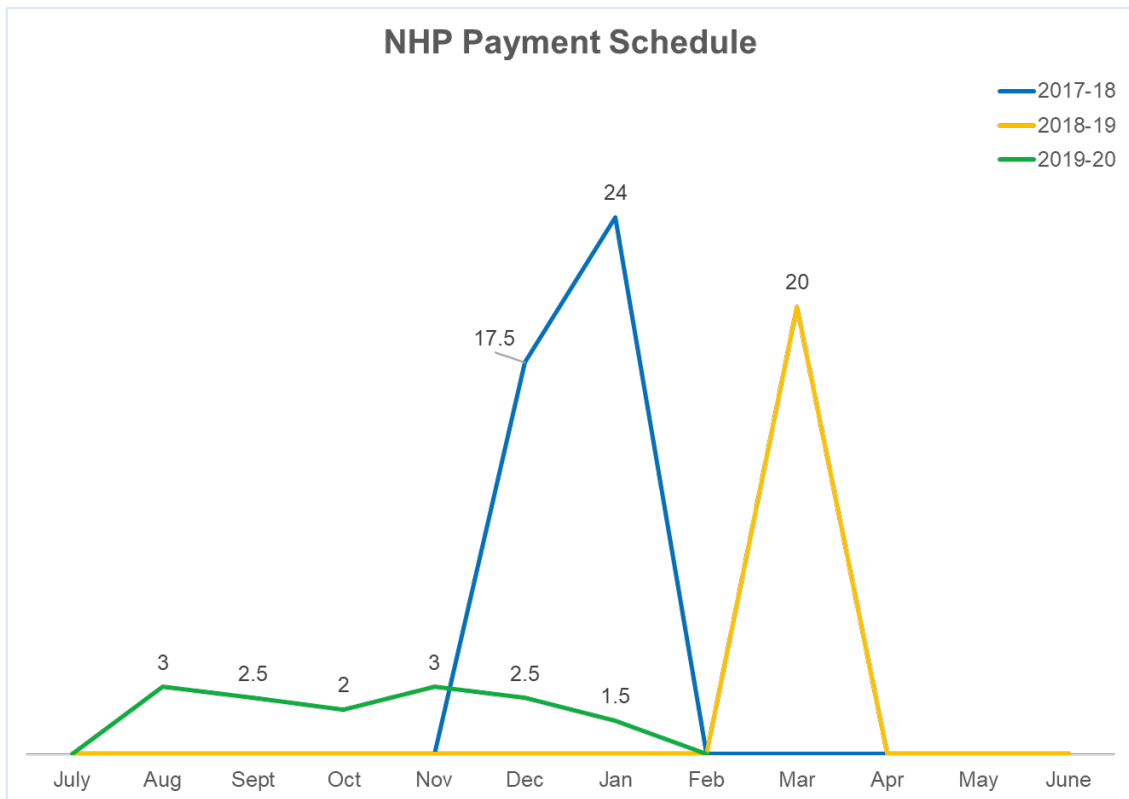
This necessitates a recalculation of the horizontal share of Khyber Pakhtunkhwa under any new formula for horizontal distribution to be finalized by the 9th NFC. The Prime Minister of Pakistan has also pledged 3% of the NFC share of Federal Government, Punjab and Khyber Pakhtunkhwa to be given to fund development needs of Merged Areas for the next 10 years The Government of Khyber Pakhtunkhwa's will continue to comprehensively approach the next NFC Award for realization of optimal share of the Province inclusive of Merged Areas. Figure below reveals a shocking disparity in per capita spend extending over a decade. Such a significant variation makes the 3% share of Merged Areas in Divisible Pool even more urgent and important.

Figure: Merged Areas have been underfunded for an entire decade¹



Given that federal tax assignment and 1% War on Terror together effectively only covers the current expenditure, each of the energy heads is important for development in the province. What is noticeable is that the payments on account of hydel power are erratic vs the budget estimate amount, and this erratic nature of payments has consequences on both budgetary resources available as well as the predictability of those resources. The total receipts in NHP amounted to PKR 14.5B, 28% less than the previous year, and nearly 75% less than the budget estimate. Pendency of past hydroelectric profits significantly effects KP Governments ability to spend on development and service delivery. Therefore, KP government is constantly engaged with the federal government in not only clearing out dues, but also to pay Net Hydrel Profits in a sustained and predictable manner to improve rolling forecast and budget predictability. The effects of this engagement can be seen in the first six months of the financial year 2019-20 showing greater consistency and regular disbursement. However, after January no further payments were made effecting development spending in the province.

¹ Mean excludes FATA. Source: Controller General of Accounts, Pakistan



2.1.1.b Net Hydel Profit

Giving the right background to NHP, the 1973 Constitution of Pakistan provides an overarching framework for the determination and payment of NHP under Article 161 (2):

“The net profits earned by the Federal Government, or any undertaking established or administered by the Federal Government from the bulk generation of power at a hydroelectric station shall be paid to the Province in which the hydro-electric station is situated”

Historically, there have been differences over the amount of NHP between the Federal and Provincial Government. However, an MoU signed between the Federal government and GoKP on 25th Feb, 2016 uncapped the NHP. According to the MoU, Rs. 70 billion had to be paid in lieu of arrears from 2005 till 2016 while the NHP rate was determined at Rs. 1.10kWh with 5% indexation annually. After thorough discussions between the Federal government and GoKP, it was committed that monthly payment of Rs.3 billion will be made to GoKP.

Table 4

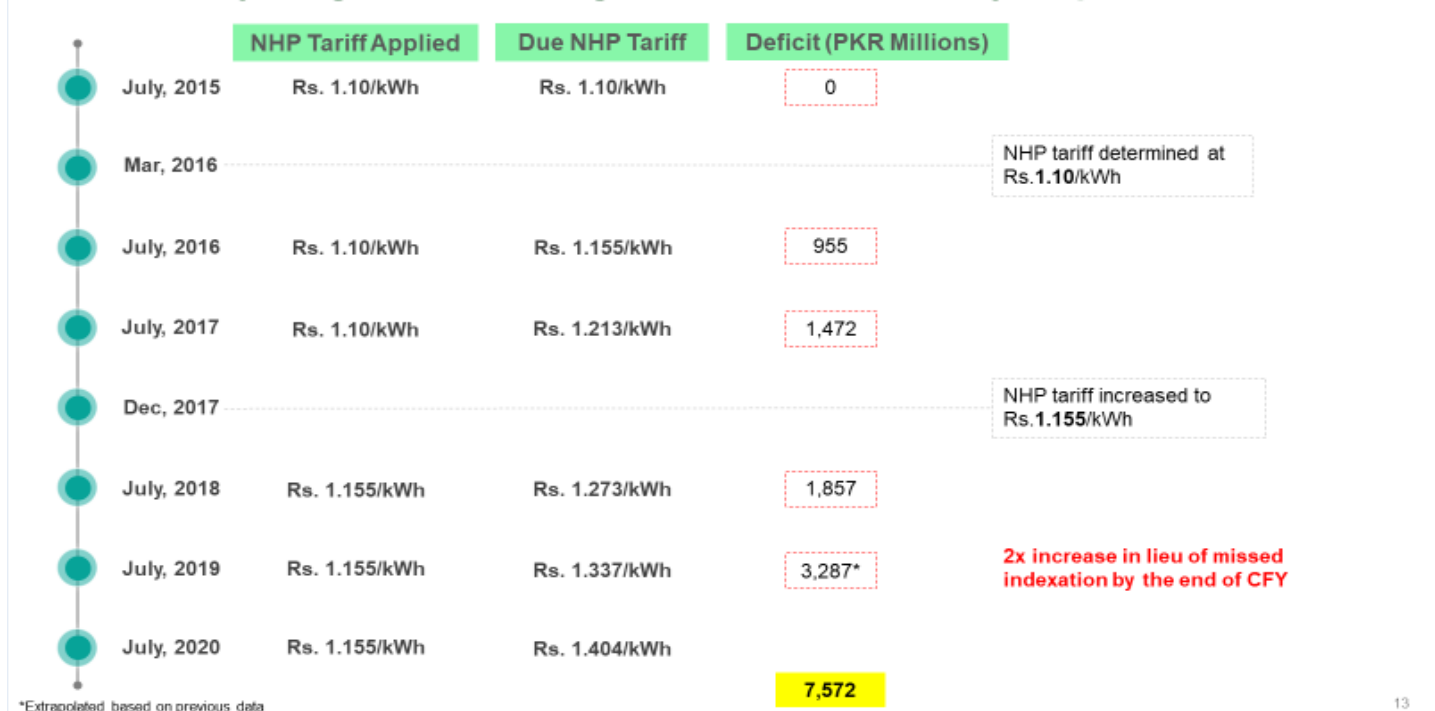
Profits from Hydro-Electricity

Units: Rs Bln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total	20.0	55.7	51.3	58.3
Net Hydel Profit	6.9	21.2	21.2	21.5
Arrears of Net Hydel	13.1	11.9	11.9	0.0
Net Hydel Profit (Previous arrears)		22.6	18.2	36.8
NHP as per AGN Kazi Formula, KCM				

The arrears amount of Rs. 70 billion has been paid in FY 2019-20 however the interim methodology has not been applied in spirit. Since February 2016 the NHP tariff has been revised one time to Rs. 1.155/kWh whereas in actual the NHP tariff should have been Rs. 1.337/kWh for the FY 2019-20. This mismatch of NHP tariff is causing increasing loss to the provincial revenue amounting to Rs. 7,572 million YTD. In 2019-20, although not in its entirety, regular payments were made in the first seven months of the financial year, however, no payments were received under the NHP for the last five months, compounding dues towards the federal government.

There is a major lag in determining the NHP tariff annually on part of WAPDA



Another potential gap in NHP payment is inclusion of Gomal Zam dam. It is present in South Waziristan district which was part of erstwhile FATA. After 25th amendment it has become part of KP and accordingly NHP should be applied on its generation. This still remains pending and an approximate arrears of Rs. 116 million is due to Khyber Pakhtunkhwa.

2.1.1.c Revenue from Oil and Gas

In consonance with Article 161 of 1973 Constitution, the Government of Khyber Pakhtunkhwa is entitled to receive revenues on account of the following:

- a) Royalty on Oil & Gas
- b) Gas Development Surcharge
- c) Excise Duty on Gas
- d) Excise Duty on Oil

Status of actual receipt from the Federal Government over the last 3 years is shown in Table 5.

Table 5

Actual Receipts from Federal Government on account of Oil & Gas

Units: Rs. Mln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Estimated Post Covid	Budget 2020-21
Total	25,677.6	25,607.5	22,200.0	23,956.3	24,100.0
Royalty on Oil	16,145.9	13,493.1	12,600.0	13,759.1	11,500.0
Royalty on Gas	7,874.3	7,714.5	9,800.0	8,907.9	9,100.0
Federal Excise Duty – Gas	1,469.6	2,706.0	1,900.0	1,221.1	2,100.0
Gas Development Surcharge	187.8	1,693.9	-2,100.0	68.2	1,400.0

Royalty on Oil and Gas

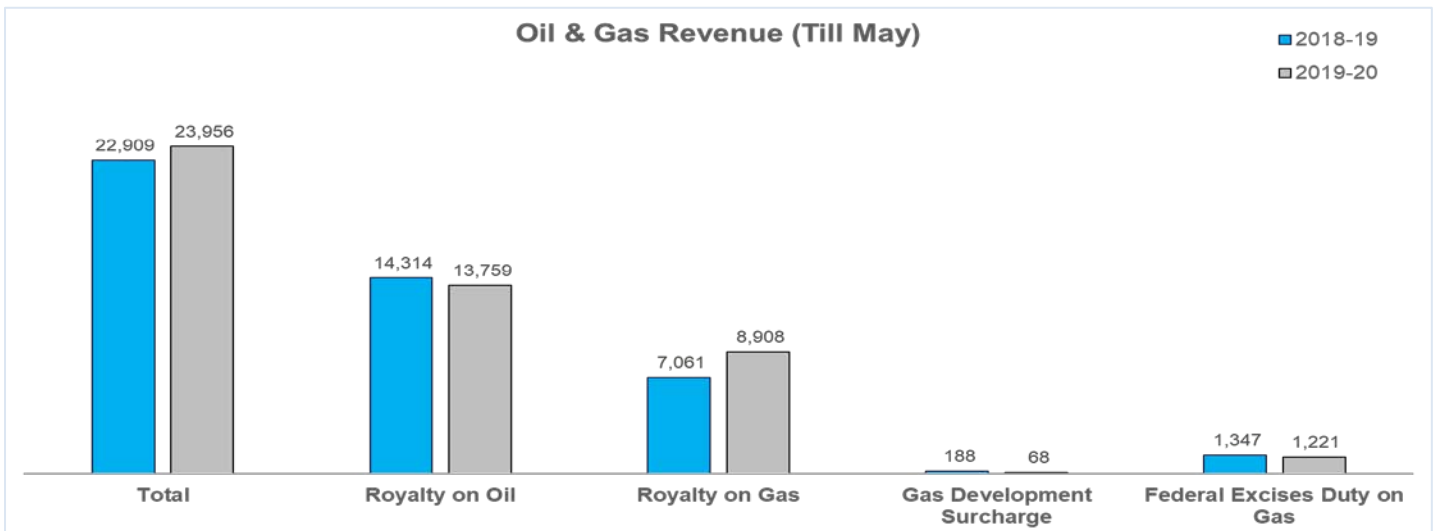
According to 7th NFC Award, the share of Khyber Pakhtunkhwa in the net proceeds of total royalties on crude oil in a year is the proportion of crude oil produced in Khyber Pakhtunkhwa the national production of crude oil in that year. Royalty on Oil and Gas is payable by the exploration and production companies to the Government at the rate of 12.50% of the wellhead value, 2% of which is retained by the Federal Government and the rest is paid to the Provincial Government. It is payable monthly within a period not exceeding 45 days of the end of the month of production in question, which if delayed beyond this stipulated period would attract fine at the rate of the London Inter Bank Offered Rate (LIBOR) plus two percent as may be determined as per Rule 38 (3) of The Pakistan Onshore Petroleum (Exploration & Production) Rules, 2013. The wellhead value is determined by the Government of Pakistan after every six months.

Gas Development Surcharge

Gas Development Surcharge is the margin available to the Government caused by the difference in the sale price for consumers as determined by OGRA and prescribed price for Gas Companies on the basis of their fixed return, as defined in the Natural Gas (Development Surcharge) Ordinance, 1967. The prescribed price of Sui Northern Gas Pipeline Ltd (SNGPL) and Sui Southern Gas Company Limited (SSGCL) is based on wellhead price of gas, excise duty at wellhead, operation and maintenance cost, depreciation and returns of gas company (17.5% SNGPL and 17% SSGCL) on assets.

Royalty and Gas Development Surcharge are inversely proportional to each other. In case, the wellhead value is more, there will be more royalty but less Gas Development Surcharge and vice versa. As per the 7th NFC Award,

“Each of the Provinces shall be paid in each financial year as a share in the net proceeds to be worked out based on average rate per MMBTU of the respective Province. The average rate per MMBTU shall be derived by notionally clubbing both the royalty on Natural Gas and development surcharge on gas. Royalty on natural gas shall be distributed in accordance with clause (1) of Article 161 of the Constitution whereas the development surcharge on natural gas would be distributed by making adjustments based on this average rate”.



Excise Duty on Gas

Excise Duty on Gas is collected by Federal Board of Revenue and the proceeds so collected are reported to Finance Division on monthly basis for onward transfer to provinces. Excise Duty on Gas is currently being given at the rate of Rs.10 per MMBTU.

Presently there are ten companies working in Khyber Pakhtunkhwa that show promising prospects of oil and gas exploration in the province. Khyber Pakhtunkhwa is the first province to have established a Provincial Oil & Gas Company (KPOGCL) in 2013 under the administrative control of Energy & Power Department for carrying out fast track exploration and production of oil and gas.

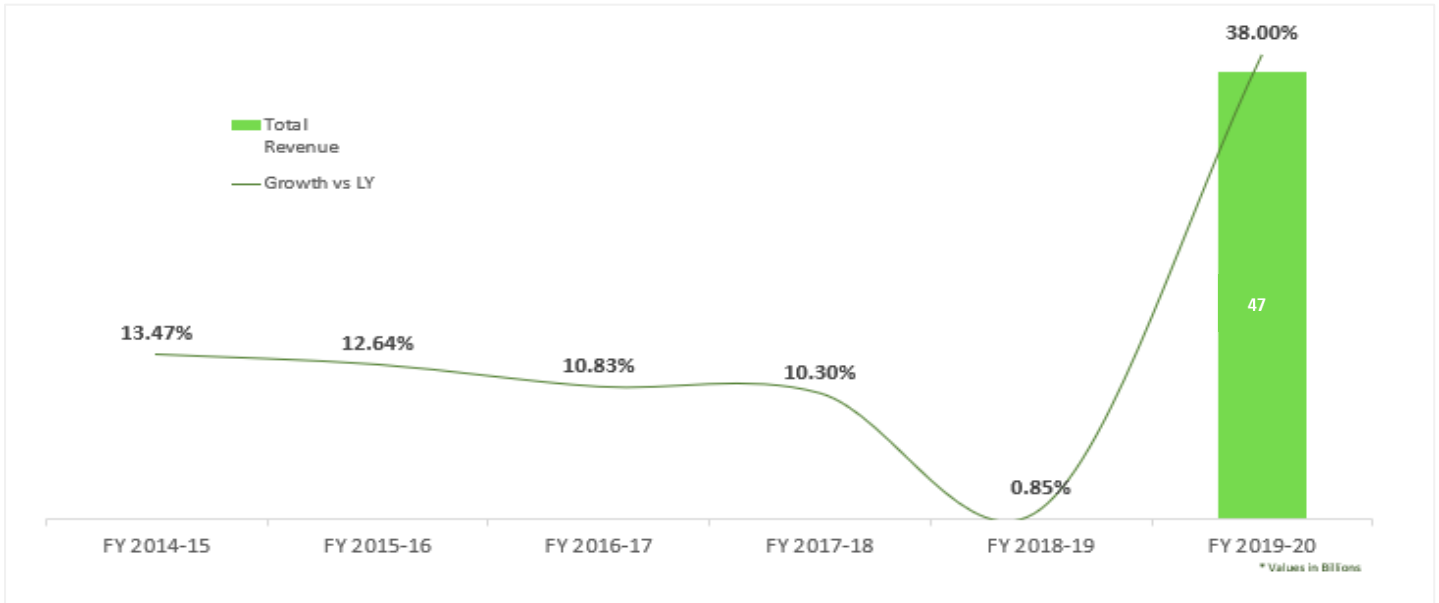
Excise Duty on Oil

Excise duty on oil is not paid to the province as the rate has not been determined yet. Khyber Pakhtunkhwa produces more than 50% of the national oil production which means it absorbs the highest loss from unavailability of this duty.

2.1.2 Provincial Own Receipts

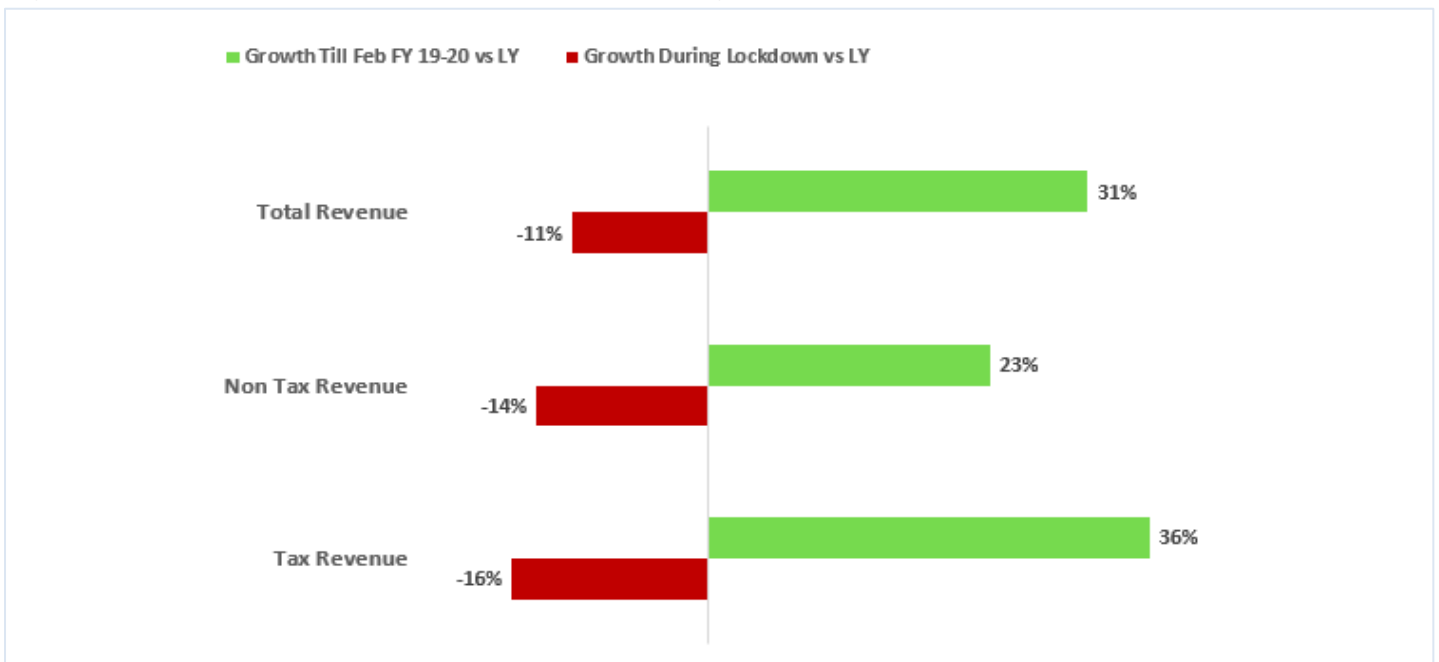
Provincial receipts make approximately 25 percent of Punjab's total revenue estimates, and 20 percent of Sindh's estimates, while for Khyber Pakhtunkhwa the contribution is around 10 percent. So, there is room for improvement and opportunities to explore in Khyber Pakhtunkhwa to generate own source revenue. Provincial Own Source Revenue consists of a tax component and a non-tax component. Government of Khyber Pakhtunkhwa made a concerted effort to augment and revive the overall revenue generation to enhance its own receipts, for the Fiscal Year 2019-20. A thorough resource mobilization strategy was introduced for both tax and non-tax receipts which revolved around institutional reforms, effective communication strategy, data analytics and internal processes analysis. As a result of these reforms, as reflected in figure 1, the forecasted annual growth based on first 9 months collection FY 2019-20 prior to the lockdown stood around Rs. 41 Billion, with a 38 percent growth vs. Last Year (LY).

Figure 1: Growth Rate – Provincial Own Receipts Government of Khyber Pakhtunkhwa Pre-Lockdown



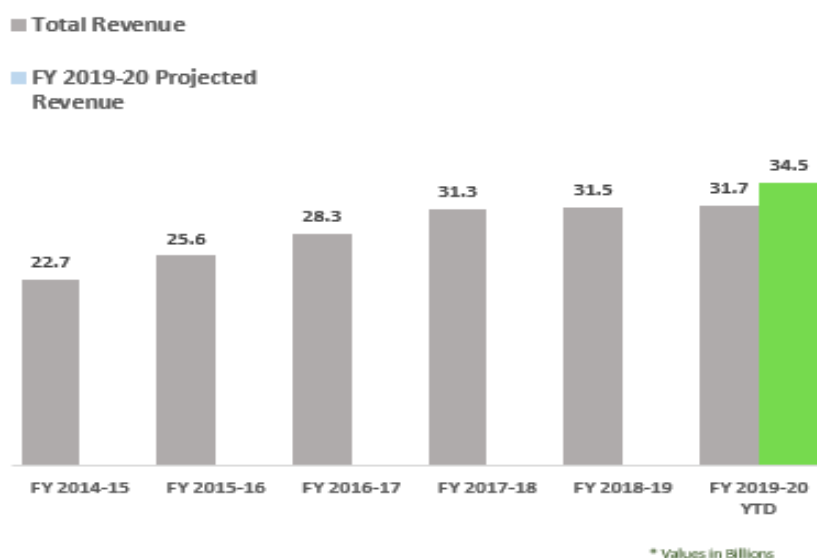
As the country went into lockdown, most of the Revenue departments were effectively closed and declared as non-essential departments. As a result of this closure and dampening of the overall economy, both tax and non-tax heads suffered a major hit, as the year till date growth tapered off and eventually turned into a net negative for some departments. As figure 2 reflects, the growth prior to the lockdown was 32 percent for total receipts, while tax receipts were growing at 36 percent and non-tax revenue was growing by 23 percent. However, after the lockdown total receipts declined by 11 percent, the major decline came from Tax Revenue i.e. 16 percent and 14 percent by non-tax revenue heads.

Figure 2: Provincial Own Receipts & Growth During Lockdown



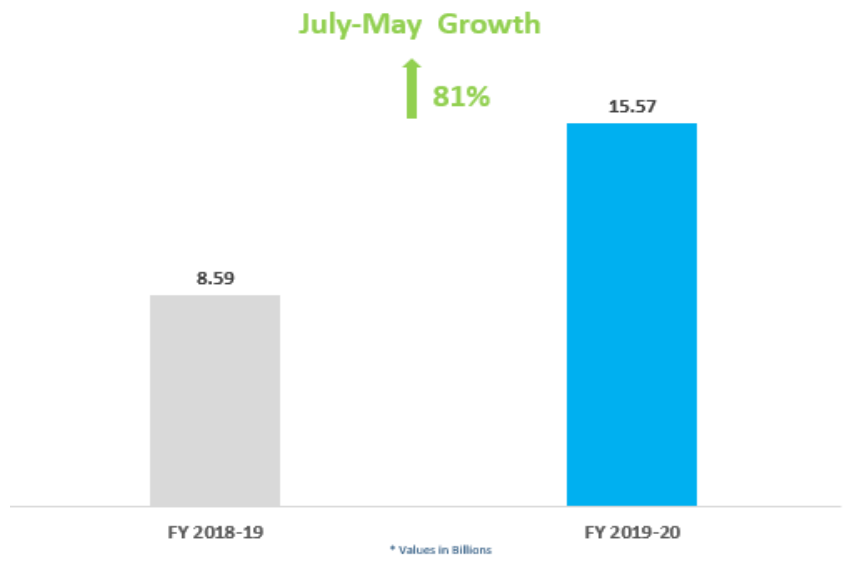
It is important to note, as the year end closes for the corporate sector, and annual filing increases, 40% more tax collection is observed historically during the 4th quarter of the Fiscal Year. Therefore, most of the revenue agencies bank upon collections during this quarter. However, due to closure and decline in some of our core sectors, the YTD receipts for FY2019-20 now stand at around RS. 34.5 Billion. The exceptional performance of the provincial revenue departments can be gauged from the fact that this is still a growth of 9.5 percent vs LY.

Figure 3: Provincial Own Receipts Projection FY 2019-20



The major chunk of the growth and overall revenue can be attributed to Khyber Pakhtunkhwa Revenue Authority (KPRA). Despite of the major economic setback, full exemptions on construction and prolonged slowdown of the industry, Khyber Pakhtunkhwa Revenue Authority (KPRA) still managed to grow and demonstrate enhanced compliance rate. The collections went up to RS. 15.57 Billion, up by 81 percent vs. LY, considering the revenue collection till end of May, 2020 (figure 4). KPRA had already crossed revenue collection figures of FY 2018-19 of RS. 10.4 Billion in March, and successfully managed to expand revenue and taxpayer base with an effective registration drive and communication strategy.

Figure 4: Revenue Collection Khyber Pakhtunkhwa Revenue Authority

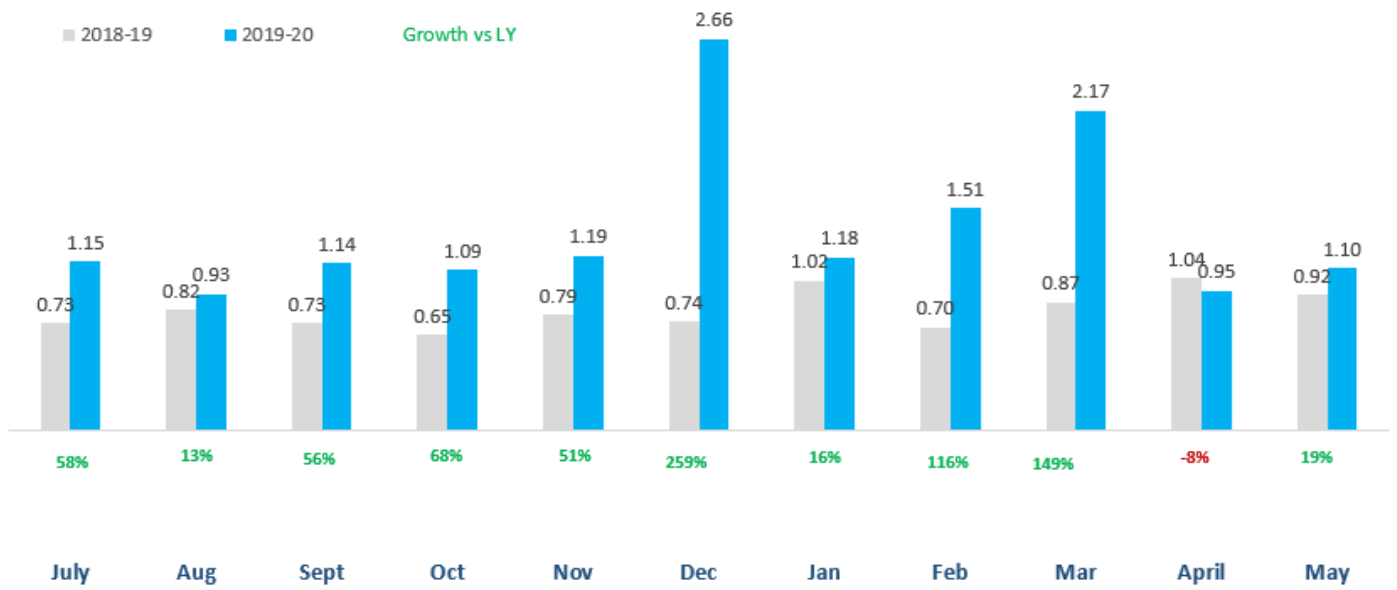


By November 2019, the average growth rate was 48 percent. With assistance from Finance Department, KPRA initiated several interventions to assess actual revenue potential and design and help implement interventions for greater revenue collection, resulting in an increase of revenue growth to an average 70 percent from November 2019 till January 2019 from the previous 48 percent average growth.

As a first order intervention, Finance Department and KPRA mutually conceived, designed and institutionalized the first Performance Based Incentive System (PBIS) in the Government of Khyber Pakhtunkhwa, which was subsequently approved by the cabinet. The PBIS provided incentives based on key performance indicators relating to revenue growth and institutional reforms. The PBIS has set a solid foundation for replicating and scaling up performance-based management across other departments in the province.

Better strategic management dovetailed with monthly routine of regular data analysis across the province resulted in a sustainable and consistent monthly growth of revenue for Sales Tax on Services (Figure5). A process of cross checking and analyzing withholding taxes was initiated, along with analysis which has identified potential revenue from withholding taxes. An action plan was designed for KPRA with an organizational action plan for various functions in the department such as HR, audit, ICT, registration, regional offices and corporate collections.

Figure 5: Month on Month Collection Khyber Pakhtunkhwa Revenue Authority



* Values in Billions

Key Principles for FY 2020-21

Considering the economic deterioration and wearying circumstances specifically for the services sector expected during the next fiscal year due to the pandemic, the following key strategic components were decided to be followed for the revenue collecting agencies throughout the province.

- a) The first and foremost strategic principle for the revenue authorities is to offer reduced rates for the next year for the relief of the common man during the pandemic, dovetailed with extensive registration drive to augment compliance.
- b) All tax authorities and non-tax revenue collecting agencies shall focus on simplification and digitization of tax processes to enhance ease of doing business and promote industrial cooperation.
- c) Third principle is to offer tax incentives to industrial sectors and key stakeholders which have lesser propensity to comply and pay taxes, during the COVID-19 economic shock. Introduction of tax hypothecation in the system will streamline processes and refeed taxed revenue in the areas recommended by the corresponding taxpayers.
- d) Lastly, the key strategic principle for this year is to provide relief to the end consumer and remove overlapping and redundant taxes.

Forecast FY 2020-21

Finance Department and its Resource Wing undertook a momentous exercise to re-map the receipts under the 4 key strategic principles decided for the FY 2020-21. This was done with the aim to increase revenue compliance whilst providing relief to the common man, services and industrial sectors. Following key steps were taken to align targets after mutual consultations with their respective collecting agencies:

- a) A committee was notified in letter No.BO.1/FD/5-17/2020-21 for revenue generation and forecasting under the chairmanship of Mr. Ghazan Jamal, Special Assistant to Chief Minister on Excise and Taxation, with members from finance and taxation departments.
- b) Object wise targets for each department were set that are aligned with their actual receipts, trends for the last 5 years and tax reforms and reductions were discussed and agreed upon.
- c) Meetings were held with the core 12 departments on a regular basis to understand sectoral and geographical impact of the lockdown on the revenue generation and recommendations for reforms were prepared accordingly.
- d) An extensive exercise was carried out to remove duplicity of taxes and remove non-tax heads where positive impact could trickle down to the citizens of the province.

- e) As a result of continuous consultations and reform discussions, more than 22 subheads in tax revenue and 10 subheads in non-tax revenue were removed to provide relief to the citizens.

The Provincial Own Revenue Receipts for the financial year 2020-21 estimated at **Rs. 49.2 billion**, comprise of:

- i. Tax Receipts of **Rs. 28.14 billion** (58%) including Sales Tax on Services, which is **Rs. 20.0 billion**, and
- ii. Non-Tax receipts of **Rs. 21.1 billion** (42%).

Each of these categories is discussed in detail ahead.

2.1.2.a Provincial Tax Receipts

Direct Taxes include taxes on Agriculture Income/Land, Urban Immovable Property (UIP) Tax, Tax on Transfer of Property Registration, Land Revenue & Profession, Trade and Callings etc.

The actual collection of direct taxes during 2019-20 was **Rs. 5.2 billion**. The Budget Estimates 2020-21 is **Rs. 5.8 billion**, which is 11% higher than last year.

The Provincial Tax Receipts collected since during FY 2018-19 and projected figures for FY 2019-20 are given in Table 6. Most of the tax receipt heads show an upward trend, even though the economy was severely hit by the pandemic and lockdown during the last quarter of the year.

Table 6

Provincial Tax Collection

Units: Mln

Tax Head	Actuals 2018-19	Budget Estimates 2019-20	Revised Estimates 2019-20	Budget Estimates 2020-21
Net Total	19,961.1	33,013.6	27,414.0	28,073.6
Total Direct Taxes	5,270.0	5,721.7	5,491.0	5,147.6
Land Revenue Fee	2,861.2	3,049.8	3,049.0	2,753.0
Property & Wealth Tax	1,259.1	1,400.0	1,100.0	2,000.0
Registration Fee	217.5	305.0	304.0	305.0
CVT Fee	454.9	428.9	500.0	0.0
Agriculture Income Tax	79.3	88.0	88.0	89.0
Professional Tax	398.1	450.0	450.0	0.0
Total Indirect Taxes	15,012.1	26,159.9	22,770.0	24,540.0
Sale Tax on Services (GST)	10,413.0	20,354.0	18,000.0	19,850.0
Motor Vehicle Tax	1,099.1	1,433.0	1,340.0	1,800.0
Stamp Duties Fee	1,539.5	1,524.9	1,700.0	1,600.0
Electricity Tax	495.2	1,717.0	854.0	598.0
PTA (Route Permit under MVT)	604.6	325.0	325.0	269.0
Tobacco Development Cess	433.7	385.0	343.0	200.0
Infrastructure Development Cess	148.6	200.0	-	150.0
Motor Vehicle Fitness (MVT)	140.9	95.0	95.0	64.0
Receipts from Bus and truck services	0.0	0.0	5.0	5.0
Electronic Tax	1.2	11.0	4.0	4.0
Provincial Excise	60.4	35.0	23.0	0.0
Fees for Regd for Real Estate Dealers	13.9	15.0	15.0	0.0
Entertainment Tax	0.8	-	1.0	
Hotel Tax	61.3	65.0	65.0	
Less Local Council Share	321.0	1,078.0	847.0	1,614.0

Indirect Taxes a major component of tax receipts comprise of Sales Tax on Services, Provincial Excise, Motor Vehicle Tax, Stamp Duties, Cess of all types, and Electricity Duty etc. The Revised Estimate for financial year 2019-20 from indirect and direct taxes is **Rs.31.6 billion** while the Budget Estimate for 2020-21 is **Rs. 29.68 billion** registering an increase of 25%.

Tax Revenue Reforms FY 2020-21

For the budget preparation and forecast of FY2020-21, every tax head across the province was analyzed and scrutinized under the key principles stated above. After mutual discussions and consultations, the following tax reforms have been decided:

- i. **Sales tax on services (STS)** will be **reduced for over 27 categories**. This will be an all-encompassing reduction for sectors where the economic activity has dampened and directly impacted cash flow and liquidity. These sectors include business support services, construction sector, oil and gas exploratory services, hospitality sector, bargain centers etc.
- ii. **Entertainment and Hotel Tax will be removed** from Excise and Taxation department's portfolio, to encourage recreation and entertainment during these testing times for the economy.
- iii. **Professional Tax** will be phased out to Khyber Pakhtunkhwa Revenue Authority dovetailed with **tax breaks and concessions for a year** to remove duplicity of taxes and provide relief for more than 15 professions involved including Doctors, Lawyers, Retailers etc.
- iv. To promote and incentivize the tourism sector, **a special concession** will be introduced for **the hotels and restaurants located in hilly areas**. Coupled with a reduced rate, a clause of **tax hypothecation** will be included to ensure that the tax collected from this sector is invested into the same regions' growth and prosperity.
- v. Rates for the **Urban Immovable Property Tax** will be rationalized, and compliant taxpayers will be offered a rebate of 35%. This is directly intended to promote compliance, provide direct relief, encourage construction and comfort the taxpayers during this economic slump.
- vi. **Urban Immovable Property Tax** under the Excise and Taxation Department will be introducing **special discounts or pending arrears**. Under this scheme, special concessions will be introduced for those who volunteer to clear arrears, intention is to lend a helping hand to the construction sector during this liquidity crises.
- vii. Board of Revenue will **reduce both Capital Value Tax and Stamp duty for the construction sector**, under the Federal Amnesty Scheme. This concession will be amalgamated with a complete digitization of the system with reduced discrepancies.

2.1.2.b Provincial Non-Tax Receipts

Non-Tax revenue consists of major heads such as Receipts from General Administration, Economic Services and Social Services receipts. The total Non-Tax receipts for the Financial Year 2020-21 are estimated at Rs. 21.09 billion.

Majority of the non-tax reforms perform regulatory functions centered around four core domains of Economic Services, Social Services, General and Civil Administration. Under the domain of Social Services, we have 4 departments including Higher Education, Elementary and Secondary Education, Technical Education and Labor department. Economic Activity and General Civil Administration include a total of 18 core departments and perform regulatory functions to create deterrence and boundaries for the usage of public goods.

Each Non-Tax receipts component is explained further ahead.

Table 7
Provincial Non-Tax Revenues
Units: Rs Mln

Non Tax Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total	11,908.5	21,328.0	18,550.1	21,012.1
Energy & Power	1,060.0	5,605.0	3,232.0	8,442.0
Economic Services	4186.509	7663	7668.2	5680.7
General Administration	1,381.8	2,997.5	3,211.4	2,772.0
Law and Order	1,923.9	2,080.0	2,173.1	2,131.0
Social Services	973.8	1,112.5	1,232.0	1,012.4
Civil Administration	580.8	931.9	949.0	974.0
Miscellaneous	1,801.6	938.2	72.1	0.0

Social Services

Social Services Receipts' primarily consist of receipts collected as a fee or regulatory duty charged in lieu of usage of a public good. These services include Technical, Higher, Elementary and Secondary education with services such as Tourism registrations, Cultural Activities and Museum Visits.

The FY2020-21 target for Social Services receipts is 18% lesser than the Revised Estimates for FY2019-20. For the budget FY 2020-21, the finance department, after consultations with the respective departments, decided to provide relief where the impact would directly benefit the citizens and as a result the target has declined vs. LY.

Table 8
Receipts from Social Services
Unit: Rs. Mln

Non Tax Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Estimated Post Covid	Budget 2020-21
Total	973.8	1,112.5	1,232.0	1,029.6	1,012.4
Higher Education, Libraries & Archives	639.4	650.2	695.0	647.4	654.0
Industries & Technical Education	217.1	258.3	263.0	267.5	251.3
Sports, Culture, Museums, Tourism	78.1	93.3	63.0	57.2	57.0
Elementary & Secondary Education	39.1	110.7	211.0	57.5	50.1

- i. Elementary and Secondary Education is the right of every citizen and to honor this commitment, Khyber Pakhtunkhwa under the Budget FY 2020-21 will **rescind admission fee for both Government Primary and Secondary Education Schools for Girls and Boys, coupled with free admissions to Professional Government Art Colleges.** (Total collection FY 18-19 Rs.5 Million)
- ii. In case of Higher Education Archives & Libraries, multiple fees shall be annulled to benefit the students intending to enroll for higher studies in government institutions during FY2020-21. **Three sub heads** will be removed to ensure **free hostels are available for Governmental higher education facilities with completely free access to libraries and archives.** (Total collection FY 18-19 Rs.5.5 Million)

Economic Services

Economic services are activities encompassing regulatory fine, duties and fees charged from departments which generate economic activity in various sectors such as Mines & Minerals, Irrigation, Livestock, Agriculture, information and public relations.

The overall collection under economic services receipts is expected to be around 3.86 Billion which is around 39% lesser than the expected target. The decline observed is triggered by the lockdown which led to a closure of non-essential services and hence, no receipts were collected from March 2020 – May 2020.

Considering the current situation and to provide relief to the common man, the target for Economic services has been set at 4.58 Billion FY2020-21 (Table 9) This target is based on the actual collection potential coupled with no revisions for the non tax departments.

Table 9

Receipts from Economic Services

Unit: Rs. Mln

Economic Services	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total	4,186.5	7,645.4	7,680.5	5,680.7
Mines & Minerals Development	2,367.3	5,321.8	5,336.8	3,601.5
Irrigation	375.6	577.8	577.8	461.0
Livestock	200.0	213.8	213.8	222.5
Agriculture	405.5	196.4	201.7	188.4
Labor Department	54.1	61.0	64.0	60.0
Board Of Revenue		13.1	25.3	41.2
Information & Public Relations	5.1	4.5	4.0	3.1
Others	778.8	1,257.0	1,257.0	1,103.0

2.2 General Capital Receipts

General Capital Receipts consist of recoveries of investment of Hydel Development Fund, Loans and Advances from Government Servants, SNGPL, Financial Institutions/Non-Financial Institutions & Autonomous/Semi-Autonomous Bodies. Total general receipts for FY 2020-21 are Rs. 91 billion, of which Rs. 44 billion will be from Domestic loan, and Rs. 46.7 billion savings from operational shortfall.

Table 10

General Capital Receipts Since 2018-19

Units: Mln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total	78.2	24,660.0	104,234.0	90,981.0
Recovery of Investment & loans	78.2	250.0	250.0	250.0
Domestic Loan				44,000.0
Savings from operational shortfall				46,731.0
Financing from Cash Balance and W&M Facility		24,410.0	103,984.0	

2.3 Development Receipts

Development Receipts consists of grants received from Federal Government. These funds are utilized for development programs of the province. Amounts received under each head of Development Receipts are depicted in Table 11. For FY 2020-21, grants from Federal government are expected to be Rs. 161 billion, out of these Rs. 88 billion are non-development grants for Merged areas, Rs. 73 billion are Development grants for Merged areas.

Table 11

Development Grants from Federal Government

Units: Bln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total Development Grants	7.9	151.0	115.9	161.0
PSDP (Federal)	7.9		12.9	
Grants from Fed Govt (Non-Dev for MAs) Additional Financing Requirements from Fed Govt.(Non-Dev for MAs)		79.0	66.0	73.0 15.0
Grants from Federal Govt (Dev. for MAs) Additional Financing Requirements from Fed Govt.(Dev for MAs)		72.0	37.0	48.0 25.0

2.4 State Trading in Food (Account-II)

The state trading of the Provincial Government covers wheat procurement and is kept separate from all other transactions of the Provincial Government. Receipts and expenditure on state trading in wheat is credited and debited respectively to the Food Account of the Provincial Government which is maintained separately with the State Bank of Pakistan. Funds required for procurement of wheat are normally obtained from commercial banks and guaranteed by the Government. Last three years of budget estimates and actuals are shown below.

Table 12

Account II (Food)

Units: Bln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total		108.3	56.5	113.0
State Trading (Account-II)	13.9	93.3	41.5	98.0
Cash Credit Accommodation (Floating Debt)		15.0	15.0	15.0

Chapter 3 – Expenditure Estimates

The Expenditure of the Province of Khyber Pakhtunkhwa includes four kinds of expenses:

- Current Revenue Expenditure
- Current Capital Expenditure
- Development Revenue Expenditure
- Development Capital Expenditure

For financial year 2020-21, total expenditure is estimated at **Rs. 923 billion** for the entire province of Khyber Pakhtunkhwa. This includes **Rs. 593 billion** as Current Revenue Expenditure, **Rs. 12 billion** as Current Capital Expenditure and **Rs. 318 billion** as the total Development Expenditure.

Of the **Rs. 593 billion**, **Rs. 360 billion** are the pensions and the total provincial and district salaries (for settled districts), while **Rs. 88 billion** has been earmarked for meeting the current side expenditure of the Merged Areas.

The total expenditure of **Rs. 593 billion** is **12%** greater than last year's budgeted figure of **Rs. 526 billion**. This is despite the KP government's efforts to tighten its belt. While there is no increase in individual salary this year, however the overall salary bill will increase by **7%** due to new hiring. Similarly, pension bill will increase by an astronomical **23%**. It is imperative that the KP government introduces reforms to mitigate the rate of increase, failure of which would result in an unsustainable financial position.

Government expenditure represents its commitment towards meeting citizens' needs. The Government of Khyber Pakhtunkhwa realizes this and thus has made a conscious effort for its 2020-21 Budget expenditure to be reflective of its promises. However, it is important to realize that the most difficult aspect of budget making is the balancing act between sharply contending needs and priorities of the people, particularly when the available resources are scarce.

Given the current financial challenge facing the country in the wake of the COVID-19 pandemic, the Government of Khyber Pakhtunkhwa has made efforts to reduce current expenditure and rationalize its development expenditure. The latter has been done with a view to prioritize the projects that are crucial to enhancing current service delivery to citizens and ensure that they are completed within the current government's term. Despite the limited resources, the Provincial Government plans to progressively enhance the share of Education, Health, Roads, Drinking Water & Sanitation, Agriculture, Tourism and Mines & Minerals not only to improve human

development indicators and service delivery outcomes but also to provide employment opportunities for the working class who rely on daily wages for their bread and butter.

Table 13 shows the breakdown of provincial expenditure under both current and development heads, over the last two years. It must be noted that this table doesn't include merged areas or foreign project assistance

Table 13

Details of Provincial (Settled) Expenditure

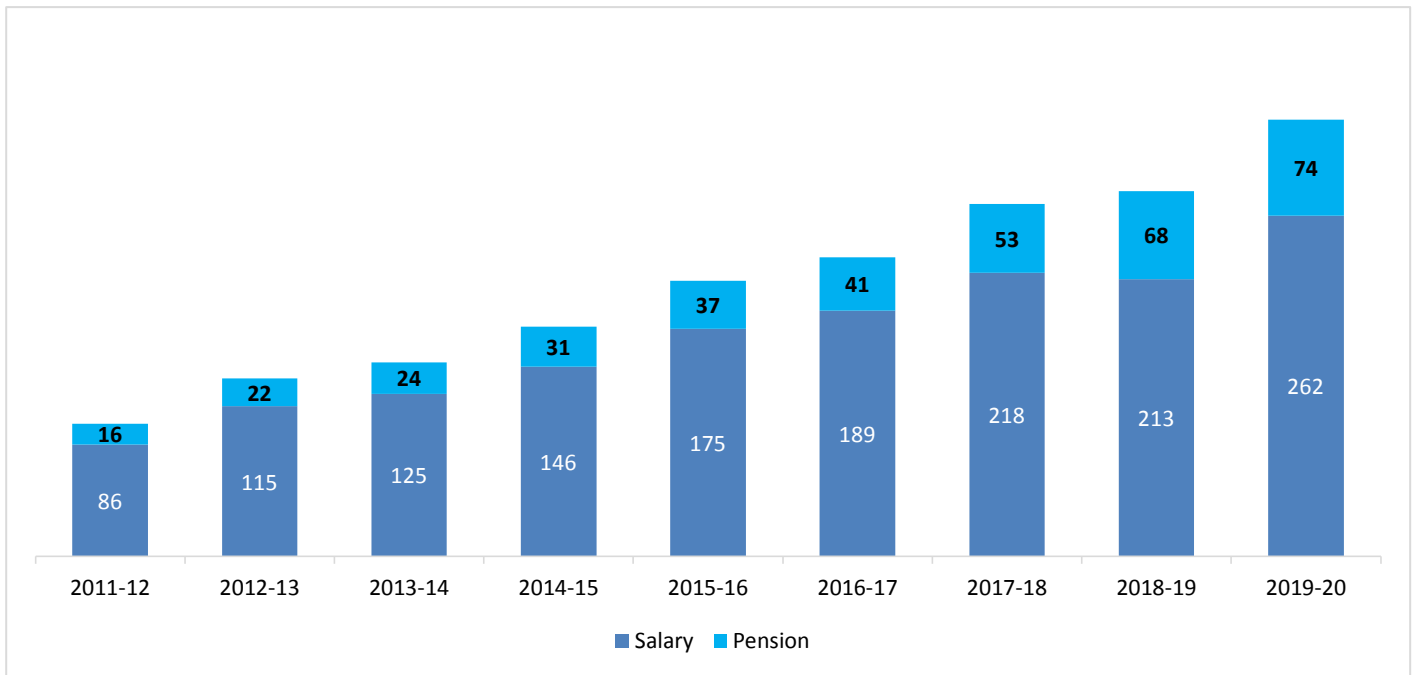
Units: Rs Bln

Head	Actuals 2018-19	Budget 2019-20	Revised 2019-20	Budget 2020-21
Total	520.8	693.0	641.4	739.0
Current Revenue	369.0	447.3	466.6	505.1
Current Capital	8.8	9.7	10.2	12.0
Development Revenue	18.8	28.1	22.1	24.9
Development Capital	124.2	207.9	142.5	197.0

A worrying trend for the Government of Khyber Pakhtunkhwa is the unsustainable increase in expenditure on current side resulting in a decline of the development expenditure. The current expense is being bolstered by the growth in salary and pensions bill at a pace that is higher than the increase of overall funds available for expenditure. **Current expenditure takes up over half of the provincial budget, and left unchecked will continue to eat up the development outlay in the province.**

The unsustainable nature of rate of increase in salaries and pensions can be gauged from the fact that in a year where the government announced no new increase and revenue grew by just **2%**, pensions and salaries together grew by over **10%**. Figure 4 shows the historical trend of salary and pension bills. It is not only the development expenditure but the operational budget for maintaining the existing service delivery network (like provision for medicines, classroom consumables, repairs, agriculture inputs, utilities etc.) that is declining in real terms while the salary and pension liabilities are rising at an alarming rate.

Figure 1: Year Wise Growth in Posts, Salary & Pension - Provincial & Districts (Rs. in billion)



3.1 Current Revenue Expenditure

Current Revenue expenditure includes both salary and non-salary as well as debt servicing and pensions. Table 14 shows the detailed breakdown of Current Revenue expenditure as well as figures, including actuals.

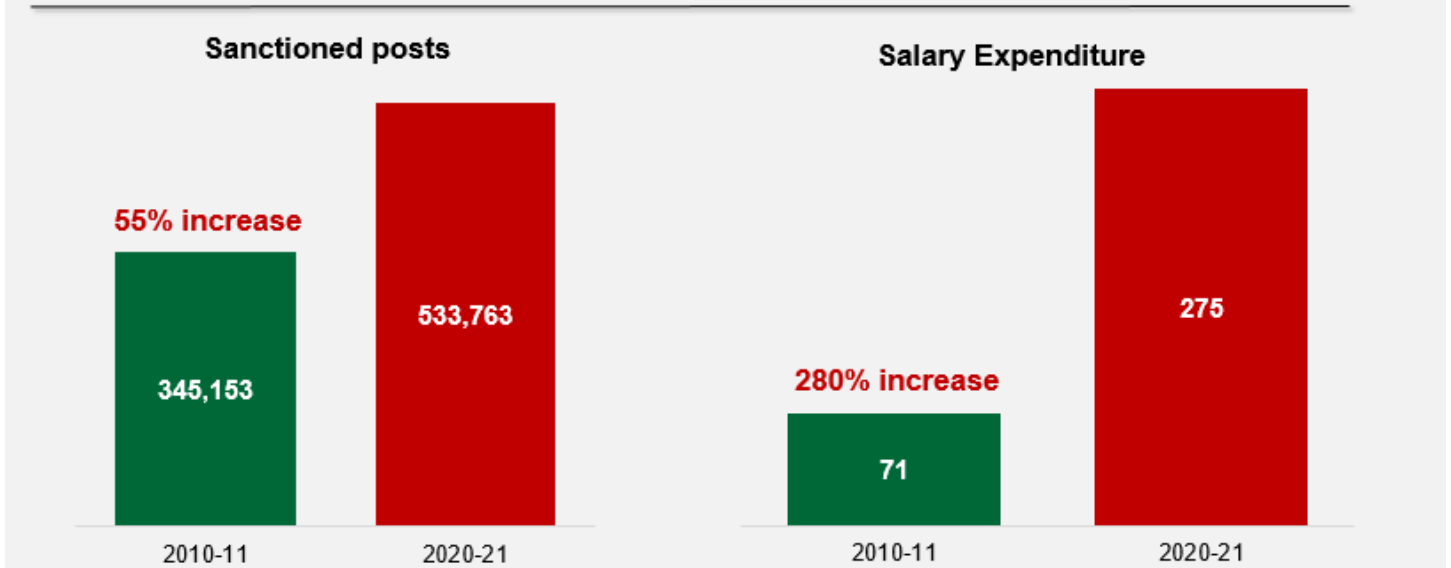
Table 14
Expenditure under Current Revenue
Units: Bln

Head	Actuals 2018-19	Budget Estimates 2019-20	Revised Estimates 2019-20	Budget Estimates 2020-21
Total	368.9	447.2	466.5	505.1
Salary	213.3	256.0	262.0	274.3
O&M, Contingencies & District Non -Salary	70.8	93.5	103.5	103.9
Pension	67.5	69.9	74.0	86.0
Subsidies	2.9	3.1	3.2	3.2
Grant to Local Councils	4.0	5.7	5.8	6.3
Interest payment	10.3	10.0	14.3	16.5
Committed Contributions/Investment		9.0	3.8	
COVID-19 Pandemic Block				15.0

The total staff strength of the Provincial Government is now **upwards of 530,000**, with **total salary bill amounting to Rs. 275 billion**. This is approximately a four-fold increase in the salary bill.

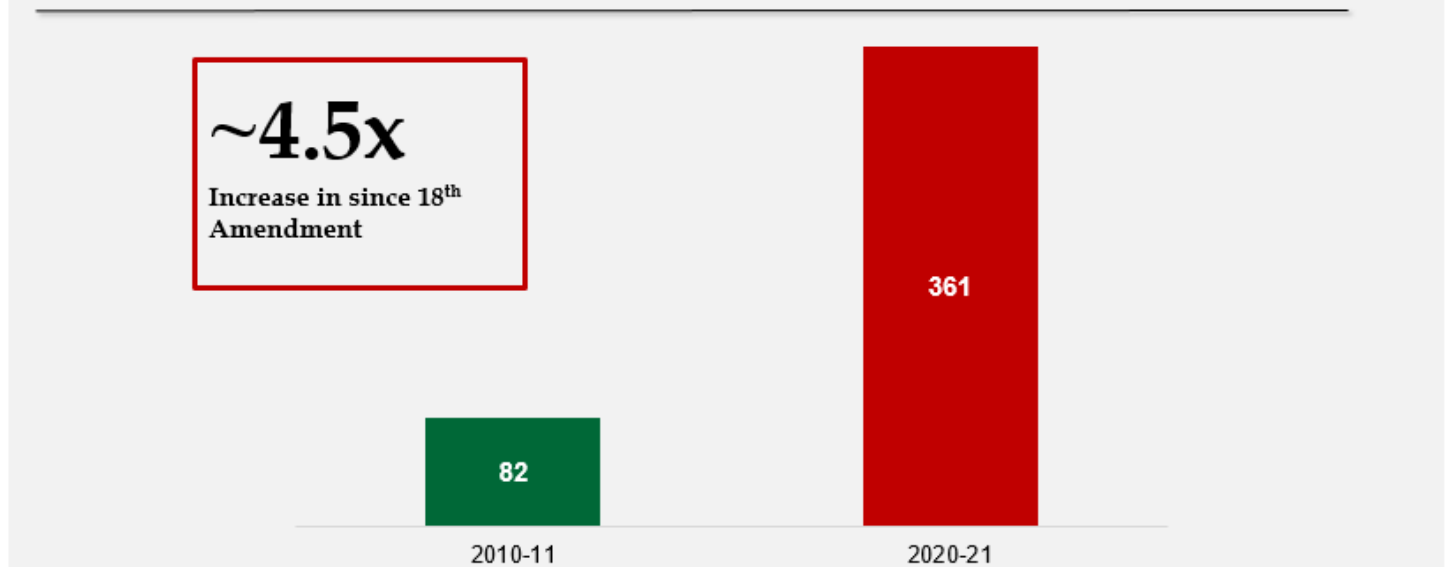
Sanctioned posts and Salary expenditure comparison since the 18th Amendment | 2010 - 2020

Posts in number , Expenditure in PKR Billions



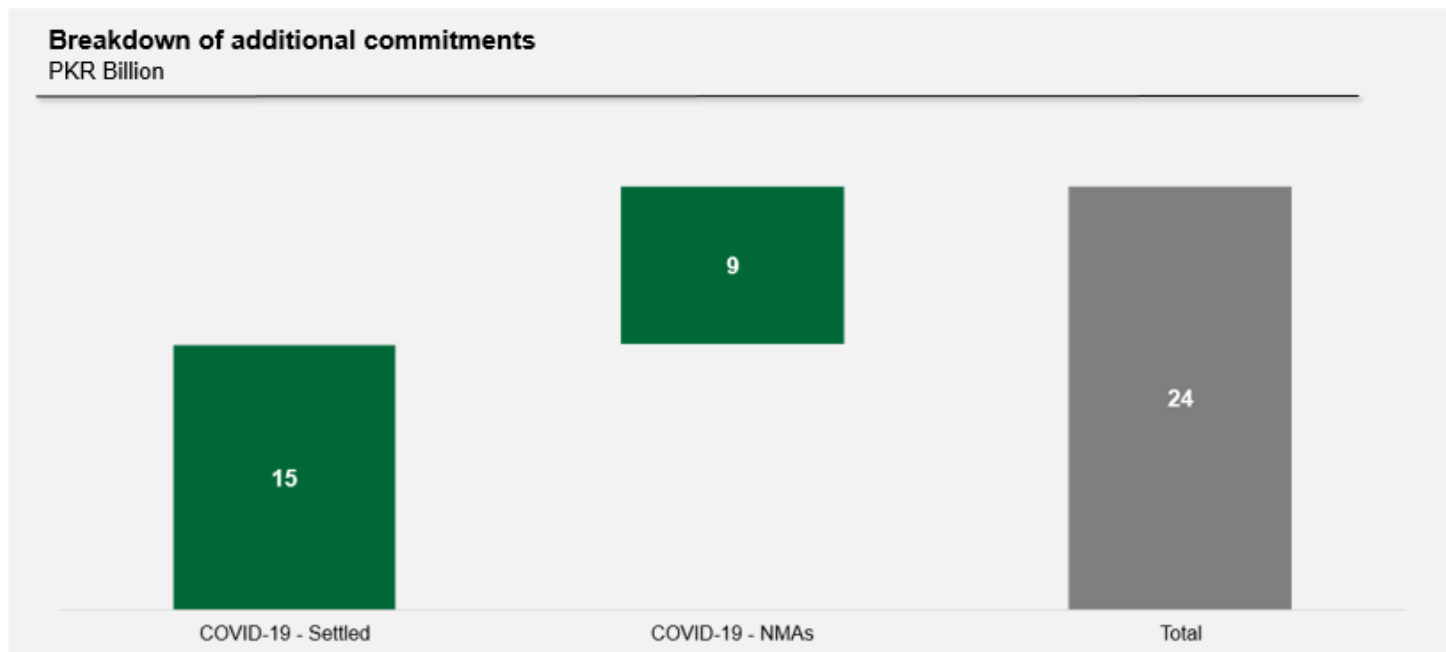
Salary & Pensions expenditure comparison | 2010 - 2020

PKR Billions



The number of pensioners is about **166,000** with the pension bill in FY 20-21 amounting to **Rs. 86 billion**. Together they form the bulk of the expenditure for the provincial government and the significant rate of increase in these heads come at the cost of squeezing development budget, as well as non-salary expenditure, which funds infrastructure improvements, text books for children in school and essential medicine for patients.

Rs. 24 billion has been set aside for the expected expenditure linked to COVID-19. Of this Rs. 15 billion has been set aside for settled districts, while Rs. 9 billion has been committed to merged areas for additional support in health, relief and Ehsaas programs.



3.1.1 Revenue Transferred to Local Governments

Clause (i) of Article 37 of the Constitution of Islamic Republic of Pakistan 1973 requires decentralization of government administration to facilitate expeditious disposal of business to bring about convenience and meet essential requirements of the public. In order to achieve that end, local government institutions were established in the province of Khyber Pakhtunkhwa through Local Government Act (LGA), 2013. Later, the Local Government System was established and notified as a result of enforcement of Section 120 of LGA, 2013 on 5th June, 2015.

The Provincial Finance Commission in its **12th meeting** held on **June 02, 2020** discussed and determined the allocable share(s) for local governments out of the provincial net divisible pool. The horizontal distribution as recommended by the Commission enables local governments to meet their expenditure on account of salary, non-salary, grants to local councils and development expenditure. Based on the recommendations of the said Commission, Table 15 shows the proposed budget containing shares/grants to Local Governments for Financial Year 2020-21.

Table 15

Share of local Government in Current Revenue Expenditure

Units: Bln

Head	Actuals 2018-19	Budget Estimates 2019-20	Revised Estimates 2019-20	Budget Estimates 2020-21
Total	160.3	205.0	172.8	218.7
Salary	129.1	135.0	145.5	150.0
Non Salary	10.2	18.2	18.2	17.8
Grant to Local Councils	4.0	5.8	5.8	6.3
District ADP	17.0	46.0	3.3	44.6

Under current revenue expenditure, local government's share for FY 2020-21 is 218.7 billion- a 7% increase from PKR 205 billion in FY 2019-20 highlighting the KP government's commitment towards local government even in a difficult year. Subcomponents for FY 2020-21 include PKR 150 billion for salary, PKR 17.8 billion for non-salary expenditure, PKR 6.3 billion as grants to local council and PKR 45 billion as district ADP.

As a result of merger of erstwhile FATA into Kyber Pakhtunkhwa, by means of 25th Amendment 2018, the Provincial Finance Commission in its said meeting recommended the following shares/ grants to Local Government in the Newly Merged Areas for FY 2020-21

HEAD	B.E 2020-21	Bln Rs
Total	43.03	
Salary	25.66	
Non-Salary – O & M and Contingencies	6.47	
Grant to Local Council	0.64	
Dist. Development Grant	10.29	

3.2 Current Capital Expenditure

The Government of Khyber Pakhtunkhwa (GoKP) aims for prudent debt management to bolster accelerated growth trajectory of the province via focused financing of productive sectors. Pursuant to Article 167 (4) of 1973 Constitution, the borrowing limit for GoKP is fixed at **Rs. 44.6 billion** by the National Economic Council (NEC). The NEC channels external finances through the Economic Affairs Division (EAD) of the Federal Government. The Current Capital Expenditure of GoKP primarily consists of debt repayment, estimated at **Rs. 12.0 billion** for financial year 2020-21, (Table 16). Its breakdown includes PKR 11.7 billion in loan repayments and PKR 0.3 billion for government employees.

Table 16
Current Expenditure on Capital Accounts
Units: Bln

Head	Actuals 2018-19	Budget Estimates 2019-20	Revised Estimates 2019-20	Budget Estimates 2020-21
Total	8.8	9.7	10.2	12.0
Repayment of Foreign Loans	8.6	9.5	10.0	11.7
Loans & Advances to Provincial Government Employees.	0.2	0.2	0.2	0.3
Write off Loans and Advances to Provincial Govt. Employees		0.0	0.0	0.0

3.2.1 Debt Servicing

There is at present, three forms of debt servicing undertaken by the provincial government. This constitutes, debt repayment on domestic and foreign loans as well as loans and advances to the employees of the provincial government. Each of these are briefly discussed below.

Domestic Debt

Presently there is no outstanding debt liability against the Provincial Government on account of Federal Loans (Cash Development Loans) as on July 01, 2020.

Foreign Debt

The outstanding loan amount of 88 external loans represents a volume of PKR 269 billion (at USD-PKR rate of 165). More than 90% of the loans are provided by two institutions, ADB and IDA, with the latter providing more favorable conditions. The average interest rate of these loans is around 2%-2.50%, the principal repayment of these 88 loans during the period of six months is around Rs. 4.7 Billion and Interest cost is around Rs.787 Million.

For budget 2020-21, markup payment is expected to be PKR 16.5 billion and principal repayment is expected to be PKR 11.7 billion.

Table 17
Breakdown of Domestic & Foreign Debt Repayment Allocation
Units: Bln

Head	Budget 2019-20		Revised 2019-20		Budget 2020-21	
	Mark up Payment	Principal Repayment	Mark up Payment	Principal Repayment	Mark up Payment	Principal Repayment
Total	10.0	9.5	14.3	10.0	16.5	11.7
Domestic Debt	8.7		12.1		13.5	
Interest on GP Fund	8.0		12.0		12.8	
Other Payments	0.7		0.1		0.7	
Foreign Debt	1.3	9.5	2.2	10.0	3.0	11.7

Loans & Advances to Provincial Government Employees

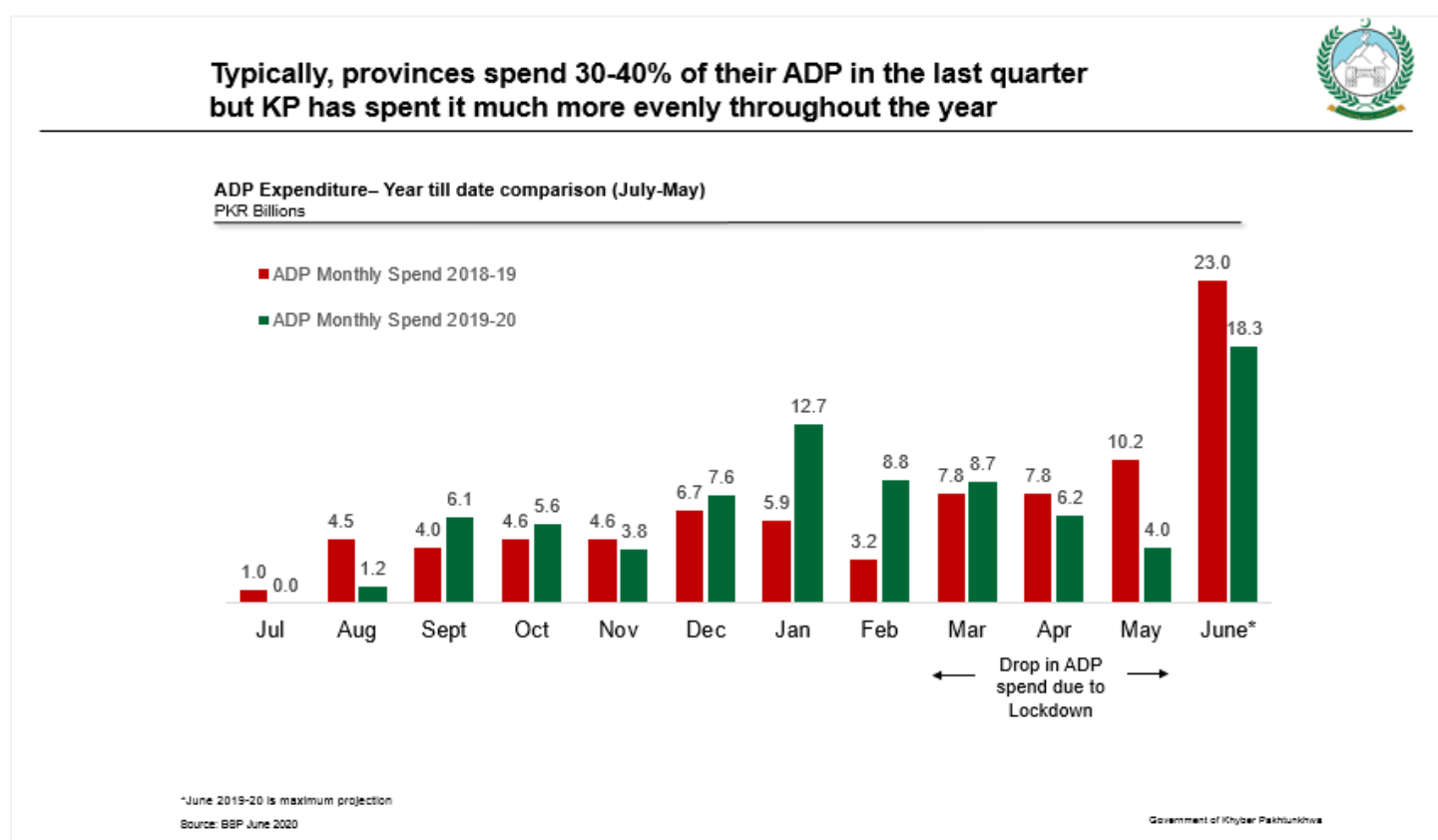
Loans & Advances in the shape of House Building Advance, Motor Car, and Motor Cycle/Bicycle Advances are admissible to Provincial Government Employees in different pay scales. In this regard, budget allocation of **Rs. 300 million** has been made for the financial year 2020-21. It must be noted that the outstanding loans are waived off in case of death of a government employee during service².

² Only if a loan exceeds Rs. 20,000 for a Grade 16 or above officer, then a nominal value of Rs.20,000/- plus 50% of residual liability subject to total relief not exceeding Rs.1.5 lac (inclusive of Rs. 20,000/-)

3.3 Development Expenditure

Development expenditure is perhaps the most critical component of this government’s budget. It is so because the current government was voted in based on an agenda of continued reform for the province, and the government was spearheading ahead with its commitment through various reforms in the way ADP is spent. This includes introducing a new ADP policy, issuing new ADP guidelines, reducing the throw-forward through ADP rationalization, and issuing a new release policy that ensured spending was done in a more responsible manner across the year rather than leaving all of the spending to the 4th quarter.

It is pertinent to note that reduction in spending in March, April and May was a consequence of the lockdown following the emergence of COVID-19



Despite being adversely hit financially by the pandemic, the KP government took a policy decision to protect the development spend for FY 2020-21. The spending on development will help accelerate the economic recovery and the government is focused on ensuring that the spending is done by prioritizing 3 sectors. First, sectors related to COVID-19 like Health and Relief, sectors that create greater economic opportunities like Roads, and long-term priority sectors like Education and higher education.

The 2020/21 Budget comprises of development budget worth **Rs. 318 billion**, out of which **Rs. 83 billion** is for merged districts, **Rs. 149 billion** is for settled districts and **Rs. 86 billion** is Foreign Project Assistance.

Detailed breakup of the 2020-21 ADP for each sector is shown in Table 18, and the department wise details are shown in Table 19. Table 19 also breaks down department details with current (salary, Non-salary), and development, for both Settled districts and Merged Areas.

Table 18

Sectorwise Allocation of Development Expenditure 2020-21

Units: Rs. Mln

S.No.	Sector	KP			MA			AIP	Total	Sector Share (%)
		Local	F.Aid	Total	Local	F.Aid	Total			
Grand Total		104,000	73,593	176,679	24,000	12,450	36,450	49,000	262,129	100.0
1	Agriculture	4,766	5,357	10,123	777	738	1,515	2,677	14,315	5.5
2	Auqaf, Hajj	372		372	145		145	185	702	0.3
3	BOR	507		507	564		564	600	1,671	0.6
4	Districts ADP	1		1	1		1		2	0.001
5	DWSS	3,548	10	3,548	1,926		1,926	1,407	6,881	2.6
6	E&SE	10,766	7,921	18,687	2,647	1,110	3,757	7,759	30,203	11.5
7	Energy & Power	527	8,211	8,738	1,000		1,000	1,699	11,437	4.4
8	Environment	30		30	10		10		40	0.0
9	Estab. & Admin.	239		239	58		58		297	0.1
10	Excise, Taxation	150		150	66		66		216	0.1
11	Finance	180	3,255	3,435	10		10		3,445	1.3
12	Food	449		449	7	2,100	2,107	150	2,706	1.0
13	Forestry	2,500		2,500	626		626	100	3,226	1.2
14	Health	11,567	2,203	13,770	2,363		2,363	8,251	24,384	9.3
15	Higher Education	6,523		6,523	847		847	1,603	8,973	3.4
16	Home	1,733	442	2,175	724		724	1,660	4,559	1.7
17	Housing	200		200			-		200	0.1
18	Industries	1,783	1,161	2,944	529	42	571	1,031	4,546	1.7
19	Information	144		144	33		33	100	277	0.1
20	Labour	181	54	235			-		235	0.1
21	Law & Justice	990		990	262		262	100	1,352	0.5
22	Local Government	2,981	4,649	7,630	1,490		1,490		9,120	3.5
23	Mines & Minerals	230		230	120		120	70	420	0.2
24	Multi Sectoral Dev.	12,339	9,564	21,869	887	5,865	6,752	1,139	29,760	11.4
25	Pop. Welfare	150	649	799	32		32		831	0.3
26	Relief and Rehab.	2,536	464	3,000	81		81	1,961	5,042	1.9
27	Roads	15,251	11,299	25,980	4,104	2,560	6,664	9,197	41,841	16.0
28	Social Welfare	250	500	750	84		84	400	1,234	0.5
29	Special Initiatives	4,565		4,565	50		50		4,615	1.8
30	Sports, Tourism	2,916	1,170	4,086	1,271	35	1,306	3,200	8,592	3.3
31	ST&IT	239	289	528	131		131	50	709	0.3
32	Transport	1,826	9,991	11,817			-	100	11,917	4.5
33	Urban Dev.	4,507	3,550	7,757	1,124		1,124	840	9,721	3.7
34	Water	9,054	2,854	11,908	2,031		2,031	4,721	18,660	7.1

Table 20 (1 of 6)

Departmental Estimates of Expenditure

Units: Rs. Mln

Department	BE 2019-20	RE 2019-20	BE 2020-21 (Settled)	BE 2020-21 (Merged)	Total BE 2020-21
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES	15,092.5	16,158	24,154	4,649	21,559
Current	4,261.4	4,747	7,016	229	7,244
1 Salary	2,762.7	2,755	5,879	152	6,031
2 Non Salary	1,498.7	1,992	1,137	77	1,213
Development	10,831.1	6,664	17,139	4,421	14,315
AUQAF, HAJJ, RELIGIOUS & MINORITY AFFAIRS	589.4	482.1	532	330	862
Current	145.7	109.1	160		160
1 Salary	64.1	32.4	32		32
2 Non Salary	81.6	76.6	127		127
Development	443.7	264	372	330	702
COMMUNICATION & WORKS	39,733	43,864	35,973	19,257	55,230
Current	9,559	3,188	4,711	1,698	6,410
1 Salary	3,871	2,700	2,675	1,353	4,028
2 Non Salary	5,688	488	2,036	345	2,382
Development	30,175	37,487	31,262	17,559	48,821
ELEMENTARY & SECONDARY EDUCATION	29,163	30,622	152,447	51,167	203,613
Current	8,098	7,643	133,760	19,825	153,585
1 Salary	1,059	826	120,738	18,565	139,303
2 Non Salary	7,039	6,817	13,022	1,261	14,282
Development	21,066	15,336	18,687	31,341	50,028
ENERGY & POWER	9,704	2,497	8,844	2,699	11,543
Current	153	139	106		106
1 Salary	112	104	89		89
2 Non Salary	41	35	17		17
Development	9,551	2,219	8,738	2,699	11,437

Table 20 (2 of 6)

Departmental Estimates of Expenditure

Units: Rs. Mln

Department	BE 2019-20	RE 2019-20	BE 2020-21 (Settled)	BE 2020-21 (Merged)	Total BE 2020-21
ENVIRONMENT & FORESTRY (WILDLIFE)	8,858	5,160	2,172	10	2,182
Current	3,857	2,546	2,142	00	2,142
1 Salary	3,176	2,012	1,835	00	1,835
2 Non Salary	681	534	306	00	306
Development	5,001	68	30	10	40
ESTABLISHMENT & ADMINISTRATION	9,581.8	7,038	3,920	1,062	4,982
Current	4,791	3,519	3,681	502	4,183
1 Salary	2,586	2,164	2,024	80	2,104
2 Non Salary	2,205	1,355	1,657	422	2,079
Development	0	0	239	560	799
EXCISE & TAXATION	959	1,687	887	66	953
Current	764	807	737		737
1 Salary	618	634	634		634
2 Non Salary	146	173	103		103
Development	195	73	150	66	216
FINANCE, TREASURIES & LOCAL FUND AUDIT	15,593	9,527	5,317	18,455	23,772
Current	10,354	2,179	1,882	9,223	11,105
1 Salary	1,391	1,047	524	86	610
2 Non Salary	8,963	1,132	1,358	9,136	10,495
Development	5,239	5,170	3,435	9,233	12,668
FOOD	93,723	86,752	98,925	2,293	101,218
Current	93,299	41,481	98,476	18	98,494
1 Salary	549	530	00	17	17
2 Non Salary	92,734	40,951	98,476	01	98,477
Development	424	3,790	449	2,275	2,724

Table 20 (3 of 6)

Departmental Estimates of Expenditure

Units: Rs. Mln

Department	BE 2019-20	RE 2019-20	BE 2020-21 (Settled)	BE 2020-21 (Merged)	Total BE 2020-21
HEALTH	70,114	122,347	105,928	26,591	132,519
Current	56,507	54,973	92,158	7,989	100,146
1 Salary	31,780	27,113	50,319	6,652	56,971
2 Non Salary	24,727	27,841	41,839	1,336	43,176
Development	13,607	12,421	13,770	18,603	32,373
HIGHER EDUCATION, ARCHIVES AND LIBRARIES	22,396	28,500	19,314	7,117	26,431
Current	15,996	11,964	12,791	2,334	15,124
1 Salary	14,368	10,297	11,217	2,268	13,485
2 Non Salary	1,628	1,667	1,574	65	1,639
Development	6,400	4,572	6,523	4,784	11,307
HOME & TRIBAL AFFAIRS, POLICE & JAILS	56,168	113,118	54,284	40,483	94,768
Current	52,620	55,092	52,109	19,050	71,159
1 Salary	43,651	45,409	46,204	18,120	64,324
2 Non Salary	8,970	9,683	5,905	930	6,835
Development	3,548	2,934	2,175	21,434	23,609
HOUSING	353	403	537		537
Current	43	42	337		337
1 Salary	34	34	35		35
2 Non Salary	10	8	303		303
Development	310	319	200		200
INDUSTRIES, COMMERCE, STATIONERY & PRINTING AND TECHNICAL EDUCATION	5,780	7,194	3,592	1,627	5,219
Current	3,424	2,850	648	13	661
1 Salary	2,532	1,775	310	11	321
2 Non Salary	892	1,075	339	02	340
Development	2,356	1,494	2,944	1,615	4,559

Table 20 (4 of 6)

Departmental Estimates of Expenditure

Units: Rs. Mln

Department	BE 2019-20	RE 2019-20	BE 2020-21 (Settled)	BE 2020-21 (Merged)	Total BE 2020-21
INFORMATION AND PUBLIC RELATION	719	1,146	630	163	793
Current	553	533	486	15	501
1 Salary	257	341	203	14	216
2 Non Salary	296	213	283	01	284
Development	166	60	144	148	292
INTER PROVINCIAL COORDINATION	56	105	48		48
Current	56	53	48		48
1 Salary	43	41	39		39
2 Non Salary	12	12	09		09
Development	0	0	00		00
IRRIGATION	19,311	26,004	15,885	7,134	23,019
Current	4,749	4,978	3,978	191	4,169
1 Salary	2,823	2,978	2,983	182	3,165
2 Non Salary	1,926	1,999	995	09	1,004
Development	14,562	16,048	11,907	6,943	18,850
LABOUR	595	937	606		606
Current	493	417	371		371
1 Salary	332	269	257		257
2 Non Salary	160	148	113		113
Development	102	104	235		235
LOCAL GOVERNMENT AND RURAL DEVELOPMENT	13,011	16,720	28,515	3,745	32,260
Current	5,239	5,910	12,828	145	12,973
1 Salary	324	167	2,609	142	2,750
2 Non Salary	4,915	5,743	10,219	04	10,223
Development	7,772	4,900	15,687	3,599	19,286

Table 20 (5 of 6)

Departmental Estimates of Expenditure

Units: Rs. Mln

Department	BE 2019-20	RE 2019-20	BE 2020-21 (Settled)	BE 2020-21 (Merged)	Total BE 2020-21
MINES & MINERAL DEVELOPMENT	1,449	1,742	978	331	1,308
Current	1,052	808	748	70	818
1 Salary	613	374	361	67	428
2 Non Salary	439	434	386	03	390
Development	398	126	230	260	490
PLANNING & DEVELOPMENT AND BUREAU OF STATISTICS	99,413	55,313	22,162	8,209	30,372
Current	672	552	426	61	487
1 Salary	513	122	342	51	394
2 Non Salary	159	429	84	09	94
Development	98,741	54,210	21,736	8,149	29,885
POPULATION WELFARE	1,459	2,182	2,767	53	2,820
Current	627	586	1,968	10	1,978
1 Salary	222	195	1,632	10	1,642
2 Non Salary	406	391	335	01	336
Development	832	1,011	799	42	841
PUBLIC HEALTH ENGINEERING	13,956	23,312	11,126	5,374	16,500
Current	8,128	9,417	7,568	1,021	8,588
1 Salary	4,283	3,874	3,817	636	4,453
2 Non Salary	3,844	5,544	3,751	384	4,135
Development	5,829	4,477	3,558	4,354	7,912
RELIEF REHABILITATION AND SETTLEMENT	28,201	18,252	12,863	36,257	49,120
Current	25,135	8,062	9,863	17,107	26,970
1 Salary	1,878	1,151	4,276	92	4,368
2 Non Salary	23,257	6,875	5,587	17,015	22,602
Development	3,066	2,164	3,000	19,149	22,149

Table 20 (6 of 6)

Departmental Estimates of Expenditure

Units: Rs. Mln

Department	BE 2019-20	RE 2019-20	BE 2020-21 (Settled)	BE 2020-21 (Merged)	Total BE 2020-21
REVENUE & ESTATE	1,839	1,509	8,754	10,807	19,561
Current	1,340	1508.8	8,247	4,822	13,069
1 Salary	656	818	3,613	918	4,531
2 Non Salary	684	691	4,634	3,904	8,538
Development	499		507	5,986	6,493
SCIENCE & TECHNOLOGY AND INFORMATION TECHNOLOGY	1,126	781	910	181	1,091
Current	112	148	382		382
1 Salary	89	74	69		69
2 Non Salary	23	74	313		313
Development	1,014	485	528	181	709
SPORTS, CULTURE, TOURISM, ARCHAEOLOGY & MUSEUMS	11,490	8,176	6,686	4,558	11,244
Current	922	1,894	2,600	26	2,626
1 Salary	425	361	544	25	569
2 Non Salary	497	1,533	2,056	01	2,057
Development	9,646	4,388	4,086	4,532	8,618
TRANSPORT & MASS TRANSIT	14,815	9,852	14,101	100	14,201
Current	348	811	2,284		2,284
1 Salary	263	596	192		192
2 Non Salary	84	215	2,092		2,092
Development	14,467	8,229	11,817	100	11,917
ZAKAT, USHR, SOCIAL WELFARE, SPECIAL EDUCATION AND WOMEN EMPOWERMENT[8]	1,811	2,524	235	09	245
Current	1,161	1,063	235	05	240
1 Salary	386	299	186		186
2 Non Salary	774	764	49	05	54
Development	651	399		05	05

Chapter 4 - Public Financial Management

Public Financial Management (PFM) underlies all government operations and is amongst the most important component of an effective governance system. It encompasses an annual cycle of policy and planning, budget preparation, budget execution, accounting and reporting, performance monitoring and audit. The Government of Khyber Pakhtunkhwa aims to achieve three important objectives in its PFM practices, as shown in Figure 2.

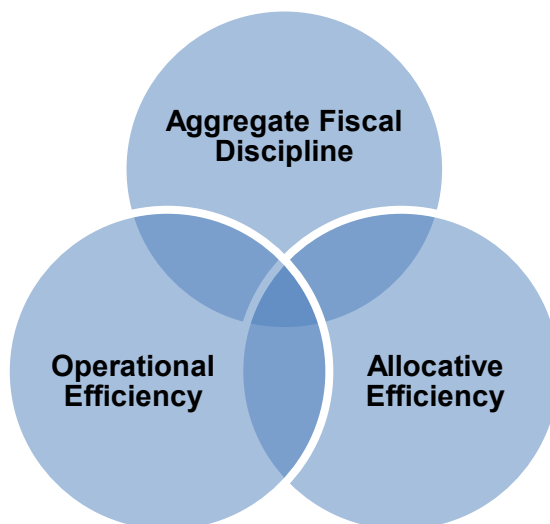


Figure 2 Objectives of GoKP's PFM Strategy

This chapter presents key strategic interventions undertaken by the Government of Khyber Pakhtunkhwa as part of its PFM reforms agenda for an inclusive, transparent, and accountable Government.

4.1 Khyber Pakhtunkhwa's PFM Reform Strategy 2017-2020

Finance Department continues to implement the medium-term PFM Reform Strategy (2017-2020), which the Provincial Cabinet approved on March 22, 2017. The strategy involves a sequential approach to PFM reforms and envisions a citizen-centric and responsive governance mechanism ensuring equity, transparency and accountability in management of public finances. It covers a broad spectrum of reforms across the PFM system at both Provincial and Local Government levels. The three-year detailed action plan is structured around six key objectives that cover twenty-four reform areas represented in Figure 3.

The Finance Department is using a comprehensive dashboard to implement the PFM Reform Strategy and has also created reforms group within Finance Department to track progress of PFM reforms.

Figure 3 PFM Strategy aims to bridge gaps in knowledge, skills and competencies

<p>Objective A Policy driven planning and budgeting</p>	<p>Objective B Comprehensive, credible and transparent budget</p>	<p>Objective C Predictability and control in budget execution</p>
<ul style="list-style-type: none"> ▪ A-1. Formulation of policies, strategies and action plans ▪ A-2. Integrated multi-year budgeting ▪ A-3. Legal and regulatory framework ▪ A-4. Efficient and effective inter-governmental fiscal relations ▪ A-5. Donor coordination on aid effectiveness 	<ul style="list-style-type: none"> ▪ B-1. Budget transparency and accessibility ▪ B-2. Business process reengineering and expansion of IFMIS for optimal utilization ▪ B-3. Roll out of CoA and IFMIS to local governments ▪ B-4. Institutional framework for aid management – budget/sector-budget support and extra-budget support 	<ul style="list-style-type: none"> ▪ C-1. Effective controls for non-salary expenditure ▪ C-2. Integrated HR and payroll management ▪ C-3. Strengthening procurement regime ▪ C-4. Banking and Treasury reforms ▪ C-5. Improvements in expenditure tracking and reporting
<p>Objective D Resource mobilization</p>	<p>Objective E Assets and liabilities management</p>	<p>Objective F Accountability for results</p>
<ul style="list-style-type: none"> ▪ D-1. Resource mobilization strategy ▪ D-2. Tax policy and tax administration reforms ▪ D-3. Optimization of local revenue base 	<ul style="list-style-type: none"> ▪ E-1. Management of assets and investments ▪ E-2. Debt management ▪ E-3. Encourage efficient and economic use of government assets 	<ul style="list-style-type: none"> ▪ F-1. Strengthening of legislative oversight ▪ F-2. Revitalization of monitoring & evaluation system ▪ F-3. Enhance coverage and quality of external audit ▪ F-4. Rollout and deepening of internal audit

4.2 Budget Transparency Measures

Finance Department is committed to budget transparency and accessibility improvements in response to the Khyber Pakhtunkhwa's Right to Information and Right to Services Acts. Key initiatives from the budget process for FY 2019/20 include:

- a. A Citizens' Budget is produced each year to disseminate budgetary information in a simple and easy way for better understanding of public. The Citizens' Budget is available online to the public through the website of Finance Department and it is also disseminated through a mix of media tools, such as newspapers, social media and radio broadcasts etc. This year special attention has been paid to make the document easier to read even further.

- b. Citizen's engagement in budget preparation has been ensured by creating online opinion polls on website of Finance Department. In addition to this, the Finance Department has scaled-up budget polls through SMS & Robo Calls. The total outreach through this mechanism is 8.5 million people from across the province including Merged Areas to vote for their priority area in budget allocation for 2019/20.
- c. For greater transparency and social accountability, the Output Based Budget (OBB) is prepared each year with a robust set of key performance indicators and targets,
- d. Budget Documents including the Budget Strategy Papers, White Paper, etc. presenting macroeconomic framework and fiscal forecasting are formulated prior to budget finalization for discussion at the forum of Provincial Cabinet and are also released to the public and have been improved this year and also report actual figures along with estimates.
- e. Budget Call Circular inclusive of the budget timetable/calendar is released to the public for formulation of the executives' budget proposals and has undergone changes to make it more transparent.
- f. In-year budget execution against current and development budgets is made publicly available on a weekly basis on the website of Finance Department.
- g. The first ever mid-year expenditure budget execution report for FY 2018/19 was published and made available online.

4.3 KP Delegation of Financial Powers Rules, 2018

The Delegation of Financial Powers Rules serves as the cornerstone to govern public expenditure management. The Khyber Pakhtunkhwa Delegation of Powers under the Financial Rules and Powers of Re-appropriation Rules, 2001 remained effective for quite some time but a need has been felt to review and update these. The budgetary reforms of the Government of Khyber Pakhtunkhwa under Medium Term Budgetary Framework (MTBF) also warranted provisioning of sufficient executive flexibility to have a composite systematic change for greater results orientation.

In order to realize the full potential of PFM reforms with service delivery orientation forming the core of it, KP Finance Department through a methodical and research-oriented approach developed a robust compilation of KP Delegation of Financial Powers Rules, 2018 which have been approved for implementation with effect from July, 01 2018. Salient features of the revamped KP Delegation of Financial Powers Rules, 2018 include:

- a. Structural reformation ensuring a unified, dynamic, consistent, and principles-based framework easing implementation and up-gradation.
- b. Enhanced financial powers to spur operational efficiencies via up-gradation in categorization of officers and extent of delegated financial powers.
- c. Versatility of application across the board.
- d. Compatibility with planning and budgetary regime under the country-wide scheme of classification driven by Chart of Accounts.

4.4 Medium Term Budgetary Framework (MTBF) & Output Based Budgeting (OBB)

The Provincial Government of Khyber Pakhtunkhwa has strived to strengthen business processes by linking policy, planning & budgeting. The budget cycle for 2019-20 was designed to facilitate transparency, accountability & openness and following steps have been taken:

- a. Medium term fiscal framework for the period of 03 years i.e. 2019-22 were formulated as well as approved by Provincial Government as a part of budget strategy paper.
- b. For a period of 03 years i.e. 2019-22 integrated budget call circular (BCC) containing specific provision on basis of need and performance were issued/circulated as indicative budget ceilings to all the Government departments.
- c. A comprehensive consultative pre-budget process was carried out by Finance and P&D departments with all the line departments and due consideration was given to indicative budget ceiling and strategic vision of the Government with a focus on Value for Money.
- d. As part of annual budget process Output Based Budget (OBB) 2019-22 has been formulated wherein, budget plans as well as performance benchmark to be achieved by each administrative department is devised/settled.

4.5 Technical Assistance for improved PFM in Khyber Pakhtunkhwa

The Sub-National Governance Programme II (SNG-II)

The Sub-National Governance Programme is a four-year DFID funded technical assistance Programme. The programme supports the Governments of Khyber-Pakhtunkhwa and Punjab, as well as local governments in selected districts, to improve the way they are governed and manage their resources for better service delivery. The objective of the Programme is to further strengthen Pakistan's public financial management and planning systems, to raise more revenue and allocate money to improve basic services for the poor and excluded.

SNG-II aims to deliver results across the following main areas:

- **Planning and reform**, helping improve the way government plans for carrying out its functions so resources are allocated based on need, and helping to get the most efficient and effective government systems and structures in place.
- **Budgeting and transparency**, helping provincial and local governments manage their resources better, including better budget allocation and spending that reflects them, and to become more transparent, making it easier for citizens to hold them to account.
- **Fiscal space**, helping government generate and free up more resources that can be utilised for the delivery of services.
- **Innovations**, piloting and scaling up innovative approaches to improving evidence-based policymaking and planning, governance, and action-oriented research.

The SNG-II programme is currently assisting the Khyber Pakhtunkhwa government in following key areas:

- Development and technical authorization of PFM Law, Guidelines for Minimum-Due-Diligence for emergency spend and Cash Management Policy including transition plan to Treasury Single Account (TSA);
- The programme is geared towards working on strengthening provincial government PFM systems and budget reforms, budget prioritization, budget preparation and strengthening the use of SAP system for budget preparation and execution;
- The programme aims at to support for establishing efficient PFM system at the local level. SNG II is supporting the Local Government department in establishing essential PFM relevant rules and regulations for local governments;
- The programme will also technically assist the government to increase its fiscal space through a) revenue mobilisation; and, b) efficiency saving. In this connection, revenue

mobilisation strategies would be developed to increase provincial own-source revenue and plans would be compiled to identify efficiency savings;

- To strengthen accountability, transparency and inclusion in the PFM systems, SNGII program conducted a 'Pre-Budget Consultation with Government, CSO's & Experts on Khyber Pakhtunkhwa Budget 2020-21; carried out Rapid Need Assessment (RNA) of the MPAs regarding their understanding about planning and budgeting processes; Developed Citizen Engagement Guidelines for the Local Government Department; Developed a 'COVID-19 Vulnerability Assessment Paper" through online consultations with CSOs and experts; Developed 'Social Protection and Vulnerability Assessment paper' for the Planning & Development Department for introducing a formal social protection system in KP;
- Under the Innovative Approaches workstream the programme supports the departments to identify, develop, implement and scale up innovative pilots for solving complex problems. Currently the programme is in the process to develop innovative solutions for ensuring smart payment or revenues through e-payment gateway; GIS system to identify tax potential; determining tax potential of E-commerce etc. In the first round of Innovation Challenge the focus has been on Public Finance Management and Broadening Fiscal Space. For the second round, SNG-II will try to identify innovative solutions for challenges in the planning and governance domain;
- At the local government level, the program aims to engage with the local governments institutions in 12 districts to strengthen development planning regime and improve accountability and monitoring mechanisms by ensuring compliance to existing laws and regulations and strengthen revenue streams; identify fiscal space and strengthen revenue streams ; developing PFM and Planning ranking system for local governments to assess and compare the maturity of select local governments;
- Under the Planning and Reform workstream, the programme is supporting strengthening of planning capabilities in key provincial government institutions with the focus on the provincial Planning and Development department (prioritisation processes, inclusive consultation, and reformed planning processes). Program is also helping strengthen the planning and monitoring capabilities of local government (planning reforms, institutional reforms, and rules and regulations); and citizen engagement in planning and budgeting (guidelines, training, and donor collaboration);
- The Programme is providing communications support to partner government departments including P&D, Finance and Relief and Rehabilitation;
- COVID-19 presents a fundamental shift of the context within which SNG operates and the programme adaptively responded and shifted the TA focus to respond to the COVID-19 emergency. Key areas of SNG in response to COVID include TA to P&D department in

development of 'Azm-e-Nau the economic recovery plan for Khyber Pakhtunkhwa'; support to the Chief Minister's Economic Task Force on Covid-19, supporting FD in developing post-COVID fiscal forecasts, developing minimum due diligence standard for emergency spend ; working with tax collecting agencies to design tax relief measures etc. SNG partnered with Health Department in wake of COVID-19 extended the support in Development of framework to assess Health Department preparedness for COVID-19 response; Developing Model for surveillance and screening - endorsed by the Cabinet (*model launched in 15 districts, with more than 50,000 calls made, 700+ times RRT teams mobilised, and 10,000+ swabs collected through the system*); Supported development of Locum model, to increase health staff capacity - approved by Cabinet and Supported in design of organisational structure for dedicated Emergency Operations Centre (EOC) for COVID-19.

Khyber Pakhtunkhwa Revenue Mobilization and Resource Management Program

The Government of Khyber Pakhtunkhwa requested for US\$118 million in results-based financing from the World Bank (IDA-Assisted) to improve revenue mobilization, public resource management and service delivery (2019-2024). The request was approved by EAD and forwarded to the World Bank. Recently, Finance Department and relevant stakeholders successfully negotiated the loan and the disbursements will start from FY 2019-2020. The results-based financing would be based on the budget appropriations for targeted areas under the Khyber Pakhtunkhwa Public Financial Management Reform Strategy 2017-2020 and the Strategic Development Partnership Framework (SDPF) for effective mobilization of own source revenue of the province. The project has four broad areas of focus including efficient revenue mobilization, public resource management, technical assistance and capacity building, and program coordination and support.

Governance and Policy Project (GPP under WB Administered MDTF)

The Governance & Policy Project (GPP) is a World Bank administered project under Multi Donor Trust Fund to strengthen the capacity of KPRA, public investment management, and public financial management. The project is providing technical assistance to Finance Department in following areas:

- a. GPP is assisting Khyber Pakhtunkhwa Revenue Authority (KPRA) to strengthen the authority's institutional development and technical assistance to realize the revenue collection capacity, implementation of invoice monitoring system, awareness campaign to increase the registered persons and reduce the gap between filers and registered persons.
- b. GPP is assisting the Khyber Pakhtunkhwa Procurement Regulatory Authority (KPPRA) to strengthen the capacity of the govt. officials through an Advance Diploma Program and implementation of training roaster for district govt.
- c. GPP has successfully piloted disbursement link indicator (DLI) arrangement for transfer of \$0.5 million to Provincial Account-01 as an Eligible Expenditure Program (EEP) for achievement of year 01 agreed results.
- d. GPP is supporting Finance Department in establishment of Debt Management Unit, Tax Policy Unit and Corporate Governance Unit to align its strength to tackle the challenges for the management and exploring of Domestic Debt limit, broadening the fiscal space for the Province in terms of tax/non-tax revenue and effective management of Public Sector Companies and autonomous organizations.
- e. GPP is assisting the Public Accounts Committee (PAC) secretariat at provincial assembly for technical assistance to update manuals and strengthening the capacity of PAC members.

Khyber Pakhtunkhwa Community-Driven Local Development (CDLD) Policy – District Governance and Community Development Program

The District Governance and Community Development Program is providing support on community driven projects in twelve districts of Khyber Pakhtunkhwa including Swat, Malakand, Shangla, Dir Lower, Dir Upper, Chitral, Buner, Torghar, Battagram, Nowshera, Haripur and Swabi with a total cost of Euro 80 Million plus complimentary funds from the GoKP over the period 2014 to 2020. The Program steered by the Policy Review and Coordination Committee at Provincial Level and by the District Development Committee at the district level.

It is a public sector program having an innovative implementation mechanism with Deputy Commissioners and Community Based Organizations partnering the local development for the betterment of their people. The Program has thus far against the 6,400 target projects for the first ten rounds received a total of 34,900 applications from individuals. Till date, the Program has approved 4,320 CBO projects having worth of Rs. 5.23 Billion. Out of the approved, 2,540 have been completed with a cost of Rs. 4.66 Billion that benefit more than 3.2 million individuals.

4.6 Towards Gender Equality – From Policy to Practice

Khyber Pakhtunkhwa is striving to secure enhanced participation and role of women and girls in socio-economic development of the Province. The Government of Khyber Pakhtunkhwa launched the Khyber Pakhtunkhwa Women's Empowerment Policy in April 2015. The policy framework provisions the empowerment of women in socio-economic, legal and political spheres of life and is seen as a milestone for empowering women in the Province.

The PFM reform initiatives undertaken by the Government of Khyber Pakhtunkhwa are in line with the commitment of the Government to bring gender equality in the Province. As a first step, the Government has strengthened the Gender Sectoral Coordination Committee under the Strategic Development Partnership Framework (SDPF) for gender sensitive planning and budgeting.

Chapter 5 – Khyber Pakhtunkhwa Funds Management

Khyber Pakhtunkhwa Fund Management (KPFM) is a group of specialists and support staff, within Finance department, responsible for efficiently managing the province's employees-benefit and development funds enacted through statutes, namely:

- 1. The Khyber Pakhtunkhwa Pension Fund Act, 1999*
- 2. The Khyber Pakhtunkhwa General Provident Investment Fund Act, 1999*
- 3. The Khyber Pakhtunkhwa Hydrel Development Fund Ordinance, 2001*

These funds are separate pools of monies, sponsored by GoKP, legally owned by the trust (the three legal bodies), and controlled by their respective Boards for the welfare of its member beneficiaries. Finance Department wants to implement a vibrant institutional framework to consolidate and manage potentially all of GoKP Funds yielding greater returns towards the fulfilment of stipulated objectives of each Fund.

5.1 Funds Investment Strategy

Currently, KPFM invests in fixed income space; primarily in Government of Pakistan Treasury-Bills (T-Bills), Pakistan Investment Bonds (PIBs), Bank Deposits, and National Savings Schemes (NSS). Due to peaking interest rates, maximum efforts were made to invest monies in the longer tenor. With banks, deposits were placed at around 12% for 1-year instead of 3 or 6 months. We would have preferred longer than 1-year deposits, however, banks typically do not offer these. A considerable chunk of monies was fixed in Defense Savings Certificates at 13% for 10 years. This longer tenor investing has resulted in significantly more profits, now when the 1-year bank deposit rates are down to 7 - 8%. In general, longer tenor assets, which particularly suits pension funds due to their long tenor liabilities structure are in short supply in our fixed income markets. With further reforms and capacity, KPFM would move towards investing in very longer tenor (33 years +) assets such as equities, real estate (commercial buildings, warehouses) etc.

5.2. Fund Management Transformation

Over the last few years, GoKP's Finance department (FD) introduced professional fund management for its Rs. 140 billion General Provident Investment (GPI), Pension, and Hydrel Development Fund (HDF) monies. These funds have earned roughly 10% return for last 26 years, which with professional management, shall earn 14% return. A 4% additional return means Rs. 5.6 billion, or when compounded roughly Rs. 11 billion every year.

Apart from aforesaid monies, the proposed System of Funds Administration (SyFA) bill, 2020 aims to consolidate potentially all of Government of Khyber Pakhtunkhwa related monies in a Pool fund under the aegis of Chief Minister led one master Board. This shall relieve numerous other departments engaged in investing surplus monies.

SyFA eliminates multiple similar programs / projects run by various departments in their own silos, multiple boards, multiple acts & rules, and multiple non-cadre hiring. This means, employee retirement schemes (Benevolent, RBDC, provident, pension), general welfare schemes of cash / honoraria payments to various sensitive groups of society (Prayer leaders, journalists, widows etc.) or youth loan, agriculture loans, microfinance, SME finance, business investment grants, child / working mother support programs, or nutrition assistance programs etc. shall all be consolidated under SyFA. It also provides a low-cost infrastructure to service stocks of monies dedicated for above mentioned purposes as opposed to incorporating costly companies, authorities, or foundations around such purposes. For example, should a Rs. 500 million Fund, whose major function is to provide cash grants to widows, have a legislated foundation costing multi-million to operate?

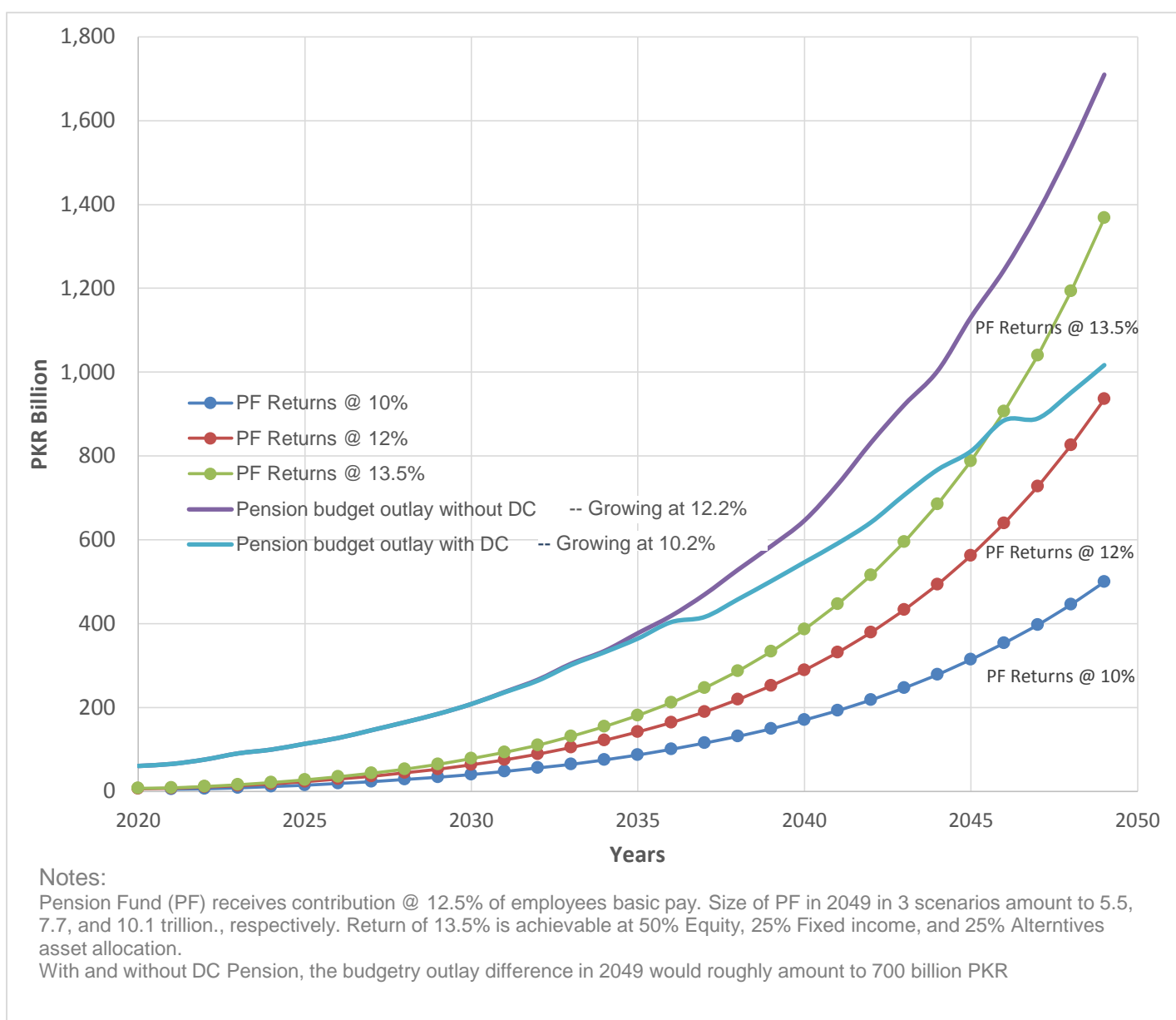
GPI, Pension, and HDF's Rs. 140 billion are expected to cross Rs. 200 billion mark in next 4 years, and currently only two employees are unable to manage such large sums of monies. In this regard, the Boards of GPI, Pension, and HDF have approved a 27-employee organogram for a total administrative cost of Rs. 235 million; a paltry expense ratio of $(235 / 140,000 \text{ million}) 0.17\%$.

At present, KPFM hiring and SyFA bill enactment are at final stages. Once KPFM team is in place, investments may be diversified to achieve 13.5% returns and pension reforms may be carried out to introduce a universal contributory plan.

At 13.5% return our Pension fund profits, together with 12.5% of basic pay contribution from current employees, will completely match projected pension budgetary outlays somewhere in

2052. KP budget outlays for pension-liabilities in 2052 will be zero. If we introduce a new pension system; a Direct Contribution (DC) plan, it will significantly slow down the rise of pension budgetary outlays from 12.2% cumulative annual growth rate to 10.2% (the blue line) till the computation horizon of 29 years (2020 to 2049). In 2049, the difference between yellow and blue lines i.e. the difference between pension budgetary outlays without DC plan and with DC plan would roughly amount to saving of Rs. 700 billion. This difference will grow every subsequent year, since eventually old-pension eligible employees pool will go down to zero. No new employee' liabilities will be booked on provincial budget due to introduction of DC plan for them.

5.3 General Provident Investment Fund (GPIF)



GoKP had established GPIF in the year 1991-92 with initial allocation of Rs. 200 million as equity. The fund is governed by an Act and Rules made thereunder for running the affairs of the Fund.

GPIF is controlled by a Board, which, currently is composed of seven members. The Board is dominated by five ex-officio members; out of which, four come from GoKP; namely Secretary Finance, Secretary Administration, representative of subscribers, and the Chief Secretary as chairman. Three members are from private sector; namely Chief Manager State Bank of Pakistan Peshawar, and two representatives from corporate sector/financial institutions, and stock market/academia.

Moreover, the Board operates through various committees, out of which the prominent one is the Investment Committee. This committee is chaired by the Finance Secretary and is mandated to work out investments, and present its recommendations to the Board. The fund receives injections from the GoKP in addition to the fund returns. Although provident contributions are deducted from the provincial government employees, these are transferred only in varying amounts to GPIF. GoKP is the sole sponsor and custodian of this fund. The GPIF size has grown over time as seen in Table 20.

Table 20
GP Fund
 Unit: Rs. Billion

Year	Opening Balance	Government Equity	Profit Earned	Closing Balance
Till 30.06.2013	18.5	6.9	2.2	27.7
2013-14	27.7	5.5	3.0	36.2
2014-15	36.2	0.0	4.3	40.5
2015-16	40.5	2.0	4.5	47.0
2016-17	47.0	3.0	3.7	53.7
2017-18	53.7	4.2	3.7	61.6
2018-19	61.6	0.0	5.8	67.4
2019-20 (est.)	67.4	0.8	8.5	76.7

5.4 Pension Fund (PF)

GoKP established PF in the year 1997-98 with initial allocation of Rs. 150 million as equity. The fund is governed by an Act and Rules made thereunder for running the affairs of the fund. PF is controlled by a Board, which is similar to GPIF Board except for the difference of one member. Instead of representative of subscribers, the PF's Board has a representative of Peshawar High Court (PHC) nominated by the Chief Justice, PHC. Moreover, similar to GPIF, the Board operates through various committees, out of which the prominent one is the Investment Committee, which again is chaired by the Finance Secretary and is mandated to work out investments, and present its recommendations to the Board.

Despite promised pension benefits, GoKP does not deduct contributions from the provincial government employee's salaries and hence is the sole contributor to the PF. As such GoKP becomes exclusively liable for the funded status of this fund, too. Funds size has also grown over time, as shown in Table 21.

Table 21
Pension Fund
 Unit: Rs. Billion

Year	Opening Balance	Government Equity	Profit Earned	Closing Balance
Till 30.06.2013	13.0	2.0	1.6	16.6
2013-14	16.6	3.0	1.9	21.5
2014-15	21.5	2.5	2.6	26.5
2015-16	26.5	2.0	2.7	31.1
2016-17	31.1	3.0	2.3	36.4
2017-18	36.4	3.5	2.6	42.5
2018-19	42.5	0.0	3.8	46.4
2019-20 (est.)	46.4	3.0	5.9	55.2

5.5 Hydrel Development Fund (HDF)

GoKP established HDF in 1992 with an initial allocation of Rs. 50 million. The fund is governed by an Act and Rules made thereunder for running the affairs of the fund. Unlike, GPIF and PF, which are meant to fund GoKP burgeoning pension liabilities, HDF has a different mandate. The objective of HDF is to develop hydel electricity generation capacity of the Khyber Pakhtunkhwa province, which it primarily does through funding projects executed by Pakhtunkhwa Energy Development Organization (PEDO).

HDF is controlled by a Board, which, currently is composed of ten members. The Board is dominated by nine ex-officio members; out of which, eight come from GoKP. Two members are from private sector; namely Managing Director Bank of Khyber, and one provincial chief of public sector bank or development financial institution, stationed at Peshawar. The Chief Minister Khyber Pakhtunkhwa is the chairman of the Board. Similar to GPIF and PF, the HDF also has an investment committee, but headed by the Chief Secretary, Khyber Pakhtunkhwa. The HDF is funded from the GoKP's own resources and as such the fund do not receive automatic deductions / tax receipts. Its size, inflows, and outflows over time are presented in Table 22.

Table 22
HDF
 Unit: Rs. Bln

Year	Opening Balance	Government Equity	Profit Earned	Fund Utilized	Closing Balance
Till 30.06.2013	20.2	3.0	2.3	2.0	23.6
2013-14	23.6	3.0	2.3	5.3	23.6
2014-15	23.6	3.0	2.4	2.8	26.2
2015-16	26.2	10.2	2.0	15.0	23.3
2016-17	23.3	16.5	2.3	27.7	14.4
2017-18	14.4	15.0	0.9	7.3	23.0
2018-19	23.0	0.0	2.2	8.7	16.4
2019-20 (est.)	16.4	0.0	2.0	9.2	9.3

5.6 Retirement Benefit and Death Compensation Fund (RBDC)

Initially, RBDC fund was managed in project-mode with close cooperation of KPFM, however, with subsequent regularization of RBDC project employees through enactment of the Khyber Pakhtunkhwa Employees (Regularization of Services) Act, 2018; this fund is now managed by a separate directorate within Finance Department.

RBDC scheme offers another layer of social protection and enhances benefits from only death compensation to both death and retirement compensation for employees of the GoKP. The fund is governed by the Khyber Pakhtunkhwa Civil Servants Retirement Benefits and Death Compensation Act, 2014 and Rules made thereunder for running the affairs of the fund. Unlike other three funds, which are funded by the GoKP on behalf of subscribers, in RBDC the contributions from the provincial government employees are deducted and directly deposited. Such, deposits have started from October, 2016.

Here again, the Board controls overall affairs and is headed by the Chief Secretary. The Board is the largest of all-four fund Boards, comprising of 12 members; out of which 10 are ex-officio members and two are representatives of the civil servants. There is also a Management committee, chaired by the Secretary Finance, for speedy disposal of benefit claims.

Table 23

Retirement Benefit and Death Compensation

Unit: Rs. Bln

Year	Opening Balance	Released during the year	Total	Profit Earned	Fund Utilized	Cumulative Total
2016-17						0.0
2017-18	0.0	3.4	3.4	0.1	1.3	2.2
2018-19	2.2	6.2	8.4	0.3	2.5	6.3
2019-20 (est.)	6.3	3.6	9.9	0.8	1.3	9.4

Chapter 6 – A Special Word on the Merged Areas

The 25th Constitutional Amendment approved by the President of Pakistan on 31st May, 2018 officially merged the Federally Administered Tribal Areas (FATA) into Khyber Pakhtunkhwa (KP). This essentially meant full political, administrative and fiscal integration and mainstreaming of Merged Areas with KP. Accordingly, the National Assembly unanimously approved the 26th Amendment to the Constitution allowing an increase from 6 to 12 seats in the National Assembly and 16 to 24 in the Khyber Pakhtunkhwa Assembly's seats for the Merged Areas. The administration merger was successfully completed during 2018/19 through integration of all Directorates of Merged Areas Civil Secretariat with respective Administrative Departments of KP. Financial Integration serving was also successfully achieved through presentation of an integrated 2019/20 Budget for all of Khyber Pakhtunkhwa, marking a historic moment in our history.

During 2019/20, some of the key milestones achieved by the Provincial Government towards financial integration manifested by an integrated, secured, predictable, transparent and accountable financial management system include:

- a. The Provincial Government unveiled its first ever Financial Inclusion Strategy for Merged Areas which includes extension of pro-poor initiatives/micro-finance, agriculture finance, bank networks, branchless banking and digital finance like facilities to the largely underserved population of about 5 million.
- b. Proactive engagement with the Federal Government yielded alternate funding modalities for FY 2019/20 till finalization of next NFC Award. This substantially facilitated the financial integration of Merged Areas through GoKP Budgetary Framework.
- c. Successfully developed a robust Information System in the mainstream which exhibits distinct yet integrated interface for funds flow to the Merged Areas in a predictable, secured, transparent and accountable manner entrenched with the elements of full audit trail.
- d. District A/Cs – IV have been established in all the 7 Merged Areas and the powers of PAO ship entrusted to respective Deputy Commissioners. The revamped KP Delegation of Financial Powers, 2018 provides greater executive flexibility to the district administration for prompt service delivery.
- e. An inclusive, participatory and needs based planning and budgeting model not only ensured timely budget making of the Merged Areas for FY 2019/20, but also greatly capacitated all

devolved departments from the 7 Merged Areas i.e. over 120 officers and officials including sensitization and orientation of the Deputy Commissioners on the GoKP Budgetary regime.

More specifically, the Government of Khyber Pakhtunkhwa has ensured the following for development of Merged Areas.

- The Federal and Provincial Governments have already exempted the Merged Areas from federal and provincial taxes for a period of 5 Years. This incentive to continue as a measure of relief and spurring greater economic activity.
- The Provincial Government is set to expand the Sehat Insaaf Card on full scale to all families of Merged Areas.
- The Provincial Government is adopting robust measures for the expansion of new functions/services to the Merged Areas including expansion and strengthening of judiciary, policing, local governments, and social services. This includes the creation of 18,000 posts in different sectors during the currency of FY 2019-20.
- The Levies & Khassadars are being converted to regular Police force.
- The pay and perks of all employees of Merged Areas are being brought at par with the rest of the Province.
- The Provincial Government is launching High Impact Projects for the realization of accelerated growth in the Merged Areas under the Merged Areas Strategy.
- **24/7 Torkham Border Operation:** PKR 26 billion increase in exports and PKR 3.5 billion increase in import duties
- **Insaf Rozgar Scheme:** Rs. 901 million disbursed to 3929 beneficiaries in Insaf Rozgar Scheme
- **Service Delivery Posts Creation:**
 - I. 1,404 posts created for Village and Neighborhood councils
 - II. 1,297 posts created for Health care facilities
4,467 posts created for Educational facilities
- **Expansion of Rescue 1122 Operations:** Established 21 Rescue 1122 stations with presence in every district and sub-division of NMDs

- **Investment in Electrical Network:** PKR 7.3 billion investment increasing load capacity by 247MW and electrification coverage by 18%
- **Khyber Pass Economic Corridor:** PKR 77 billion worth project to boost trade, create 60,000-100,000 jobs and boost economic growth.
- **Parliamentary Elections:** Elections conducted in over 16 general seats for the first time empowering the people to choose their representatives and finalizing political merger with Khyber Pakhtunkhwa

Additional Commitment: KP Government has allocated 3 percent of NFC share as additional resources in line with commitment of Federal Government at time of merger

6.1 Budget Numbers 2020-21 for Merged Areas

Table 24
Expenditure of Merged Areas
Units: Rs. Bln

HEAD	B.E 2020-21
Total Expenditure	184.0
Current Expenditure	88.0
Salary	52.0
Non-Salary – O & M and Contingencies	36.0
Development Expenditure	83.3
ADP (Provincial)	24.0
ADP (Districts)	10.3
Merged Areas Strategy	49.0
Merged Areas FPA	12.7

Table 25

Department Wise Current Budget Estimates 2020-21 (Rs. in Billions)

Units: Rs. Millions

D.No	Departments	BE	RE	BE 2020-21		
		2019-20	2019-20	Salary	Non Salary	Total
	Total	79,000.00	66,000.00	52,000.00	36,000.00	88,000.00
61	NC21075 GENERAL ADMINISTRATION	549.2	566.6	80.0	421.9	501.9
61	NC21076 TREASURIES	60.3	52.3	69.3	8.2	77.5
61	NC21077 FINANCE DEPARTMENT	8,083.0	1,881.4	86.1	9,136.5	9,222.5
61	NC21079 PLANNING & DEVELOPMENT DEPARTMENT	53.3	38.7	51.3	9.3	60.6
61	NC21080 BUREAU OF STATISTICS	8.9	3.2	7.3	2.0	9.2
61	NC21082 REVENUE & ESTATE DEPARTMENT	2.9	269.2	7.0	3.0	10.0
61	NC21084 HOME DEPARTMENT	67.3	33.5	188.1	7.0	195.1
61	NC21085 JAILS & CONVICTS SETTLEMENT	12.6	241.0	158.3	17.9	176.2
61	NC21087 ADMINISTRATION OF JUSTICE	851.3	519.5	745.2	297.0	1,042.1
61	NC21088 HIGHER EDUCATION, ARCHIVES & LIBRARIES	2,101.0	1,649.6	2,268.3	65.3	2,333.6
61	NC21089 HEALTH	1,533.4	1,719.8	1,561.5	118.5	1,680.0
61	NC21090 COMMUNICATION AND WORKS DEPARTMENT	1,153.7	1,236.8	1,352.8	32.9	1,385.7
61	NC21091 ROADS HIGHWAYS & BRIDGES (REPAIR)	181.9	714.7	0.0	181.9	181.9
61	NC21092 BUILDING & STRUCTURE (REPAIR)	148.5	152.2	0.0	130.6	130.6
61	NC21093 PUBLIC HEALTH ENGINEERING	975.4	958.7	636.4	384.3	1,020.7
61	NC21094 LOCAL GOVERNMENT DEPARTMENT	187.0	183.3	30.4	3.8	34.3
61	NC21095 AGRICULTURE	93.4	83.3	159.4	8.7	168.1
61	NC21096 ANIMAL HUSBANDRY	46.9	48.4	55.4	66.8	122.2
61	NC21098 FORESTRY (WILDLIFE)	338.7	390.5	558.1	20.8	578.9
61	NC21099 FISHERIES	20.9	23.1	21.2	1.0	22.2
61	NC21100 IRRIGATION	149.2	118.6	182.0	9.1	191.1
61	NC21101 INDUSTRIES	0.0	0.0	11.0	1.6	12.6
61	NC21102 MINERAL DEVELOPMENT AND INSPECTORATE OF	57.2	26.3	67.0	3.5	
61	NC21104 POPULATION WELFARE	0.0	10.6	9.6	0.9	
61	NC21105 TECHNICAL EDUCATION AND MANPOWER	196.0	186.4	199.2	17.8	217.1
61	NC21107 INFORMATION & PUBLIC RELATIONS	0.0	0.0	13.6	1.2	14.8
61	NC21108 SOCIAL WELFARE, SPECIAL EDUCATION	9.8	6.0	61.7	21.6	83.3
61	NC21109 ZAKAT & USHER DEPARTMENT	26.1	14.6	0.0	4.6	4.6
61	NC21111 SPORTS, CULTURE, TOURISM & MUSEUMS	13.1	7.9	24.7	1.1	25.8
61	NC21116 ELEMENTARY AND SECONDARY EDUCATION	90.4	186.8	195.1	8.2	203.3
61	NC21117 RELIEF REHABILITATION AND SETTLEMENT	17,107.3	10,112.0	92.3	17,015.1	17,107.4
61	NC21118 DISTRICT SALARY	24,436.8	24,436.8	25,658.6	0.0	25,658.6
61	NC21119 DISTRICT NON SALARY	2,832.2	2,832.2	0.0	6,370.7	6,370.7
61	NC21120 POLICE	16,877.2	16,566.1	17,431.7	905.1	18,336.8
61	NC21122 GRANT TO LOCAL COUNCILS	717.6	681.6	0.0	717.6	717.6
61	NC21123 PENSION	0.0	38.6	0.0	3.9	3.9
61	NC11058 STATE TRADING IN FOOD GRAINS & SUGAR	17.3	9.9	17.4	0.7	18.2

6.2 Key principles for utilising Merged Areas Development Plan funds in the Budget

The Government of Khyber Pakhtunkhwa realizes the special status for Merged Areas for not just the province but all of Pakistan which is why it has set itself the following principles for utilizing funds earmarked for Merged Areas.

- a) Funds to be outside of the annual development plan, so they can be used flexibly
- b) Spend with a direct impact on people to be prioritized; as opposed to procuring land, building offices etc.
- c) The primary focus of year 1-3 to be spend in the social sector; health; education; jobs; wealth creation – and on programs that have rapid impact
- d) A second focus to be on improving infrastructure for Merged Areas, and on projects with economic impact; roads; electricity infrastructure;
- e) A third focus area to be relevant planned early harvest projects already in the pipeline
- f) Planning to consider that Merged Areas is now an integrated part of Pakhtunkhwa; implications are significant; for example, East West connectivity more important than North South connectivity; a Merged Areas university will not be required in the same way as if Merged Areas were one entity.
- g) One Fund concept; assuming Merged Areas business as usual funding is protected until the new NFC decision, and adequate funding is guaranteed, the money can be used on projects that may be federal in nature – e.g. building the electricity grid; Torkham Railway line etc.
- h) Red tape to be minimized for Merged Areas funds, and timeliness of release ensured

Annexures

HISTORICAL ANNEXURES

1. Annual Development Programme Since 1973/74

PKR Millions

Year	Size of ADP	Revised Size of ADP
1974-75	400.0	500.0
1975-76	576.7	601.4
1976-77	546.8	640.9
1977-78	617.0	687.6
1978-79	669.0	720.6
1979-80	767.0	702.9
1980-81	818.0	838.4
1981-82	980.9	1,002.3
1982-83	1,228.0	1,174.3
1983-84	1,176.5	1,191.5
1984-85	1,244.7	1,245.4
1985-86	1,697.0	1,912.8
1986-87	2,131.3	2,131.3
1987-88	2,472.3	2,471.1
1988-89	2,164.2	2,164.2
1989-90	2,197.6	2,198.6
1990-91	2,506.2	2,851.4
1991-92	4,813.7	4,881.6
1992-93	6,575.4	5,002.9
1993-94	4,959.0	4,764.6
1994-95	6,964.0	7,349.2
1995-96	7,665.6	8,081.9
1996-97	8,711.5	5,659.1
1997-98	4,884.7	5,498.2
1998-99	6,072.4	7,771.7
1999-00	5,745.2	8,057.5
2000-01	9,212.5	7,272.1
2001-02	7,986.2	8,710.1
2002-03	13,673.3	11,289.2
2003-04	14,696.0	12,883.0
2004-05	16,195.0	15,365.2
2005-06	21,000.0	24,397.4
2006-07	26,630.4	26,542.1
2007-08	39,462.4	32,913.9

2008-09	41,544.9	39,000.6
2009-10	51,157.0	46,330.5
2010-11	69,283.7	64,977.5
2011-12	85,141.0	84,473.6
2012-13	97,458.0	88,130.6
2013-14	118,000.0	104,847.6
2014-15	139,805.0	134,737.3
2015-16	174,884.0	135,098.6
2016-17	161,000.0	172,096.4
2017-18	208,000.0	150,158.8
2018-19	180,000.0	175,599.558
2019-20	319,000.0	*220,130.7
2020-21	317,857.0	

(*Includes PSDP of Rs. 17,602.7 million)

2. Growth in Revenue Receipts & Current Revenue Budget Since 1975/76 (In Million)

Year	Provincial Tax Receipts	Provincial Others Receipts	Total Provincial Own Receipts	Net Capital Receipts	Federal Tax Assignment	Net Profits	Grants from Federal Govt.	Total Provincial Receipts	Current Revenue Expenditure	Deficit/Surplus Revenue Account	Non-Obligatory Grant	Receivable as per Arbitration Award
75-76 B.E	51.6	104.9	156.5	7.1	305.3	---	110.7	579.6	699.5	(-) 119.9	---	119.9
R.E	72.2	113.1	185.3	7.9	329.3	---	151.3	673.8	705.4	(-) 31.6	31.6	---
76-77 B.E	74.5	120.1	194.6	6.9	367.7	---	104.8	674.0	862.2	(-) 188.2	138.2	50.0
R.E	83.7	93.1	176.8	2.2	373.6	---	123.3	675.9	955.9	(-) 280.0	223.6	56.4
77-78 B.E	88.7	127.2	215.9	(-) 6.8	401.1	---	104.8	715.0	1,149.1	(-) 434.1	398.7	35.4
R.E	93.4	119.4	212.8	14.8	426.9	---	107.6	762.1	1,137.0	(-) 374.9	352.6	22.3
78-79 B.E	96.8	135.5	232.3	12.7	461.8	---	104.8	811.6	1,314.3	(-) 502.7	456.8	45.9
R.E	96.6	201.3	297.9	(-)10.8	512.3	---	108.5	907.9	1,391.2	(-) 483.3	468.4	14.9
79-80 B.E	101.3	162.8	264.1	11.2	562.8	---	104.8	942.9	1,557.1	(-) 614.2	566.9	47.3
R.E	123.0	209.9	332.9	14.8	736.9	---	104.8	1,189.4	1,674.8	(-) 485.4	475.0	10.4
80-81 B.E	127.4	250.0	377.4	12.3	881.3	---	104.8	1,375.8	1,877.6	(-) 501.8	445.8	56.0
R.E	143.2	260.7	403.9	13.2	1,060.4	---	107.3	1,584.8	2,031.8	(-) 447.0	447.0	---
81-82 B.E	154.4	276.6	431.0	12.3	1,203.1	---	104.7	1,751.1	2,292.9	(-)541.8	531.6	10.2
R.E	174.7	282.6	457.3	37.0	1,132.6	---	106.4	1,733.3	2,538.9	(-) 805.6	805.6	---
82-83 B.E	188.7	296.2	484.9	16.6	1,223.6	---	104.8	1,829.9	2,714.7	(-) 884.8	874.8	10.0
R.E	212.0	308.0	520.0	24.8	1,223.6	---	105.4	1,873.8	2,989.7	(-) 1115.9	1,115.9	---
83-84 B.E	212.0	340.2	552.2	16.0	1,364.3	---	104.8	2,037.3	3,454.3	(-) 1417.0	1,396.0	21.0
R.E	238.3	374.6	612.9	50.7	1,374.6	---	116.6	2,154.8	3,705.2	(-) 1550.4	1,550.4	---
84-85 B.E	257.5	375.4	632.9	66.8	1,537.4	---	104.8	2,341.9	4,334.7	(-)1992.8	1,992.8	---
R.E	264.3	395.9	660.2	70.1	1,457.0	---	119.3	2,306.6	4,512.1	(-) 2205.5	2,205.5	---
85-86 B.E	288.9	412.3	701.2	75.0	1,622.0	---	104.7	2,502.9	5,201.0	(-) 2698.1	2,698.1	---

R.E	284.1	414.1	698.2	51.8	1,622.0	---	130.7	2,502.7	5,453.7	(-) 2951.0	2,951.0	---
86-87 B.E	307.2	430.2	737.4	52.8	1,622.0	---	104.8	2,517.0	6,466.3	(-) 3949.3	3,949.3	---
R.E	303.6	434.5	738.1	34.6	1,615.6	---	130.3	2,518.6	6,811.8	(-) 4293.2	4,293.2	---
87-88 B.E	309.3	466.1	775.4	34.6	1,831.3	---	104.7	2,746.0	7,382.9	(-) 4636.9	4,636.9	---
R.E	338.6	619.5	958.1	72.5	1,988.6	---	111.4	3,130.6	7,997.1	(-) 4866.5	4,866.5	---
88-89 B.E	369.2	531.1	900.3	74.6	2,204.5	---	104.8	3,284.2	8,685.1	(-) 5400.9	5,400.9	---
R.E	374.7	556.3	931.0	174.8	3,030.5	---	136.9	4,273.2	8,607.4	(-) 4334.2	4,022.6	311.6
89-90 B.E	369.3	581.8	951.1	159.6	3,330.2	---	104.8	4,545.7	9,291.2	(-) 4745.5	3,735.8	1,009.7
R.E	405.6	714.5	1,120.1	197.4	3,934.0	---	134.8	5,386.3	9,385.6	(-) 3999.3	3,574.7	424.6
90-91 B.E	391.6	691.6	1,083.2	202.4	4,356.0	---	104.8	5,746.4	10,558.7	(-) 4812.3	3,475.6	1,336.7
R.E	430.5	759.8	1,190.3	72.8	4,301.6	---	132.0	5,696.7	10,281.7	(-) 4585.0	4,029.7	555.3
91-92 B.E	440.3	799.7	1,240.0	25.4	6,582.4	5,987.5	204.8	14,040.1	12,732.3	(+) 1307.8	---	---
R.E	435.7	864.3	1,300.0	20.7	6,444.1	5,999.9	402.5	14,154.8	12,737.3	(+) 1417.5	---	926.4
92-93 B.E	527.2	972.8	1,500.0	19.6	7,304.0	6,800.0	204.8	15,828.4	14,370.8	(+) 1457.6	---	---
R.E	688.8	958.8	1,647.6	19.7	7,366.0	5,680.0	205.2	16,038.5	14,579.0	(+) 1459.5	---	1,938.9
93-94 B.E	639.0	1,031.0	1,670.0	9.3	8,277.2	7,500.0	204.8	17,661.3	16,511.3	(+) 1150.0	---	---
R.E	634.2	1,040.8	1,675.0	9.3	9,392.1	5,482.0	209.5	17,785.9	16,635.9	(+) 1150.0	---	2,898.8
94-95 B.E	686.4	1,128.0	1,814.4	11.7	11,139.0	7,800.0	4.8	20,769.9	19,189.9	(+) 1580.0	---	---
R.E	724.3	1,272.7	1,997.0	17.6	11,454.7	6,500.0	10.0	21,279.3	19,404.5	(+) 1874.8	---	2,718.9
95-96 B.E	875.8	1,236.0	2,111.8	12.8	13,873.1	7,970.0	4.7	23,972.4	21,972.4	(+) 2000.0	---	---
R.E	810.2	1,487.3	2,297.5	13.9	14,345.1	6,000.0	4.8	24,631.3	23,564.0	(+) 1067.3	---	4,140.8
96-97 B.E	803.3	1,596.3	2,399.6	15.2	16,226.7	8,500.0	4.8	27,146.3	26,862.0	(+) 284.3	---	---
R.E	1,006.7	1,754.1	2,760.8	629.1	16,134.5	6,000.0	4.8	28,029.1	25,800.0	(+) 2229.1	---	5,154.9
97-98 B.E	1,407.9	1,867.1	3,275.0	(-) 775.0	15,064.0	9,423.0	3,310.0	30,297.0	30,058.5	(+) 238.5	---	---
R.E	1,167.7	1,714.1	2,881.8	(-)381.8	14,086.4	6,000.0	3,327.6	29,337.0	29,451.0	(-) 114.0	---	6,270.4
98-99 B.E	1,472.8	2,124.9	3,597.7	(-) 752.3	16,018.6	10,466.0	3,674.0	33,004.0	33,004.0	---	---	---
R.E	1,389.3	2,262.8	3,652.1	(-)646.6	14,579.5	6,000.0	3,675.3	31,726.3	32,004.0	(-) 277.7	---	7,497.4

99-2000 B.E	1,705.4	2,336.5	4,041.9	(-)830.2	16,867.7	11,624.0	4,078.0	35,781.4	35,493.0	(+) 288.4	---	---
R.E	1,592.7	2,336.0	3,928.7	(-)827.9	16,613.6	6,000.0	4,057.3	35,395.7	35,263.5	(+) 132.2	---	8,847.2
2000-01 B.E	1,740.9	2,509.1	4,250.0	(-) 955.0	21,227.5	12,899.0	4,310.7	41,732.2	39,132.2	(+) 2600.0		
R.E	1,381.8	2,207.7	3,589.5	(-) 648.2	19,217.8	6,000.0	3,827.6	31,986.7	33,673.3	(-) 1038.4	---	10,331.9
2001-02 B.E	1,862.3	2,096.1	3,958.4	(-) 776.2	21,552.2	14,328.0	4,258.6	44,067.3	45,040.4	(-) 973.13		
R.E.	2,020.1	1,943.4	3,963.5	(-)953.5	19,411.8	6,000.0	3,898.0	32,323.2	34,623.0	(-) 559.845	398.5	1,195.1
2002-03 B.E	1,987.9	2,089.9	4,077.9	(-)1262.9	22,728.3	15,904.0	3,898.0	46,767.1	48,564.0	(-) 1796.9	159.0	
R.E	2,140.4	2,103.4	4,243.8	1,047.9	22,872.2	6,000.0	3,898.0	37,039.3	36,171.6	(+) 867.7	221.0	13,761.6
2003-04 B.E	2,148.5	2,009.8	4,158.3	1,788.5	25,750.4	17,653.0	3,898.0	51,459.7	47,114.7	(+) 4345.1		
R.E	2,019.1	1,999.8	4,018.9	3,125.2	25,660.3	6,000.0	3,898.0	39,577.2	38,400.0	(+) 1177.2	---	15,737.7
2004-05 B.E	2,278.7	2,149.4	4,428.1	3,132.0	29,344.1	8,000.0	4,500.0	46,272.2	42,650.0	(+) 3622.2		
R.E	2,339.8	2,210.7	4,550.5	---	30,215.0	6,000.0	45,000.0	45,265.5	42,650.0	(+) 2615.5	---	17,911.5
2005-06 B.E	2,528.5	2,365.5	4,894.0	3,132.0	35,458.2	8,000.0	10,000.0	58,352.2	51,062.0	(+) 7290.2	---	
R.E	2,633.9	2,555.2	5,189.1	---	36,805.1	6,000.0	5,000.0	65,462.8	60,693.0	(-) 8799.6	12,473.2	20,302.6
2006-07 B.E	3,053.6	2,741.4	5,795.0	---	44,034.5	8,000.0	9,712.5	67,542.0	54,500.0	(+) 13042.0		
R.E	3,049.5	2,682.3	5,731.8	---	44,645.1	6,000.0	9,765.3	66,142.2	55,173.6	(+) 10968.5	---	22,932.9
2007-08 B.E	3,809.1	3,172.7	6,981.8	---	55,690.1	6,000.0	11,907.8	80,579.7	61,000.0	(+) 19579.7		
R.E	3,904.6	3,075.2	6,979.8	---	55,954.2	6,000.0	11,349.1	80,283.1	61,450.0	(+) 18833.1	0.5	25,826.2
2008-09 B.E	4,737.3	3,473.4	8,210.7	---	71,445.8	6,000.0	14,432.2	100,088.7	67,300.0	(+) 32788.7		
R.E	3,749.2	3,425.5	7,174.7	---	69,965.7	6,000.0	13,183.3	96,323.7	75,600.0	(+) 20723.7	1,682.0	29,008.8
2009-10 B.E	5,991.9	3,655.7	9,647.6	---	83,218.5	6,000.0	14,822.5	113,688.6	80,000.0	(+) 33688.6		
R.E	3,497.0	4,711.8	8,208.8	---	93,998.7	16,000.0	15,207.4	133,414.9	109,000.0	(+) 24414.9	11,506.6	32,509.0
2010-11 B.E	15,559.5	3,155.2	19,556.7	---	173,033.6	31,000.0		198,590.3	127,958.0	(+) 70632.3		
R.E	4,135.6	5,583.2	9,718.8	182,294.2	155,939.5	31,000.0	4,047.0	200,705.3	139,500.0	(+) 61205.3	---	---
2011-12 B.E	4,529.2	6,014.4	10,543.6	---	191,245.0	31,000.0	---	232,788.3	149,000.0	(+) 83788.3	---	---

R.E	12,571.5	6,345.7	18,917.2	---	189,058.4	31,000.0	2,264.3	241,239.9	161,000.0	(+) 80239.9	---	---
2012-13 B.E	13,862.5	6,238.5	20,101.0	---	228,391.0	31,000.0	---	279,492.0	191,600.0	(+) 87892.0	---	---
R.E	8,164.9	6,235.3	14,400.2	---	231,525.4	31,000.0	---	245,925.6	195,000.0	(+) 50925.6	---	---
2013-14 B.E	10,287.6	6,632.9	16,920.5	---	250,065.6	31,000.0	---	297,986.1	211,000.0	(+) 86986.1	---	---
R.E	12,637.8	8,007.5	20,645.3	---	243,076.1	31,000.0	---	294,721.4	222,000.0	(+) 72721.4	---	---
2014-15 B.E	19,452.8	9,327.9	28,780.7	---	284,152.0	44,272.3	---	357,205.0	250,000.0	(+) 107205.0	---	---
R.E	19,832.0	10,573.0	30,405.0	---	264,548.1	9,400.0	3,021.6	307,374.7	255,000.0	(+) 52374.7	---	---
2015-16 B.E	22,594.5	31,830.3	54,424.8	---	315,452.2	68,873.0	2,000.0	425,750.0	298,000.0	(+) 127750.0	---	---
R.E	14,319.9	11,161.1	25,481.0	---	301,262.2	34,000.0	7,401.7	368,144.9	280,903.8	(+) 87241.2	---	---
2016-17 B.E	18,171.1	31,335.9	49,507.0	---	346,183.8	33,704.0	300.0	429,694.8	333,000.0	(+) 96694.8	---	---
R.E	18,204.3	14,263.7	32,468.0	---	343,547.2	33,704.0	50.0	409,769.2	338,601.0	(+) 71168.2	---	---
2017-18 B.E	22,306.9	22,908.1	45,215.0	---	389,854.5	35,785.0	---	470,854.5	388,000.0	(+) 82854.5	---	---
R.E	19,405.0	14,852.0	34,257.0	---	381,031.9	63,050.9	---	478,339.8	389,000.0	(+) 89339.8	---	---
2018-19 B.E	23,823.0	17,439.0	41,262.0	---	426,095.5	65,277.9	---	532,635.3	430,000.0	(+)102635.3	---	---
R.E	19,765.0	14,875.0	34,640.0	---	403,958.6	54,491.8	---	493,090.4	410,000.0	(+) 83,090.4		
2019-20 B.E	33,022.6	20,381.5	53,404.1	---	533,261.5	55,674.8	79,000.0	721,340.4	526,300.0	(+) 195,040.4	---	---
R.E	27,583	19,238	46,821	---	379,097.3	512,70	66,000	543,188.3	532,550	(+)10,638.3		
2020-21 B.E	28,147	21,087	49,234.0	477,518.6	58,288.4	88,000.0	673,019.0	593,129	(+)79,890			

CURRENT YEAR's ANNEXURES

1. General Revenue Receipts for 2020-21 (PKR Millions)

Description	BE 19-20	RE 19-20	BE-20-21
I-PROVINCAL TAX RECEIPTS	33,022.567	27,583.000	28,147.000
GST on Services	20,354.000	18,000.000	19,850.000
Agriculture Income Tax	87.975	88.000	89.000
Urban Immoveable Property Tax (net)	322.000	253.000	460.000
Registration (Transfer of Property)	304.980	304.000	305.000
Land Revenue	3,049.800	3,049.000	2,753.000
Tax on Professions	450.000	450.000	0.000
Provincial Excise	35.000	23.000	0.000
Stamp Duties	3,743.899	1,700.000	1,600.000
Receipts under Motor Vehicles Acts, Route Permit & Finesses	1,853.000	1,765.000	2,138.000
Tobacco Development Cess	385.000	343.000	200.000
Infrastructure Development Cess	200.000	170.000	150.000
Electricity Duty	1,717.000	854.000	598.000
Fee for Real Estate Dealrs	15.000	15.000	0.000
Electronic Media	11.000	4.000	4.000
Hotel Tax	65.000	65.000	0.000
Urban Capital Value Tax	428.913	500.000	0.000
II- NON-TAX RECEIPTS	20,381.533	19,238.000	21,087.000
Income from Property & Enterprises	5,686.991	3,665.095	8,903.091
Interest	61.991	61.991	61.091
Dividends with BOK	16.569	367.673	396.569
Return on Assets Transferred to WAPDA	3.431	3.431	3.431

Hydel Power Own Generation	5,605.000	3,232.000	8,442.000
RECEIPTS FROM CIVIL ADMINISTRATION & LAW AND ORDER	3,428.549	3,446.124	3,615.000
Fees from Public Service Commission	195.689	100.000	100.000
Receipt in aid of Superannuation	50.000	50.000	250.000
Weights and Measures	61.000	64.000	60.000
Local Fund Audit	110.000	110.000	100.000
Administration of Justice	320.000	350.000	281.000
Jails and Convict Settlement	37.000	37.000	38.000
Police & Others	2,654.860	2,735.124	2,786.000
Receipts from Community Services	929.556	884.556	735.000
Buildings and Communications	579.876	579.876	465.000
Public Health Engineering	304.680	304.680	250.000
Local Government	45.000	0.000	20.000
Receipts from Social Services	2,326.928	2,346.800	2,051.605
Higher Education Archives & Libraries	650.180	695.000	654.000
Elementary & Secondary Education	100.000	100.000	44.100
Technical Education	15.200	16.300	15.000
Health	1,257.000	1,257.000	1,099.805
Museums and Tourist Deptt.	93.300	63.000	57.000
Stationery and Printing	211.248	215.500	181.700
Receipts from Economic Services	6,844.482	6,860.428	4,949.580
Agriculture	201.700	201.700	188.300
Fisheries	76.908	76.908	80.000
Wildlife	65.994	70.000	75.000
Animal Husbandry	136.900	136.900	142.500

Forestry	429.090	429.090	345.990
Irrigation	577.790	577.790	461.790
Manpower Management	1.100	0.000	0.000
Industries	33.200	31.200	54.500
Industrial Safety Explosives (Min: Dev)	5,321.800	5,336.840	3,601.500
Housing	-	0.000	0.000
Miscellaneous Receipts	1,165.027	2,034.997	832.724
Provincial Receipts (I + II)	53,404.100	46,821.000	49,234.000
III-FEDERAL TAX ASSIGNMENT	453,199.892	318,576.841	404,765.950
Taxes on Income	169,073.596	131,966.876	166,117.214
Custom Duties	81,686.995	44,366.337	52,004.497
Sales Tax	173,416.187	117,408.093	157,887.911
Capital Value Tax (CVT)	320.917	198.977	250.554
Central Excise	28,702.197	24,636.558	28,505.774
IV-Straight Transfers	25,606.400	22,241.133	24,117.088
Royalty on Crude Oil	13,493.052	12,618.392	11,451.878
Royalty on Natural Gas	7,713.472	9,827.783	9,120.233
Gas Dev: Surcharge	1,693.879	-2,103.302	1,431.477
Excise Duty on Natural Gas	2,705.997	1,898.260	2,113.500
V-Net Profit from Hydel Power Generation	21,183.000	21,183.000	21,495.342
VI-Arrears of Net Hydel Profit(MOU)	11,905.000	11,905.000	0.000
VII-1% of Divisible Pool for War on Terror	54,455.204	38,279.283	48,635.520
VIII-Net Hydel Profit	21,183.000	21,183.000	21,495.342
IX-(Arrears 2015-16, 2016-17 & 2017-18)	22,586.759	18,182.000	36,771.000
X-Grant from Federal Govt for NMAs	79,000.000	66,000.000	88,000.000

XI-NHP as par AGN Qazi formula	0.100	0.000	0.100
Total General Revenue Receipts (I to IX)	721,340.455	543,188.257	673,0190.000

2. Current Revenue Expenditure 2020-21 (In Million)

Classification	BE 2019-20	RE 2019-20	BE 2020-21
General Public Service	298,763.446	306,770.498	334,087.824
Executive and Legislative Organs, Financial and Fiscal Affairs (Voted)	87,003.073	85,381.721	104,567.885
Executive and Legislative Organs, Financial and Fiscal Affairs (Charged)	11,329.522	15,577.895	17,706.615
Transfers	196,396.384	202,408.820	208,319.011
General Services	3,683.105	3,244.128	3,298.634
General Public Services not elsewhere defined	351.362	157.934	195.679
Civil Defence	194.882	167.504	167.177
Public Order and Safety Affairs	77,842.254	81,366.384	78,958.020
Law Courts (Voted)	5,844.340	6,780.838	5,988.852
Law Courts (Charged)	1,732.287	1,861.056	1,309.663
Police	65,426.082	67,435.820	66,391.560
Prison Administration and Operation	2,812.571	3,294.990	3,107.554
Administration of Public Order	2,026.974	1,993.680	2,160.391
Economic Affairs	28,015.917	29,477.684	24,956.707
General Economic, Commercial and Labour Affairs	1,086.848	772.259	940.957
Agriculture, Food, Irrigation, Forestry and Fishing	15,460.425	16,482.168	14,016.469

Fuel and Energy	253.086	238.780	156.384
Mining and Manufacturing	1,164.819	960.104	1,058.914
Construction and Transport (Voted)	9,902.348	10,915.727	8,689.867
Construction and Transport (Charged)	4.015	4.015	2.254
Other Industries	144.376	104.631	91.862
Environment Protection	160.305	172.559	97.639
Housing and Community Amenities	9,670.88	11,918.140	14,895.443
Housing Development	43.425	42.159	337.204
Community Development	1,500.000	1,500.000	5,970.000
Water Supply	8,127.45	10,375.981	8,588.239
Health	44,854.95	45,274.769	58,062.948
Medical Product, Appliances & Equipment	162.211	88.533	78.863
Hospital Services	36,804.719	36,613.930	51,002.982
Public Health Services	65.815	51.928	48.263
Health Administration	7,822.200	8,520.378	6,932.840
Recreation, Culture and Religion	1,657.87	2,613.015	3,095.463
Recreation and Sporting Services	174.624	344.756	154.659
Cultural services	507.112	1,361.369	2,040.343
Broad Casting and Publishing	298.484	386.915	223.318
Religious Affairs	422.826	353.774	399.722
Administration of Information, Recreation and Culture	254.825	166.201	277.421
Education Affairs and Services	38,598.484	35,273.136	35,817.278
Pre-primary and Primary Education Affairs and Services	481.201	397.775	358.966
Secondary Education Affairs and Services	246.206	267.700	285.840
Tertiary Education Affairs and Services	28,852.542	26,066.159	27,053.198
Subsidiary Services to Education	415.467	341.553	313.682
Administration	8,603.068	8,199.949	7,805.592
Social Protection	26,541.018	19,516.311	42,990.501
Administration	25,276.937	18,373.523	41,997.193
Other	1,264.081	1,142.788	993.308
Total Current Revenue Expenditure	526,300.000	532,550.000	593,129.000

3. Development Budget by Sector for the Year 2019/20 & 2020/21 (In Million)

DEVELOPMENT PROGRAMME	2019-20		Budget Estimates 2020-21		
	Budget Estimates	Revised Estimates	Annual Dev: Program	Foreign Project Assistance	Total
ANNUAL DEVELOPMENT PROGRAMME					
Agriculture	9,509.722	3,520.675	4,766.000	5,357.000	10,123.000
Auqaf, Hajj & Minority Affairs	424.000	254.562	372.000	-	372.000
Board of Revenue	489.000	263.425	507.000	-	507.000
Building	812.000	513.428	-	-	-
CPEC/Chinese Investment Project	-	-	-	-	-
Drinking Water & Sanitation	4,799.000	3,591.683	3,548.000	10.000	3,558.000
Elementary & Secondary Education	17,380.127	14,209.656	10,766.000	7,921.000	18,687.000
Energy and Power	9,016.400	1,996.405	527.000	8,211.000	8,738.000
Environment	40.000	62.277	30.000	-	30.000
Establishment & Administration	-	-	239.000	-	239.000
Excise, Taxation & Narcotics	185.000	68.285	150.000	-	150.000
Finance	5,229.000	5,163.728	180.000	3,255.000	3,435.000
Food	404.000	179.986	449.000	-	449.000
Forestry	4,086.000	3,057.539	2,500.000	-	2,500.000
Health	11,848.815	11,268.231	11,567.000	2,203.000	13,770.000
Higher Education	5,851.056	4,515.153	6,523.000	-	6,523.000
Home	3,449.458	2,756.953	1,733.000	442.000	2,175.000
Housing	310.000	318.749	200.000	-	200.000
Industries	2,298.856	1,412.759	1,783.000	1,161.000	2,944.000
Information	156.000	2.695	144.000	-	144.000
Labour	97.233	103.855	181.000	54.000	235.000
Law & Justice	1,040.000	1,163.688	990.000	-	990.000
Local Government	7,120.400	4,562.176	2,981.000	4,649.000	7,630.000
Mines and Mineral	378.000	125.598	230.000	-	230.000
Multi Sectoral Development	24,292.772	20,756.457	12,340.000	9,396.000	21,736.000
Population Welfare	827.000	1,010.905	150.000	649.000	799.000
Pro-Poor Initiatives	-	-	4,565.000	-	4,565.000
Relief & Rehabilitation	2,982.000	2,152.009	2,536.000	464.000	3,000.000
Roads	23,698.892	29,941.636	15,251.000	11,229.000	26,480.000
Special Initiatives	8,016.000	-	-	-	-
Social Welfare	388.000	254.642	250.000	500.000	750.000
Sports, Tourism, Archaeology & Youth Affairs	8,907.000	4,114.261	2,916.000	1,170.000	4,086.000
ST & IT	994.000	485.460	239.000	289.000	528.000
Transport	14,290.127	8,229.355	1,826.000	9,991.000	11,817.000
Urban Development	7,419.012	5,812.057	4,507.000	3,550.000	8,057.000
Water	13,261.130	11,109.623	9,054.000	2,853.000	11,907.000
Total Provincial ADP (Incl: FPA)	190,000.000	142,977.911	104,000.000	73,354.000	177,354.000
DISTRICTS ADP	46,000.000	4,000.000	44,571.000	-	44,571.000
Total ADP (Provincial and Districts)	236,000.000	146,977.911	148,571.000	73,354.000	221,925.000

SPECIAL PROGRAMME (PSDP)					
Agriculture	-	795.165	-	-	-
Energy & Power	-	24.941	-	-	-
Forestry	-	1,812.091	-	-	-
Health	-	195.573	-	-	-
Local Government	-	12.393	-	-	-
Multi Sectoral Development	-	11,455.200	-	-	-
Roads	-	150.000	-	-	-
Water	-	3,157.308	-	-	-
Total PSDP	-	17,602.671	-	-	-
Total Development Budget	236,000.000	164,580.582	148,571.000	73,354.000	221,925.000
<i>Budget Estimates 2018-19, Revised Estimates 2018-19 & Budget Estimates 2019-20 includes figures of Foreign Projects Assistance</i>					
	BE 2019-20	RE 2019-20	BE 2020-21		
<i>Annual Development Programme (Provl.)</i>	108,000.000	95,000.000	104,000.000		
<i>District ADP</i>	46,000.000	4,000.000	44,571.000		
<i>Foreign Project Assistance</i>	82,000.000	65,528.023	86,000.000		
<i>Special Programme (PSDP) includes NMAs</i>	83,000.000	55,934.571	83,286.000		
Total	319,000.000	220,462.594	317,857.000		

Development Budget (Foreign Project Assistance) Year 2019-20 & 2020-21			
PARTICULARS	Budget Estimates 2019-20	Revised Estimates 2019-20	Budget Estimates 2020-21
A-EXTERNAL RESOURCES			
I-FOREIGN LOANS		PKR Millions	
ADB	29,915.667	20,680.936	31,110.786
Khyber Pakhtunkhwa Rural Roads Dev Project KP-RRDP	0.000	0.000	500.000
Land fill and STP sites for KPCIP WSSCs	0.000	0.000	2,999.998
Construction of Balakot HPP 300 MW	5.000	0.000	2,500.000
F/S & Dualization of Mardan-Swabi Road including Swabi Bypass	3,400.000	3,410.000	4,000.000
KP Cities Improvement Project (ADB Assisted)	150.000	253.910	250.000
Detailed Design and Construction of Pehur High level Canal Extension District Swabi	2,873.130	482.573	2,354.007
Detailed Engineering Design PDA of Peshawar	377.797	50.000	322.123
Provincial Roads Rehabilitation Project	8,100.000	8,686.000	5,219.780
Access to Energy - construction of MHP on Rivers and Tributaries	1,500.000	879.700	1,700.000
Access to Energy - construction of MHP on Canals	700.000	300.000	700.000
Access to Energy - Solarization of schools and BHUs	869.400	101.497	896.000
Khyber Pakhtunkhwa cities improvement project	0.010	0.000	0.001
Construction of Peshawar Mass Transit System (Bus Rapid Transit)	11,940.330	6,517.256	9,668.877
IDA	17,530.102	5,842.259	11,630.325
Preparation Advance Facility of World Bank proposed KP Hydro Power Dev Project	130.000	40.000	250.000
KP Revenue Mobilization and Resource Management Program	5,000.000	5,030.640	3,255.000
F/S & Rehabilitation of Sewerage / Solid Waste Treatment Plants in Peshawar & Divisional Headquarters	0.001	0.000	0.000
Khyber Pakhtunkhwa Cities Digital Transformation Centers	500.000	0.000	0.001
F/S, Detailed Engg and Construction of Swat Expressway from Chakdarra to Fatehpur	0.001	0.000	0.000
Khyber Pakhtunkhwa Human Capital Investment Project	0.000	0.000	1,435.324
KP Refugees and Host Communities under IDA-18	0.100	0.000	1,840.000
Capacity Building in Infrastructure under Urban Dev sector	0.000	0.000	0.000

Improvement & remodeling of existing irrigation and drainage infrastructure including feasibility studies and detailed designing for new irrigation and drainage infrastructure in KP	0.000	0.000	0.000
Establishment of Citizen facilitation Centers in Peshawar	100.000	0.000	0.000
KP Integrated Tourism Area Dev Programme	3,000.000	771.619	1,050.000
KP Hydro Dev porj Patrak -Shringal HPP Dir Upper 22 MW	5,000.000	0.000	0.000
Gabral-Kalam HPP 110 MW	0.000	0.000	0.000
KP Irrigated Agriculture improvement project	3,800.000	0.000	3,800.000
WORLD BANK/IDA/China	0.000	0.000	2,009.999
Construction of 88 MW Gabral-Kalam Hhydro Power Project, District Swat-under the WB	0.000	0.000	800.000
Consturction of 157 MW Madian Hydro Power Project District Swat	0.000	0.000	600.000
Feasibility Study & Detail Design for Installation of Soar PV on Hydro Power Project	0.000	0.000	300.000
PC-II for Hiring of Planning, Manag: support Consultants	0.000	0.000	300.000
Solarization of PHE Department existing scheme under CPEC	0.000	0.000	9.999
JAPANESE / JICA	108.205	57.150	1,109.220
Khyber Pakhtunkhwa Rural Roads Improvement and Rehabilitation Project	100.000	0.000	1,000.000
Emergency Rural Road Rehabilitation Project	8.205	57.150	109.220
MDTF / Italian Debt	0.001	0.000	120.000
Establishment of heritage field schools in KP	0.000	0.000	120.000
Slums & Informal Settlements Up gradation Program in KP	0.001	0	0
SFD	1,000.00	0.00	0.001
Gravity Flow Water Supply Scheme, District Mansehra	1,000.00	0	0.001
DFID	0.00	0.00	712.000
Improvement of low performance public schools through PPP	0.000	0.000	300.000
Provision for alternative Model for High Quality Edu at Secondary & Higher Secondary levein kin KP	0.000	0.000	200.000
Provison for innovative solutions to improve quality and access to edu in KP	0.000	0.000	200.000
Continuation of PMU for Provison of stipends to Secondary school Girls students of KP	0.000	0.000	12.000
I-Foreign Loans	48,553.975	26,580.345	46,692.331

II-FOREIGN GRANTS			
ADB	1,550.000	0.000	962.993
Block Provision for schemes to be funded from NDRMF	700.000	0.000	464.000
Construction of Flood Embankment on Right Side of Kabul River Reach No.3	125.000	0.000	0.001
Construction of Protection Structures on R/S of Kabul River	150.000	0.000	0.000
Flood and Erosion Protection arrangement of villages/abadies of Moza Shah Nawaz	100.000	0.000	0.001
Construction of Flood Embankment of Kabul River Upper side of Motorway interchange district Nowshera	125.000	0.000	0.001
Provision of Advance Hydrological Equipment and Capacity Building on Real Time Flow Monitoring and Advnace Measurement	50.000	0.000	0.001
Construction of Flood Embankment from Kheshki village Reach-1	100.000	0.000	0.001
Construction of Flood protection embankment kheshki Reach-2	100.000	0.000	0.001
Construction of Protection Structures on R/S of Kabul River U/S and D/S Nowsher Mardan Road Bridge	0.000	0.000	498.986
Construction of Flood Structures along jabba daudzai and zangal koroona areas along kabul and shah alam rivers Nowshera	100.000	0.000	0.001
UNDP	1,339.272	708.688	677.230
Strengthening Rule of Law Project	236.000	107.840	238.100
SDG Unit in KP	50.000	50.360	50.000
Scaling-up of Glacial Lake Outbrust Flood risk reduction in Norhtern PK	300.000	0.000	349.800
Youth and social cohesion project	0.000	0.000	0.000
Kamyab Jawan Youth Empowerment Programme	527.262	536.168	23.230
Khyber Pakhtunkhwa Economic Development Project	200.000	0.000	0.000
Establishment of Forensic Science Laboratory (FSL) at Peshawar	0.010	0.000	0.100
Sustainable Land Management Programme to combat Desertification and land Degradation in KP	26.000	14.320	16.000
SDC/Dutch	135.774	155.352	139.400
Water and energy security through microhydles in the hindukush	0.000	0.000	0.000
Market and Employability for Peace and Stability	91.608	91.600	139.400
Water for Livelihoods phase II	44.166	63.752	0.000

NAS/INL/Italian Debt Swap	285.000	537.680	303.810
Torghar Integrated Area Development Project	100.000	0.000	0.010
Additional Works in Joint Police Training Center at Nowshera	0.000	0.000	0.000
Promotion of Olive in Khyber Pakhtunkhwa	0.000	0.000	100.000
Joint police training centre (phase-II) at Hakim Abad Nowshera	185.000	537.680	203.800
Directorate of Human Rights and its District based Resource Centres with integrated facilities for Public Prosecutors, Govt Pleaders, and Probation Officers, Govt of KP	0.000	0.000	0.000
JICA / JAPAN ASSISTED.	823.687	2.923	400.001
Construction of Boundary Walls in Govt Schools of KP through Tameer-e-School Program	0.001	0.000	0.000
Livelihood Improvement through Livestock Dev in Hazara Division	0.000	0.000	0.001
Rehabilitation of Flood Damages Rural Roads under counter	820.686	0.000	400.000
Promotion of Carp Fisheries in KP	3.000	2.923	0.000
Project for Strengthening Routine Immunization	0.000	0.000	0.000
UK/DFID/GAVI	9,716.375	7,426.995	5,838.430
Sustainable Energy & Economic Development Program	300.000	0.000	477.020
Integration of Health Services Delivery with special focus on MNCH, LHW, EPI and Nutrition Programme	400.000	493.960	0.000
Development of Play Area in Primary schools of KP	318.120	99.960	218.160
Delivering accelerated family planning in Pakistan	585.000	882.710	649.000
Expanded Programme on Immunization EPI	800.000	170.000	0.000
Multi Year Humanitarian Programme	0.000	0.000	0.000
Peace Building Initiative for Khyber Pakhtunkhwa Project	0.000	0.000	0.000
Standardization of Higher Secondary Schools in KP	2000.000	1341.761	3300.000
AAWAZ Voice and Accountability Program	700.000	241.800	360.250
Provision of Stipends to Secondary Schools Girls	1862.450	1862.450	0.000
Continuous Capacity Development of Parent Teachers Councils	55.001	0.000	55.000
Khyber Pakhtunkhwa Girls Community Schools Project Phase-II	217.501	154.893	0.000
Khyber Pakhtunkhwa Girls Community Schools Project Phase-1	285.965	226.757	0.000

Establishment of Independent Monitoring Unit	142.338	1014.754	0.000
Schools Infrastructure in Khyber Pakhtunkhwa	1000.000	616.200	0.000
Capacitating 500 ECE Rooms in Govt Primary Schools in KP	350.000	0.000	350.000
Sub-National Governance Programme-II in KP	700.000	321.750	429.000
Schools furniture project in Khyber Pakhtunkhwa	0.000	0.000	0.000
MDTF	1,956.486	1,246.558	1,970.000
Southern Area Development Project	601.630	57.838	0.000
Digital Jobs for Khyber Pakhtunkhwa	256.000	361.900	289.000
Economic Revitalization in Khyber Pakhtunkhwa	620.856	510.320	1,161.000
Governance and Policy Reforms program	478.000	316.500	520.000
USAID	4,838.232	3,853.537	3,844.920
Agriculture Technology Enhancement Activities (ATEA) in KP	0.000	0.000	0.000
US-Pakistan Centre for advanced studies	94.056	247.728	0.000
schools supplies for KP reconstruction Programme	0.000	0.000	0.000
Gomal Zam Dam Command Area Development and On-Farm Water Management for high value and high efficiency Agriculture Project	1506.722	417.885	1456.999
Skill for Youth Project	0.000	0.000	0.000
KP reconstruction Programme (KPRP)	1687.454	1687.454	362.921
Women's Economic and Social Empowerment	0.000	0.000	500.000
Establishment of Urban Policy Unit	50.000	0.470	0.000
Municipal Service Delivery Project	1500.000	1500.000	1,525.000
Khyber Pakhtunkhwa Governance Project	0.000	0.000	0.000
China/dfid	777.111	0.000	909.840
IT Labs Program in KP (MOFCOM Assisted)	777.111	0.000	909.840
UNICEF/UN/WFP	6,053.593	2,981.804	5,286.900
Strengthening Govt. Efforts to Combat Child Labour through Child Labour Survey in KP	39.233	48.804	54.000
Khyber Pakhtunkhwa Stunting Prevention and Rehabilitation Integrated Nutrition Gain	300.000	0.000	500.000
Multiple Initiative under one UN Programme	5714.360	2933.000	4732.900

KFW	995.815	825.000	1464.356
Promoting sustainable urban Development through resilient resource manag: with a participatory approach in Mansehra	0.000	0.000	300.000
Equipment for Basic Health in Khyber Pakhtunkhwa	0.000	0.000	0.000
Infrastructure Support to Khyber Pakhtunkhwa	500.000	525.000	450.000
Establishment of Safe Blood Transfusion project phase-II	335.100	200.000	185.100
Social Health Protection Initiative for Khyber Pakhtunkhwa	160.715	100.000	529.256
EUROPEAN UNION	2,918.228	1,233.893	3,319.500
KP District Governance & Community Dev. Program	2,401.400	874.000	3,124.000
Citizen Engagement for Responsive and Accountable Governance	60.380	67.705	0.000
Land and Water Development Project Implemented through Helvitas	0.000	0.000	30.500
Programme for economic advnacment and community empowerment	0.000	0.000	165.000
Pakistan Action to Counter Terrorism with Special reference to Khyber Pakhtunkhwa	456.448	292.188	0.000
Technical assistance for implementation of citizens justice and peace program	0.000	0.000	0.000
Rule of Law Programme in Khyber Pakhtunkhwa	0.000	0.000	0.000
UNOPS	673.640	1062.136	536.000
improving quality of learning through provision of sustainable renewable energy solutions in primary schools in southern districts of kp	673.640	1062.136	536.000
Project for Developing Transport Services for Women	0.000	0.000	0.000
SFD	1,232.812	1,233.000	954.969
Saudi Fund for Development Projects	1,232.812	1,233.000	954.969
AUS AID	150.000	130.000	53.320
Provision of Life Saving Maternal and Reproductive Health, Protection support services for Women and Giroks in KP	150.00	130.00	53.320
	0.00	0.00	0.000
II-Foreign Grants	33,446.025	21,397.566	26,661.669
A-Total External Resources (I + II)	82,000.00	47,977.911	73,354.000
Foregin Grant NMAs (B-I)			

ADB	414.00	978.36	0.00
FATA water resource development project	414.00	978.360	0.00
INL	883.000	225.299	479.506
Khyber Area Dev Project Phase 2	160.000	93.860	279.970
Mohmand Area Dev Project	125.000	46.152	100.000
Bajaur Area Dev Project	140.000	85.287	99.536
Levy training centre – Shahkas Implemented by F.C	290.000	0.000	0.000
FATA Levy Posts Impl. By FC	168.000	0.000	0.000
USAID	6900.640	4859.585	3727.029
Community Resilience activity –north USAID Assisted	700.000	225.000	914.590
FATA Infrastructure Project	5105.400	1460.785	2560.000
The Horticultural advancement activity (THAZA)	284.000	252.320	252.439
Restoring subsistence and Commercial Agriculture in FATA	678.760	706.210	0.000
Institute of Rural Manag Pakistan Reading Project Impl: through IRC	41.170	2124.070	0.000
Alternative Livelihoods through the high value corps in merged areas (2018-19)	91.310	91.200	0.000
European Union	1516.000	1209.231	915.029
FATA Dev Program / aid to up rooted people in Pakistan cofinanced by BMZ and EU	1060.000	567.431	0.000
Aid to Uprooted People of Pakistan (AUP 2018-212 through SRSP	456.000	641.800	915.029
JICA	355.000	255.540	228.860
Restoration of livelihoods in KP Tribal Districts	355.000	255.540	228.860
UNDP	1189.090	1698.536	536.102
FATA Transition and recovery program / stabilization and dev program	1189.090	1698.536	536.102
WFP/UNICEF/UN/UNESCO	4346.530	5847.744	4227.000
World Food Programme Country Strategic Plan (2018-22) Impl: by BISP and NGO	2084.000	3600.000	2100.000
UNICEF multiyear work plan (UNICEF) Phase-2	2250.000	2127.000	2127.000
Women Economic Empowerment (UN Women)	0.930	117.822	0.000
Mainstreaming out of school program UNESCO Impl: though Women Empowerment Organization	4.100	0.000	0.000
Wasela -e- Taleem Program at Mohmand BISP/RSPN	7.500	2.922	0.000

KFW / PATRIP	203.000	371.218	334.872
Reintegration & Rehabilitation for TDPs (RRTP 2017-2019 though SRSP)	180.000	249.870	196.660
PATRIP – Renovation and Expansion of Health and Edu facilities 2017- Dec 2018 through SRSP	2.000	28.412	61.212
PATRIP – Sports Complex 2017-Nov 2019 through SRSP	11.000	15.372	35.000
PATRIP – Establishment of Communal Market Bajaur (2017- Nov 2019) Phase-2 through SRSP	10.000	77.564	42.000
China	1,100.00	70.879	1,110.000
FATA Schools Project (Reconstruction/Rehabilitation a fully damaged schools)	1,100.00	70.879	1110.000
DFID	1,486.820	1,628.700	-
Restoration of Livelihoods in KP Tribal Districts 2018-20	1,486.820	1,628.700	0.000
MDTF	459.000	405.020	284.900
Governance and Policy Reforms Programme	409.000	93.020	284.900
Economic Revitalization in KP (Round II)	50.000	312.000	0.000
Total Foregin Grant NMAs (B-I)	18,853.080	17,550.112	11,843.298
B-II ADB Loan / world Bank			
Command Area Dev Woks of KAITU WEIR Irrigation and Power projec of Kurram Tangi Dam Project satage 1	-	-	256.701
Rural Livelihood & Community Intrastructure Project	-	-	0.001
140225-FATA Water Resources Dev project (FWRDP) (GOP component)	-	-	546.000
Total Foregin Loan NMAs (B-II)	-	-	802.702
Total B-I + BII	18,853.080	17,550.112	12,646.000
Grant Total FPA and NMAs	100,853.080	65,528.023	86,000.000

5. Bank of Khyber in 2019

The Bank of Khyber started its commercial operations in November, 1991 and became a scheduled Bank with the State Bank of Pakistan in 1994. Being an MCR complied financial institution, the Bank is currently operating with 169 branches throughout the country out of which 84 branches are functioning as dedicated Islamic Banking Branches. 101 branches are providing banking services in the province of Khyber Pakhtunkhwa. Apart from its presence in all the four provinces, the Bank also provides banking services in Gilgit Baltistan, Merged Areas and Azad Jammu & Kashmir. As a mainstream commercial bank, it offers Islamic as well as Conventional banking services through its expanded branch network in the country. The Bank has established a network of 303 correspondent international banks in 69 countries.

During the year 2019, Bank of Khyber reported Profit before tax amounting to Rs. 2,261 million as against Rs. 707 million in the corresponding period giving increase of 220%. Profit after tax for the same year increased by 180% to reach at Rs. 1,306 million over Rs. 466 million in the corresponding year that translates into earnings per share of Rs.1.31 per share against Rs.0.47 per share in 2018.

In addition to increasing trend in profitability in the banking sector in the year 2019, the main reason for increase in profitability of the bank of Khyber for the year 2019 includes higher non-interest income to Rs 1,112 million against loss of Rs 526 million in the year 2018. This was due to increase in gain on sale of securities to Rs 289 million against a loss of Rs 1,226 million in the year 2018.

Based on profitability of the Bank, a cash dividend of Rs. 0.50 per share i.e. 5% was recommended by the Board of Directors which has already been paid, after approval from shareholders in Annual General Meeting. It is expected that for the year ending 2020, the Bank will be in position to pay much higher dividend than last year.

The Bank of Khyber is currently serving its customers through a variety of products that include Commercial Lending, Agricultural Finance, Islamic Finance, Consumer Finance, Car Finance, Housing Loans, Salary Loan Schemes and Micro Finance Business Development.

Summary of Bank's Performance over the last 3 years

A major focus was on increasing current deposits and low-cost deposits so that the bank may capitalize and increase its profit after tax base. This effort has yielded success as shown in Table 1.

Table 1 Bank of Khyber over the last three years

CONVENTIONAL				
Description	2016	2017	2018	Target 2019
No. of conventional branches	73	83	85	85
Total Deposits (Rs. in Millions)	126,189	122,731	125,274	135,803
Share in KP	86%	83%	85%	87%

ISLAMIC				
No. of Islamic branches	77	83	83	83
Total Deposits (Rs. in Millions)	30,831	36,516	45,903	57,903
Share in KP	88%	87%	87%	89%
CONSOLIDATED				
No. of branches	150	166	169	169
Total Deposits (Rs. in Millions)	157,020	159,247	171,168	193,706
Share in KP	87%	85%	86%	88%

Performance Review for the Year 2019

The total assets' base of the Bank grew to Rs. 306,305 million from Rs.223,095 million registering healthy growth of 37% whereas the shareholders' equity has increased by 22% against the year 2018 and stood at Rs. 14,201 million.

On the liability side, the deposits increased to Rs 182,167 million from Rs. 171,167 million as at December 31, 2018. This growth was based on new customer acquisitions and deepening of the existing portfolio base.

Advances of the Bank showed increase of 16% and stood at Rs. 109,742 million from Rs. 95,011 million of the year 2018. An increase of 56% has been witnessed in the size of investments which showed an amount of Rs. 146,911 million as compared to Rs. 94,233 million of the last year.

These results were achieved without compromising on growth of the balance sheet size, management of cost of deposits, improvement in operational efficiencies and without ignoring the asset quality. The Return on Assets (ROA) and Return on Equity (ROE) stood at 0.43% and 9.20% respectively.

Both the credit rating agencies operating in Pakistan i.e. PACRA & JCR-VIS has reaffirmed short term entity ratings at A1 (A one) and long term entity ratings at A.

The growth in all operational areas of the Bank showed resilience in a persistently challenging environment and the confidence of general public in the Bank for its vital role being played for socio-economic uplift of the province of Khyber Pakhtunkhwa and the Country as a whole.

The Bank of Khyber is providing funding for SME businesses in following segments;

- a. **Small & Medium Enterprises Finance** - for trade, manufacturing & service sectors
- b. **Agriculture Finance** - for agriculture inputs & farm development
- c. **Housing Finance** - for construction, purchase & renovation of houses and microfinance through insaf rozgar scheme

Year	Total Approvals	Approvals for KP	% Share of KP
2016	170 million	131 million	77%
2017	308 million	236 million	77%
2018	309 million	250 million	81%

Outlook for 2020

In the year 2020, the economy is likely to suffer due to the global economic effects caused by lockdowns in the wake of COVID-19. Post pandemic scenario, the economy will continue to benefit mostly from investments related to China-Pakistan Economic Corridor. Besides, the Government and SBP steps to dampen the effects of COVID-19 will go a long way in stabilizing the business environment and generating business activity. Improved security conditions, credit growth and investments associated with several infrastructure projects is expected to fuel growth in the near future.

Taking cognizance of the complex business environment and stands committed to its strategy of steady growth, the bank is focusing to make transition from a small sized bank to a robust medium sized bank. Its prime focus is to further augment human resource and improve systems and controls for which appropriate measures are being taken. The bank emphasis is to build and maintain quality advances portfolio and to shed costly deposits with the reliance of current / saving accounts from the private and corporate sector. Further, more emphasis is being placed on increasing advances in the corporate sector to improve the Bank's ADR and profitability.

The Bank is fully confident that the goals set for the ensuing year will be materialized and our expanding network of branches would impressively contribute to meet the targets accordingly.

6. Foreign Exchange Loan Liabilities as on 01-07-2020 (In Million)

Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2020
IDA-678-Pak (3rd Education Project)	0.75%	80 half yearly	15-2-1987	*0.132
IDA-683-Pak (Flood Damages Restoration Project)	0.75%	80 half yearly	15-5-1987	*0.501
IDA-755-Pak (Hazara Forestry Project)	0.75%	80 half yearly	1-4-1998	0.088
IDA-877-Pak (Salinity Control & Reclamation Project Mardan)	0.75%	80 half yearly	1-4-1989	*5.657
IDA-892-Pak (4th Primary Education Project)	0.75%	80 half yearly	1-9-1989	*0.326
IDA-1113-Pak (Bannu Leather Goods Services Control Project)	0.75%	80 half yearly	1-8-1991	*0.287
IDA-1163-Pak (On-Farm Water Management Project)	0.75%	80 half yearly	1-12-1991	*0.676
IDA-1239-Pak (Irrigation System Rehab: Project)	0.75%	80 half yearly	1-10-1992	*0.974
IDA-1487-Pak Command Water Mangt Project	0.75%	80 half yearly	15-6-1994	*1.363
IDA-1499-Pak (Small Industries Dev. Board Project)	0.75%	80 half yearly	15-1-1995	*0.065
IDA-1602-Pak (2nd Primary Education Project)	0.75%	80 half yearly	1-11-1995	*5.625
IDA-1603-Pak (On-Farm Water Mangt. Project)	0.75%	80 half yearly	1-11-1995	*1.346
IDA-1888-Pak (2nd Irrigation System and Rehabilitation Project)	0.75%	50 half yearly	1-8-1998	*0.724
IDA-2003-Pak (1988 Flood Damages Restoration Project)	0.75%	50 half yearly	15-9-1999	*0.596
IDA-2154-Pak (2nd Agriculture Research Project)	0.75%	50 half yearly	1-11-2000	*1.031
IDA-2240-Pak (Family Health Project)	0.75%	50 half yearly	1-11-2001	*4.267
IDA-2245-Pak (On-Farm Water Management Project)	0.75%	50 half yearly	15-9-2001	*1.377
IDA-2383-Pak (Environmental Protection and Resource Conservation Project)	0.75%	50 half yearly	15-11-2002	*1.087
IDA-2468-Pak (1992 Flood Damages Restoration Project)	0.75%	50 half yearly	15-3-2003	*0.938
IDA-2593-Pak (Social Action Program)	0.75%	50 half yearly	1-8-2004	*2.293
IDA-2687-Pak (Primary Education Project)	0.75%	50 half yearly	15-8-2005	*44.444
IDA-2829-Pak (KP Community Infrastructure Project)	0.75%	50 half yearly	07-01-06	*9.164
IDA-2999-Pak (National Drainage Programme)	0.75%	50 half yearly	15-11-2007	*1.033
IDA-3050-Pak (Social Action Program-II)	0.75%	50 half yearly	15-9-2008	*4.668
IDA-3516-1 Pak (Investment Programme-I)	0.75%	50 half yearly	15-12-2015	*8.974

Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2020
IDA 3516-Pak NWFP Emergency Rehabilitation Project	0.75%	50 half yearly	15-6-2011	*15.867
IDA-3687-Pak KP Structural Adjustment Credit (SAC I)	0.75%	50 half yearly	15-12-2012	**4568.931
IDA-3776-Pak (Provincial HIV AIDS Control)	0.75%	50 half yearly	15-6-2013	*2.811
IDA-3906-Pak (Second KP Community Infrastructure Project)	0.75%	50 half yearly	15-9-2014	*31.738
IDA-3932-I Pak KP Structural Adjustment Credit (SAC II)	0.75%	50 half yearly	15-9-2014	*42.500
IDA-3932-Pak KP Structural Adjustment Credit (SAC II)	0.75%	50 half yearly	15-9-2014	*76.500
IDA-4177-Pak (Developmental Policy Credit-I)	0.75%	50 half yearly	15-9-2006	*83.735
IDA-4316-Pak (Developmental Policy Credit-II)	0.75%	50 half yearly	29-9-2007	*119.658
IDA-5786-Pak National Immunization Support Project	0.75%	50 half yearly	01-10-2018	*0.614
ADB-433-Pak (Aquaculture Dev: Project)	1%	60 half yearly	1-5-1990	*0.000
ADB-495-Pak (On Farm Water Mangt. Project)	1%	60 half yearly	15-5-1991	*0.064
ADB-723-Pak (Chashma Command Area Development Project)	1%	60 half yearly	15-12-1994	*6.212
ADB-758-Pak (Farm to Market Roads Project)	1%	50 half yearly	1-4-1996	*0.540
ADB-759 Pak (Science Education for Secondary School Project)	1%	60 half yearly	15-5-1996	*0.377
ADB-838-Pak (Chitral Area Dev. Project)	1%	60 half yearly	15-12-1997	*6.038
ADB-850-Pak (3rd Health Project)	1%	50 half yearly	1-3-1998	*1.343
ADB-851-Pak (Fruit and Vegetable Marketing Project)	1%	50 half yearly	15-4-1998	*0.148
ADB-874-Pak (Chashma Right Bank Irrigation Project Stage-II)	1%	50 half yearly	15-4-1998	*0.979
ADB-916-Pak (2nd Aquaculture Dev: Project)	1%	50 half yearly	15-1-1999	*0.532
ADB-917-Pak (2nd Farm to Market Road Project)	1%	50 half yearly	1-2-1999	*3.089
ADB-957-Pak (1988-Flood Damages Restoration Project)	1%	50 half yearly	1-10-1999	*0.670
ADB-973-Pak (Livestock Development Project.	1%	50 half yearly	15-2-2000	*0.535
ADB-976-Pak (Swabi Salinity Control and Reclamation Project)	1%	50 half yearly	15-12-1999	*4.809
ADB-977-Pak (Primary Education Girls Project)	1%	50 half yearly	15-6-2000	*1.265
ADB-1004-Pak (2nd Urban Dev: Project)	1%	50 half yearly	15-6-2000	*14.850
ADB-1146-Pak (Chashma Right Bank Irr: Project Stage-III)	1%	50 half yearly	15-3-2002	*23.126
ADB-1179-Pak (Barani Area Dev. Project)	1%	50 half yearly	15-3-2003	*8.733
ADB-1185-Pak (Provincial Highway Project)	1%	50 half yearly	15-3-2003	*3.651

Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2020
ADB-1200-Pak (Health Care Dev. Project)	1%	50 half yearly	15-3-2003	*1.152
ADB-1209-Pak (Flood Damages Restoration Sectors Project)	1%	50 half yearly	15-3-2003	*5.677
ADB-1210-Pak (Teacher Training Project)	1%	50 half yearly	15-2-2003	*2.248
ADB-1278-Pak (Middle School Project)	1%	50 half yearly	15-01-2004	*6.630
ADB-1294-Pak (Pehur High Level Canal Project)	1%	50 half yearly	15-05-2004	*54.230
ADB-1301-Pak Social Action Program-I	1%	50 half yearly	15-9-2004	*6.158
ADB-1373-Pak (Technical Edu: Project)	1%	50 half yearly	15-11-2005	*1.658
ADB-1401-Pak (Rural Access Road Project)	1%	50 half yearly	1-2-2006	*13.722
ADB-1403-Pak (Forestry Sector Project)	1%	50 half yearly	15-5-2006	*22.365
ADB-1454-Pak (Primary Education Girls Project-II)	1%	50 half yearly	1-1-2007	*2.084
ADB-1493-Pak Social Action Program-II	1%	50 half yearly	15-03-2007	*14.424
ADB – 1534-Pak Secondary Education Project	1%	50 half yearly	02-01-08	*5.123
ADB – 1671Pak Women Health Project	1.50%	50 half yearly	15-10-2005	*3.108
ADB-1672-Pak Malakand Rural Dev:Project	1%	50 half yearly	01-09-2008	*27.175
ADB-1787-Pak Barani Area Development Project Phase-II	1.50%	50 half yearly	15-05-2009	*27.083
ADB-1854-Pak KP Urban Dev. Project	1.50%	50 half yearly	15-10-2008	*2.624
ADB-1877-Pak Agriculture Sector Programme(ASPL-II)	1.50%	32 half yearly	03-01-10	*3.258
ADB-1900 -Pak Reproductive Health Project	1.5%	48 half yearly	15-05-2010	*0.188
ADB-2103 -Pak WFP Road Dev. Project	Libor + 0.60%	40 half yearly	02-01-10	****8339.820
ADB-2104-Pak Road Dev: Sector	1.50%	48 half yearly	02-01-13	*1.592
ADB-2135 –Pak Restructuring and Vocational Training System Project	1.50%	48 half yearly	15-05-2013	*1.332
ADB-2286-Pak Renewable Energy Development Sector	Libor + 0.60%	40 half yearly	15-12-2011	****3367.645
ADB-3470-Pak Pehur High level Canal Ext. Project	Libor + 0.60%	40 half yearly	01-04-2022	*17.691
ADB-3543-Pak Peshawar Sustainable Bus Rapid Transit Corridor	Libor + 0.60%	40 half yearly	01-08-2022	*295.123
ADB-3476-Pak Access to Energy	Libor + 0.60%	40 half yearly	01-04-2022	*95.753
ADB-2287-Pak Renewable Energy Development Sector	1.50%	48 half yearly	15-12-2014	*2.195
IBRD-3327-Pak (On-Farm Water Mangt. Project Phase-III)	0.75%	50 half yearly	15-9-2001	*0.690
IFAD-18-Pak (4th Agriculture Dev. Project)	1%	80 half yearly	1-9-1989	*0.213
IFAD-83-Pak (On-Farm Water Mangt. Project)	1%	80 half yearly	1-6-1992	*0.160
IFAD-558-PAK NWFP Barani Area Development Project	0.75%	60 half yearly	15-02-11	*6.524

Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2020
West German No.8267528 (Hospital Equipment in Khyber Pakhtunkhwa)	0.75%	80 half yearly	30-6-1994	***1.823
West German No. 8267585 (Drinking Water Supply in Refugees Camps in Khyber Pakhtunkhwa).	0.75%	80 half yearly	30-6-1994	***2.632
PKP-62 KP Emergency Road Rehabilitation Project	0.01%	40 half yearly	20-08-2021	****11,053.822
AFD1045-Additional Financing for BRT Peshawar	Euribor+52 bps	EURO		*****33.305
IDA-6421-KP Revenue Mobilization and Public Resource Manag		SDR		*****8.623
			(Figures in million)	
Currency Name	Foreign Currency	Conversion rate for 2019-20	Pak Currency	
U.S. Dollar	1,168.204	1US\$ = Rs. 165	192,753.583	
Pak-Rupees	4,568.931		4,568.931	
DM (German Marks)	4.455	1DM = Rs. 98.6774	439.558	
Japanese Yen	22,761.288	1 ¥ =Rs.1.6427	37,389.967	
EURO	33.305	193.1264	6,432.000	
SDR	8.623	241.5002	2,082.512	
Total			243,666.551	

*US Dollar ** Pak-Rupees *** DM (German mark) ****Japanese Yen *****EURO *****SDR

7. Grant Wise General Abstract of Current Budget for the Year 2020-21 (PKR)

DEMAND NO	DEPARTMENTS	BUDGET ESTIMATES 2019-20	REVISED ESTIMATES 2019-20	POSTS 2020-21	BUDGET ESTIMATES 2020-21		
					SALARY	NON SALARY	TOTAL
1	PROVINCIAL ASSEMBLY	1,358,031,000	1,358,031,000	600	921,054,000	376,555,000	1,297,609,000
2	GENERAL ADMINISTRATION	4,241,701,000	3,520,625,000	2,980	1,913,913,000	1,534,879,000	3,448,792,000
3	FINANCE, TREASURIES AND LOCAL FUND AUDIT	2,250,483,000	2,178,574,000	1,509	1,050,617,000	1,241,513,000	2,292,130,000
4	PLANNING & DEVELOPMENT AND BUREAU OF STATISTICS	618,716,000	551,707,000	646	377,045,000	91,889,000	468,934,000
5	INFORMATION TECHNOLOGY	111,785,000	147,895,000	139	68,893,000	312,860,000	381,753,000
6	REVENUE & ESTATE	1,337,183,000	1,508,842,000	1,530	528,490,000	499,110,000	1,027,600,000
7	EXCISE, TAXATION & NARCOTICS CONTROL	764,039,000	807,036,000	1,384	634,044,000	102,729,000	736,773,000
8	HOME & TRIBAL AFFAIRS	1,778,000,000	1,720,335,000	1,654	929,026,000	678,502,000	1,607,528,000
9	JAILS & CONVICTS SETTLEMENT	2,800,000,000	3,054,021,000	4,321	1,809,974,000	1,121,382,000	2,931,356,000
10	POLICE	47,975,000,000	50,318,122,000	86,442	43,453,637,000	4,102,319,000	47,555,956,000
11	ADMINISTRATION OF JUSTICE	6,935,100,000	8,394,734,000	7,715	5,774,459,000	902,898,000	6,677,357,000
12	HIGHER EDUCATION, ARCHIVES & LIBRARIES	13,895,001,000	11,963,995,000	15,866	11,216,788,000	1,573,821,000	12,790,609,000
13	HEALTH	54,973,178,000	54,973,178,000	17,619	31,004,738,000	36,443,825,000	67,448,563,000
14	COMMUNICATION & WORKS	3,211,233,000	3,188,375,000	6,361	2,675,000,000	294,000,000	2,969,000,000
15	ROADS HIGHWAYS & BRIDGES (REPAIR) AND BUILDINGS & STRUCTURES (REPAIR)	4,863,198,000	4,816,425,000	-	-	1,741,000,000	1,741,000,000
16	PUBLIC HEALTH ENGINEERING	7,152,044,000	9,417,240,000	11,593	3,816,561,000	3,751,024,000	7,567,585,000
17	LOCAL GOVERNMENT *	5,051,991,000	5,911,557,000	162	201,318,000	10,083,721,000	10,285,039,000
18	AGRICULTURE	2,657,683,000	3,288,888,000	3,465	1,715,762,000	328,981,000	2,044,743,000
19	ANIMAL HUSBANDRY	1,283,295,000	1,297,873,000	1,730	830,072,000	340,081,000	1,170,153,000
20	CO-OPERATION	32,728,000	35,189,000	44	29,090,000	7,803,000	36,893,000
21	ENVIRONMENT & FORESTRY	2,842,982,000	2,546,257,000	4,416	1,835,394,000	306,278,000	2,141,672,000
22	FORESTRY (WILDLIFE)	675,521,000	753,621,000	1,457	518,911,000	116,910,000	635,821,000
23	FISHERIES	126,455,000	126,412,000	262	98,760,000	24,327,000	123,087,000
24	IRRIGATION	4,599,518,000	4,977,785,000	7,916	2,983,033,000	994,621,000	3,977,654,000
25	INDUSTRIES	601,113,000	567,446,000	675	309,521,000	338,728,000	648,249,000
26	MINERAL DEVELOPMENT AND INSPECTORATE OF MINES	994,396,000	809,082,000	1,144	361,039,000	386,486,000	747,525,000
27	STATIONERY AND PRINTING	186,628,000	231,684,000	214	79,108,000	128,533,000	207,641,000
28	POPULATION WELFARE	626,943,000	585,871,000	339	205,068,000	177,908,000	382,976,000
29	TECHNICAL EDUCATION AND MANPOWER	2,439,957,000	2,033,009,000	2,757	1,372,244,000	725,237,000	2,097,481,000
30	LABOUR	492,531,000	416,711,000	588	257,289,000	113,463,000	370,752,000
31	INFORMATION & PUBLIC RELATIONS	553,309,000	553,116,000	373	202,821,000	283,130,000	485,951,000
32	SOCIAL WELFARE, SPECIAL EDUCATION & WOMEN EMPOWERMENT	857,229,000	832,483,000	221	128,191,000	668,089,000	796,280,000
33	ZAKAT & USHER	277,123,000	230,078,000	357	186,393,000	48,960,000	235,353,000

DEMAND NO	DEPARTMENTS	BUDGET ESTIMATES 2019-20	REVISED ESTIMATES 2019-20	POSTS 2020-21	BUDGET ESTIMATES 2020-21		
					SALARY	NON SALARY	TOTAL
34	PENSION	69,913,021,000	74,008,335,000	-	-	86,000,000,000	86,000,000,000
35	SUBSIDIES	3,150,012,000	3,149,198,000	-	-	3,150,012,000	3,150,012,000
36	GOVERNMENT INVESTMENT & COMMITTED CONTRIBUTION	9,000,000,000	3,750,000,000	-	-	4,000	4,000
37	AUQAF, RELIGIOUS, MINORITY & HAJJ AFFAIRS	119,590,000	109,084,000	49	32,338,000	127,455,000	159,793,000
38	SPORTS, CULTURE, TOURISM & MUSEUMS	909,000,000	1,894,032,000	1,030	353,569,000	1,986,980,000	2,340,549,000
39	DISTRICT NON SALARY	18,209,232,000	18,209,232,000	-	-	17,800,012,000	17,800,012,000
40	GRANT TO LOCAL COUNCILS	5,772,043,000	5,772,043,000	-	-	6,272,043,000	6,272,043,000
41	HOUSING	43,425,000	42,159,000	49	34,573,000	302,631,000	337,204,000
42	DISTRICT SALARY	135,028,502,000	145,527,000,000	330,540	150,000,000,000	-	150,000,000,000
43	INTER PROVINCIAL COORDINATION	55,618,000	52,462,000	56	39,316,000	8,941,000	48,257,000
44	ENERGY AND POWER	153,086,000	138,780,000	197	89,066,000	17,318,000	106,384,000
45	TRANSPORT & MASS TRANSIT	347,771,000	811,308,000	512	191,634,000	2,092,263,000	2,283,897,000
46	ELEMENTARY & SECONDARY EDUCATION	8,007,336,000	7,642,900,000	1,192	1,795,456,000	6,142,421,000	7,937,877,000
47	RELIEF REHABILITATION AND SETTLEMENT	8,027,270,000	8,027,270,000	4,322	4,275,795,000	5,587,358,000	9,863,153,000
62	COVID-19 PANDEMIC BLOCK	-	-	-	-	15,000,000,000	15,000,000,000
-	DEBT SERVICING (INTEREST PAYMENT)	10,000,000,000	14,300,000,000	-	-	16,500,000,000	16,500,000,000
TOTAL (REVENUE BUDGET)		447,300,000,000	466,550,000,000	524,426	274,300,000,000	230,829,000,000	505,129,000,000
CAPITAL EXPENDITURE							
48	LOANS AND ADVANCES	210,000,000	210,000,000	-	-	314,000,000	314,000,000
-	DEBT SERVICING (LOAN FROM FEDERAL GOVT. DISCHARGED)	9,490,000,000	9,990,000,000	-	-	11,700,000,000	11,700,000,000
TOTAL (Capital Budget)		9,700,000,000	10,200,000,000	-	-	12,014,000,000	12,014,000,000
GRAND TOTAL (Revenue + Capital)		457,000,000,000	476,750,000,000	524,426	274,300,000,000	242,843,000,000	517,143,000,000
NEWLY MERGED AREAS (NMAs)							
61	PROVINCIAL	50,996,091,000	38,039,595,000	50,489	26,323,934,000	28,910,946,000	55,234,880,000
61	DISTRICT	27,268,990,000	27,268,990,000	52,905	25,658,620,000	6,370,715,000	32,029,335,000
61	GRANT TO LOCAL COUNCILS	717,617,000	681,555,000	-	-	717,617,000	717,617,000
61	STATE TRADING IN FOOD GRAINS AND SUGAR	17,302,000	9,860,000	35	17,446,000	722,000	18,168,000
TOTAL NMAs		79,000,000,000	66,000,000,000	103,429	52,000,000,000	36,000,000,000	88,000,000,000
GRAND TOTAL (Provincial + NMAs)		536,000,000,000	542,750,000,000	627,855	326,300,000,000	278,843,000,000	605,143,000,000
CAPITAL EXPENDITURE - FOOD (ACCOUNT-II)							
49	STATE TRADING IN FOOD GRAINS AND SUGAR	93,281,942,000	41,492,010,000	1,470	513,307,000	98,476,483,000	98,989,790,000
-	DEBT SERVICING (FLOATING DEBT)	15,000,000,000	15,000,000,000	-	-	15,000,000,000	15,000,000,000
TOTAL Capital Budget (Account-II)		108,281,942,000	56,492,010,000	1,470	513,307,000	113,476,483,000	113,989,790,000

* Local Government Department is Administrative Department by service delivery institutions like TMA, VCS/NCs etc. These institutions are funded from multiple funding such as PFC Award, Grant to Local Councils and UIPT share.

8. General Abstract of Development Budget for the Year 2020-21 (PKR)

DEMAND NO.	General Revenue Receipts	BUDGET ESTIMATES 2019-20	REVISED ESTIMATES 2019-20	BUDGET ESTIMATES 2020-21
50	DEVELOPMENT	26,445,000,000	18,848,275,842	21,384,000,000
51	RURAL AND URBAN DEVELOPMENT	30,436,000,000	21,068,660,347	25,230,000,000
52	PUBLIC HEALTH ENGINEERING	3,799,000,000	3,591,683,490	3,548,000,000
53	EDUCATION AND TRAINING	15,455,000,000	12,098,169,591	17,289,000,000
54	HEALTH SERVICES	10,245,000,000	10,302,466,200	11,717,000,000
55	CONSTRUCTION OF IRRIGATION	10,350,000,000	11,302,258,440	9,581,000,000
56	CONSTRUCTION OF ROADS, HIGHWAYS AND BRIDGES	11,270,000,000	17,788,486,090	15,251,000,000
57	SPECIAL PROGRAMME	-	17,602,671,000	-
58	DISTRICT PROGRAMME	46,000,000,000	4,000,000,000	44,571,000,000
60	NEWLY MERGED AREAS	83,000,000,000	55,882,012,000	95,932,000,000
TOTAL		237,000,000,000	172,484,683,000	244,503,000,000
59	FOREIGN AIDED PROJECTS	82,000,000,000	47,977,911,000	73,354,000,000
GRAND TOTAL		319,000,000,000	220,462,594,000	317,857,000,000

9. List of Administrative Departments Responsible for Tax Collection

Tax Revenues Collecting Administrative Departments	Non-tax Revenues Collecting Administrative Departments
<ol style="list-style-type: none"> 1. Excise Taxation & Narcotics Control (Urban Immovable Property Tax, Motor Vehicle Excise, Infrastructure Development Cess, Tobacco Development Cess) 2. Khyber Pakhtunkhwa Revenue Authority (KPRA) under Finance Act 2013 (Sales Tax on 91 Services) 3. Revenue & Estate (Board of Revenue) [Mutation, Agricultural Income Tax, Stamp duties, Registration fees, Land Revenue, urban Capital Value Tax) 4. Energy & Power (Tariffs on Hydel Power Projects by PEDO & Electricity duty by Electric inspectorate) 5. Transport & Mass Transit (Adda License fee, Transport fares, Goods and Forwarding Agencies, Route Permits fee, Motor Vehicle Fitness/Examiners) 6. Information & Public Relations (Print and electronic media, printing press of DGPR, Advertisements on Pakhtunkhwa FM Radio, Registration/renewal of Newspapers & Advertising Agencies) 	<ol style="list-style-type: none"> 1. Administration (KP Service Tribunal, KP Public Service Commission, Anti-Corruption, Transport Auctions, Estate Office), 2. Home (Arms License, Security Companies & IG Prisons), Irrigation (Abiana) 3. Police (Traffic Fines, Driving license, Supernumerary), 4. Labour (Weights & Measures, Labour Courts, Shops & Settlements), Finance (Local Fund Audit) 5. Public Health Engineering (Water rates, Water meters, Water Connections), 6. Works & Services (C&W), Local Government 7. Forestry, Environment, Wildlife & Environmental Protection Agency (EPA), 8. Mines & Minerals Development (Cement Industry) 9. Sports, Culture, Tourism (Tourist services), Archaeology/Museums and Youth Affairs 10. Elementary & Secondary Education, Higher Education, 11. Law (Peshawar High Court), Food (Sugarcane Development Cess) 12. Agriculture, Livestock, Dairy Development & Fisheries 13. Industries, Manpower & Technical Education (TEVTA)

PROJECTIONS

1. Medium Term Fiscal Framework 2018-23 - Settled Districts (Rs. in million)

HEAD	Actuals	B.E	B.E	Forecast	Forecast
	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue	462,984	749,000	749,354	694,609	757,377
Federal Transfers	393,004	533,261	477,519	515,575	562,446
Federal Tax Assignment	327,924	453,200	404,766	436,155	475,806
1% for War on Terror	39,402	54,455	48,636	52,408	57,172
Straight Transfers	25,678	25,606	24,117	27,012	29,468
Provincial Tax & Non Tax Revenue	31,829	53,404	49,234	51,626	57,738
Provincial Tax Receipts	19,920	33,023	28,147	32,400	37,550
Property tax	1,259	1,400	2,000	350	350
General Sales Tax on services	10,354	20,354	19,850	21,000	24,000
Excise duties	60	35	-	-	-
Stamp duties	1,540	1,700	1,600	1,550	1,650
Motor vehicles tax	1,845	1,433	2,138	1,850	1,900
Infrastructure Dev Cess	149	200	150	150	150
Other	5,017	8,979	3,949	7,500	9,500
Less Council Share (-) in UIP Tax	(303)	(1,078)	(1,540)	-	-
Provincial Non-Tax Receipts	11,908	20,382	21,087	19,226	20,188
Interest	75	82	61	128	128
Irrigation	376	578	462	649	750
Hydel Own Generation	1,060	5,605	8,442	3,068	3,721
Commercialization of Govt. Property	-	-	-	-	-
Others	10,398	14,117	12,122	15,381	15,589
Profits from Hydro electricity	6,905	21,183	21,495	33,058	33,058
Financing From HDF	-	-	-	-	-
Financing From Past Savings/Cash Balance and from low Expenditure Outturn/ Operational Shortfall	-	24,410	46,731	-	-
Grants	7,935	82,000	73,354	60,000	63,000
Incentive on Cash Balance		-	-	-	-
Other Non Development Grants from Federal		-	-	-	-
PSDP(Federal)	7,935	-	-	-	-
Foreign Grants (PDMA)		-	-	-	-
Foreign Grants (FPA)		82,000	73,354	60,000	63,000
Capital Receipts	10,216	250	44,250	34,350	41,135
Recovery of Investment & loans	78	250	250	250	250
Domestic Loan	-	-	44,000	-	-
Foreign Loans (FPA)	10,138	-	-	34,100	40,885
NHP arrears	13,095	34,492	36,771	-	-

HEAD	Actuals	B.E	B.E	Forecast	Forecast
	2018-19	2019-20	2020-21	2021-22	2022-23
Expenditure	491,855	693,000	739,068	754,289	808,257
Current Expenditure	368,957	447,300	505,129	532,105	576,786
Salary	84,266	120,971	124,300	126,786	129,322
Pension	67,484	69,913	86,000	94,600	104,060
Non-Salary O&M and Contingency	60,632	75,506	86,107	96,440	108,013
Subsidy	2,900	2,900	3,150	3,150	3,150
Investment and Committed contributions		9,000	0	0	0
Interest Payments	10,349	10,000	16,500	18,150	19,965
Covid-19 Fund		-	15,000	-	-
Transfer to Local Government	143,326	159,010	174,072	192,979	212,277
Transfers to Local Councils	4,016	5,772	6,272	6,899	7,589
Transfers to Local Governments (District Salary)	129,075	135,029	150,000	166,500	183,150
Transfers to Local Governments (District Non Salary)	10,235	18,209	17,800	19,580	21,538
Capital Expenditure	8,778	9,700	12,014	13,184	14,471
Domestic Debt	-	-	-	-	-
Federal Debt	-	-	-	-	-
Debt Servicing - Account I	8,598	9,490	11,700	12,870	14,157
Loans & Advances - Account I	181	210	314	314	314
Fiscal Space	85,249	292,000	232,211	149,320	166,120
Development Expenditure	114,120	236,000	221,925	209,000	217,000
ADP(Provincial)	83,750	108,000	104,000	100,000	102,000
ADP(Districts)	16,972	46,000	44,571	39,000	40,000
PSDP	2,153	-	-	-	-
Foreign Project Assistance	11,245	82,000	73,354	70,000	75,000
NMAs Total Revenue	-	151,000	173,646	177,100	194,810
NMAs Total Expenditure	-	162,000	183,932	189,719	207,191
Grand Total Revenue	462,984	900,000	923,000	871,709	952,187
Grand Total Expenditure	491,855	855,000	923,000	944,008	1,015,448
Surplus /Deficit	(28,871)	45,000	0	(72,299)	(63,261)

2. Medium Term Fiscal Framework 2018-23 - Merged Districts (Rs. in million)

HEAD	B.E	B.E	B.E	Forecast	Forecast
	2018-19	2019-20	2020-21	2021-22	2022-23
Total Revenue	-	151,000	173,646	177,100	194,810
Federal Grant for NMAs Current Budget		79,000	88,000	96,800	106,480
Federal Grant for NMAs Development Budget		72,000	73,000	80,300	88,330
Funding FATA Ten Year Development Plan		48,000	73,000	80,300	88,330
Federal Contribution/Transfers		48,000	73,000	80,300	88,330
NMAs Annual Development Program		24,000	-	-	-
Foreign Project Assistance (NMAs)		-	12,646	-	-
Total Expenditure	-	162,000	183,932	189,719	207,191
Current Expenditure		79,000	88,000	95,509	103,559
Salary		22,984	26,324	26,850	27,387
Pension		-	4	4	5
Non-Salary O&M and Contingency		28,012	28,907	32,376	36,261
Transfers to Local Councils		718	718	789	868
Transfers to Local Governments (District Salary)		24,437	25,659	28,481	31,329
Transfers to Local Governments (District Non Salary)		2,832	6,371	7,008	7,709
Account-II-Salary		17	17	18	18
Account-II-Non Salary		1	1	1	1
Development Expenditure		83,000	95,932	94,211	103,632
ADP (NMAs)		24,000	36,646	40,311	44,342
10 Years Plan		48,000	49,000	53,900	59,290
KP Contribution (3% Share)		11,000	-	-	-
ADP(Districts)			10,286		
Total Revenue		151,000	173,646	177,100	194,810
Total Expenditure		162,000	183,932	189,719	207,191

List of Acronyms

ADB	Asian Development Bank	MCR	Minimum Capital Requirement
ADP	Annual Development Program	MGCL	Mari Gas Company Limited
AJK	Azad Jammu Kashmir	MMBTU	Million Metric British Thermal Units
BCC	Budget Call Circular	MOL	Magyar OLaj
BE	Budget Estimates	MPCL	Mari Petroleum Company Limited
BOK	Bank of Khyber	MTBF	Medium Term Budgetary Framework
BTR	Budget Transparency Review	NEC	National Economic Council
C&W	Communication and Works	NEPRA	National Electric Power Regulatory Authority
CBO	Community Based Organization	NFC	National Finance Commission
CDL	Cash Development Loans	NHP	Net Hydel Profit
CDLD	Community Driven Local Development	NSS	National Saving Scheme
CCI	Council of Common Interest	O&M	Operation and Maintenance
CVT	Capital Value Tax	OGDCL	Oil & Gas Development Company Limited
COVID	COVID -19 Virus	OGRA	Oil and Gas Regulatory Authority
		OPL	Ocean Pakistan Limited
DGCD	District Governance and Community Development	PAC	Public Accounts Committee
DRM	Disaster Risk Management	PRC	Purchase Reserves Center
E&SE	Elementary and Secondary Education	PEDO	Pakhtunkhwa Energy Development Organization
FD	Finance Department	PF	Pension Fund
FATA	Federally Administered Tribal Areas	PEPCO	Pakistan Electric Power Company
GB	Gilgit Baltistan	PFM	Public Financial Management
GPIF	General Provident Investment Fund	PIBS	Pakistan Investment Bonds
GST	General Sales Tax	PPL	Pakistan Petroleum Limited
HDF	Hydel Development Fund	PSDC	Petroleum Social Development Committee
IDS	Integrated Development Strategy	RBDC	Retirement Benefit & Death Compensation
IPD	Inverse Population Density	RE	Revised Estimates
IDA	International Development Association	ROA	Return on Assets
KCM	Kazi Committee Methodology	ROE	Return on Equity
KPFM	Khyber Pakhtunkhwa Funds Management	SNGPL	Sui Northern Gas Pipeline Limited
KPOGCL	Khyber Pakhtunkhwa Oil & Gas Company Limited	SDPF	Strategic Development Partnership Framework
KPRA	Khyber Pakhtunkhwa Revenue Authority	SME	Small & Medium Enterprises
KPPRA	Khyber Pakhtunkhwa Public Procurement Authority	SSGCL	Sui Southern Gas Company Limited
KWh	Kilowatt hour	SYFA	System of Funds Administration
LGA	Local Government Act	T-Bills	Treasury Bill
LIBOR	London Inter Bank Offered Rate		