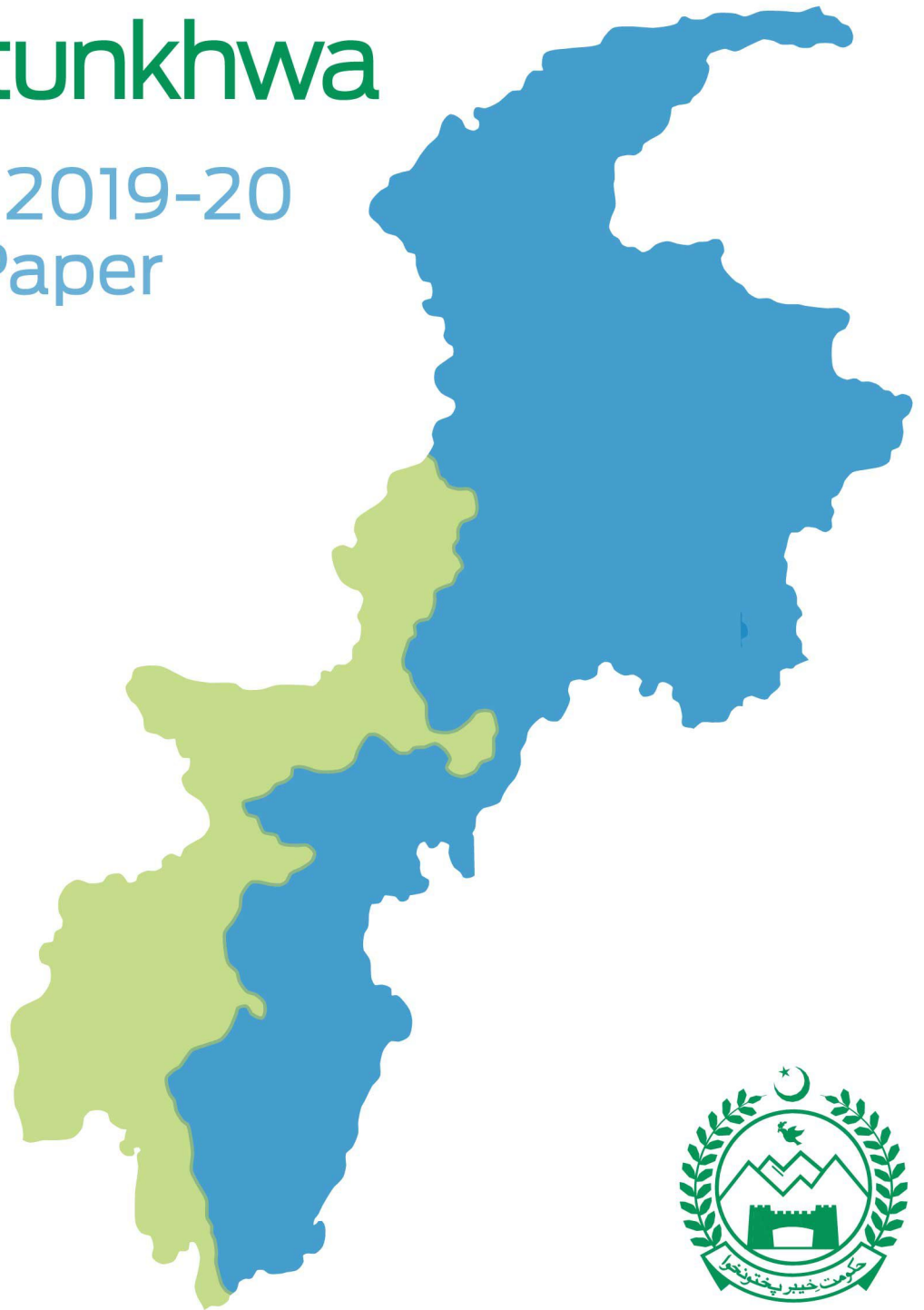


ONE

Khyber Pakhtunkhwa

Budget 2019-20
White Paper





Government of Khyber Pakhtunkhwa

White Paper

2019/20 Budget

FOREWORD

This is the second budget of this PTI government. The first was a mid-year budget, presented in October, with an emphasis on continuity.

This second budget is budget of clean-up and change. It is also a budget of a new beginning; appropriate not only because it is the first combined budget for a larger Pakhtunkhwa including the 7 Merged Areas, but also a reset in terms of the economic management and financial strategy of this province.

But if there is a number that describes the essence of this budget, it is the number “1”.

- “1” because it reflects a new beginning and the first budget for a larger and more ambitious province, a single new Pakhtunkhwa.
- “1” because while October’s budget reflected the need for continuity mid-year, this year’s budget reflects what that new beginning needs; a bold new approach in financial and economic management and governance that should have happened ages ago; a change that only Imran Khan’s Pakistan could be bold enough to execute; so that we can fix our problems once and for all.
- “1” because this province, and Chief Minister Mahmood Khan’s government, wants to be at the forefront of that change, leading it, being first, and Insha’Allah we hope that this budget will prove it.

For 70 plus years, Pakistan has shied away from the path to true economic progress, because it seems just a little bit uphill; somewhat rocky; a tad too arduous.

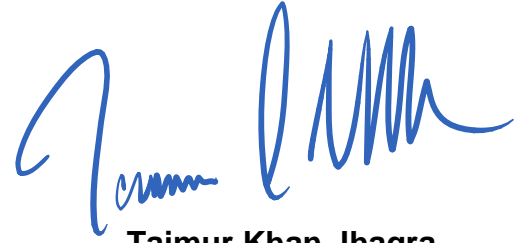
No more. This Pakhtunkhwa Government, representing Prime Minister Imran Khan’s vision, and ably led by our upright Chief Minister Mahmood Khan, is thinking big and bold. We cannot afford to continue business-as-usual, and our team, across Planning and Finance, has done an incredible amount of work over the last six months to make Pakhtunkhwa a thought-leader in governance and financial management across the country.

We have taken big and bold decisions; changing retirement regulations; rationalising unnecessary expenditure; realising savings of almost Rs. 90 billion as current expenditure; reducing the throw-forward by over Rs. 200 billion, and over two years, from more than six to less than four, and enabling Rs. 40 billion to be reinvested in the development budget where it counts. Many would not have felt that so much was possible in just over six months. This year, we will do more.

What these decisions have meant is that we can present a record development budget, and a platform on which a leaner, a more task focused government that can be used to achieve delivery. Of course, all of that has to be driven by aggressive commitment to financial reform.

I want to thank the leadership of the Finance and Planning Departments, in particular Secretary Finance Shakeel Qadir Khan, Additional Chief Secretary Shehzad Bangash, Secretary Planning & Development Atif Rehman, and his predecessor (now the Secretary to the Chief Minister) Shahab Ali Shah; I want to say I am proud of them and of the work we have done together.

I also want to thank Chief Minister Mahmood Khan, for his trust and confidence in allowing this reform process to happen. Today, we can see the difference in the budgeted numbers. Next year Insha'Allah, we will be able to see the difference on the ground. I am sure of that.



Taimur Khan Jhagra
Minister for Finance

Note on improving the White Paper.

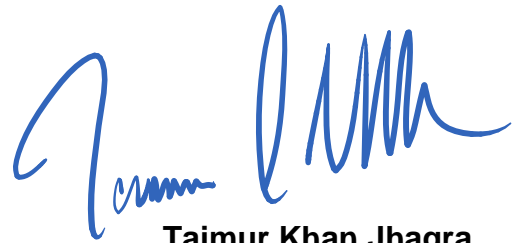
Documents such as this White Paper can simply become obligations to fulfil. That would be a pity, because when I first read the 2016-17 version of the White Paper, before my first budget in 2017-18, it actually helped me understand provincial finances more than any other discussion, or any other document.

For this particular budget, I led a small team, and we actually reviewed the format and structure of the entire document, so that the White Paper can actually become an embodiment of this government's approach to budgeting.

You will see a greater emphasis on quality; on ensuring that the language contained within actually provides more insight; on transparency. You will see the chapters reordered, and a more integrated approach to presenting departmental budgets across their current and developmental sides. Of course, you will also see the Merged Areas of ex-FATA included in this year's White Paper.

I wouldn't say that we are where we want to be. There is so much more we can do. But improvement is a continuous process, and I hope that if you are a serious analyst of Pakistan's economy, that this is a document that provides insight, in a transparent and engaging manner.

You can help us too. We would love to get your feedback. Please email your thoughts and suggestions to feedback@finance.gkp.pk



Taimur Khan Jhagra
Minister for Finance

18th June, 2019

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Chapter 1 - Overview

The Khyber Pakhtunkhwa Budget for 2019-20.

This year's Khyber Pakhtunkhwa budget is based on total estimated receipts of Rs. 900 billion. This includes Rs. 749 billion for the districts formerly comprising Khyber Pakhtunkhwa excluding the Merged Areas (from now on referred to as "settled districts"), and Rs. 151 billion development and non-development grants for the newly Merged Areas (from now on referred to as "Merged Areas").

Total expenditure is estimated at Rs. 855 billion, including Rs. 693 billion in the settled districts, and Rs. 162 billion in the Merged Areas. Expenditure in the Merged Areas includes a Rs. 11 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 these districts.

Table 1 shows a summary of expenditure and receipts for 2019-20 for the entire province. This will be a baseline for comparison for future budgets.

For the sake of comparison, this year's receipts for the settled districts of Rs. 749 billion reflects an increase of 15.6% over last year's budgeted receipts of Rs. 648 billion, and expenditure of Rs. 704 billion reflects an increase of 13.9% of last years budgeted expenditure of Rs. 618 billion.

To view the general abstract of the 2019/20 Budget, revenue and expenditure summary, please refer to the financial statements in the Annex.

Table 1 Summary of Receipts and Expenditure 2019-20 (Rs. in million)

Head	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
Federal Transfers	363,477.6	426,095.5	404,031.0	533,261.5
Federal Tax Assignment	302,956.6	360,459.4	338,367.4	453,199.9
1 % for War on Terror	36,402.4	43,311.8	40,657.3	54,455.2
Straight Transfers	24,118.6	22,324.3	25,006.3	25,606.4
Profit from Hydro Electricity (NHP)	41,554.4	65,277.9	54,491.8	55,674.9
Net Hydel Profit	10,031.8	28,780.9	22,586.8	21,183.0
Arrears of Net Hydel	4,707.5	15,000.0	15,000.0	11,905.0
Net Hydel Profit (Previous arrears)	16,815.1	11,204.0	6,905.0	22,586.8
Arrears of Net Hydel (M.O.U)	10,000.0	10,293.0	10,000.0	-
NHP as per AGN Kazi formula,(KCM)	-	-	-	0.1
Provincial Own Receipts	31,267.9	41,262.0	34,640.0	53,404.1
Provincial Tax Receipts	17,729.4	23,823.0	19,765.0	33,022.6
Provincial Non-Tax Receipts	13,538.5	17,439.0	14,875.0	20,381.5
Other Receipts	16,134.4	44,264.7	37,615.4	24,659.5
Recovery of Investment & loans	76.8	250.0	250.0	250.0
Financing From HDF	-	-	-	-
Domestic Loan	-	5,000.0	-	-
Financing from Cash Balance	16,057.6	39,014.7	37,365.4	24,409.5
Grants from Federal Govt.	2,277.9	-	2,192.5	151,000.0
Grants from Fed. Govt. (non-dev.)	47.5	-	159.9	-
PSDP (Federal)	2,230.5	-	2,032.6	-
Grants from Fed Govt (Non-Dev for MAs)	-	-	-	79,000.0
Grants from Federal Govt (Dev. for MAs)	-	-	-	72,000.0
Foreign Project Assistance (FPA)	12,957.6	71,100.0	54,438.9	82,000.0
Total Revenues	467,669.8	648,000.0	587,409.6	900,000.0
Current Revenue Expenditure	348,042.5	430,000.0	403,000.0	526,300.0
Salary (Provincial)	77,582.1	116,000.0	104,111.9	120,971.5
Salary (District)	120,907.9	140,000.0	130,000.0	135,028.5
Pension	56,086.6	60,087.8	69,430.7	69,913.0
Subsidy	2,900.0	3,100.0	3,100.0	3,150.0
Investment & Committed Contribution	17,000.0	7,500.0	676.2	9,000.0
Interest Payments	7,201.6	9,000.0	9,000.0	10,000.0
Local Councils	2,235.0	6,706.2	6,706.2	5,772.0
O&M and Contingency	52,732.1	64,462.3	56,831.3	75,255.7
District Non-Salary	11,397.2	23,143.7	23,143.7	18,209.2
Grant for Merged Areas (MAs)	-	-	-	79,000.0
Capital Expenditure	7,291.2	8,000.0	8,810.0	9,700.0
Total Current Expenditure	355,333.7	438,000.0	411,810.0	536,000.0
Development Expenditure	117,365.8	180,000.0	175,599.6	319,000.0
ADP (Provincial)	96,989.2	79,555.0	88,317.4	108,000.0
ADP (Districts)	10,335.6	29,345.0	29,345.0	46,000.0
ADP/10 Year Plan for MAs	-	-	-	72,000.0
Provincial contribution for MAs	-	-	-	11,000.0
Development Grants (PSDP Federal)	3,074.3	-	3,498.2	-
Foreign Project Assistance	6,966.7	71,100.0	54,438.9	82,000.0
Total Expenditure	472,699.5	618,000.0	587,409.6	855,000.0
Deficit/Surplus	(5,029.7)	30,000.0	-	45,000.0

Chapter 2 provides the estimates for provincial revenue in the 2019/20. The total estimate revenue is **Rs. 900.0 billion** with the largest share being of Federal Receipts, accounting for nearly 82% of the total provincial revenues. This year's numbers continue to reflect the below par performance of Khyber Pakhtunkhwa to generate greater own source revenue. But there is also positive developments regarding own source revenue from last year; the Khyber Pakhtunkhwa Revenue Authority for the first time in its history has shown a year on year increase of 49% in collection from non-telecom sectors. 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. 855.0 billion** which is 38% higher than last year. The expenditure has been budgeted keeping in mind the need to deliver a surplus budget, as per the requirement of the Federal Government. This year's surplus is estimated at **Rs. 45.0 billion** as compared to **Rs. 30.0 billion** from 2018-19. One of the key areas for fiscal reform is the need to curtail the cost of government. There has been a rapid and an unsustainable increase in the provincial expenditure primarily due to rising pension and wage bill. The current government has increased the retirement age from 60 to 63 years, which will lead to more than **Rs. 20 billion** in savings annually. This is only a step towards sustainably increasing the fiscal space for Khyber Pakhtunkhwa.

Chapter 4 provides a comprehensive narrative of the province's strategy at 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 enhancing provincial own-source revenues; 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 has been specially added this year to showcase the financing available to Merged Areas in 2019/20 Budget. The total size of budget for Merged Areas is **Rs. 162 billion** and is 62% 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. 11.0 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 2019-20, total receipts are estimated at **Rs. 900.0 billion** for the entire province of Khyber Pakhtunkhwa. This includes **Rs. 721.3 billion** as General Revenue Receipts, **Rs. 24.7 billion** as Revenue Receipts, and **Rs. 151.0 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. 900 billion, **Rs. 749 billion** are receipts for the settled districts (of former Khyber Pakhtunkhwa), and the **Rs. 151 billion** grants from the federal government are to fund the budget of the Merged Areas of former FATA.

The **total receipts of Rs. 900 billion are 38.9% greater** than last year's budgeted figure of Rs. 648 billion. However, in a like-for-like comparison, the receipts for the settled districts of **Rs. 749 billion are 15.6% greater** than the same figure.

2.1 General Revenue Receipts

The General Revenue Receipts consist of Federal Transfers and Provincial Own Receipts. For financial year 2019-20 the General Revenue Receipts are budgeted at **Rs. 721.3 billion** (including NMAs share of **Rs.79.0 billion**), compared to **Rs. 532.6 billion** for 2018-19. This represents annual budgeted growth of 35%.

Of the total, federal transfers are budgeted at **Rs. 533.3 billion (83.0%)**, profits from hydro-electricity or Net Hydel Profits (NHP) are budgeted at **Rs. 55.7 billion (8.7%)**, and provincial own-source revenue at **Rs. 53.4 billion (8.3%)**.

However, if straight transfers (including oil and gas duties, surcharges and royalties) of **Rs.25.6 billion** and NHP estimates of **Rs. 55.7 billion** are added to this figure, the province's direct contribution to General Revenue Receipts increases to **Rs. 134.7 billion**, or 25.3% 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 **93%** 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. **588.9 billion** is expected to be transferred from the Federal Government to the Khyber Pakhtunkhwa Province during financial year 2019-20. Breakdown of federal transfers and historical trends is shown in Table 2.

Table 2 Federal Transfers to Khyber Pakhtunkhwa since 2016 (Rs. in millions)

Description	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (Apr 2019)	Budget Estimates 2019-20
Federal Tax Assignment	293,694.4	260,441.1	326,000.8	306,376.6	360,459.5	338,367.3	261,092.6	453,199.9
Taxes on Income	125,500.7	104,967.5	128,665.3	115,546.3	139,462.4	134,702.9	99,010.4	169,073.6
Custom Duties	33,548.8	39,051.6	47,345.0	49,455.6	59,941.1	59,900.3	46,089.4	81,687.0
Sales Tax	118,195.8	102,651.0	132,013.7	120,510.6	139,808.9	122,570.3	100,725.3	173,416.2
Capital Value Tax (CVT)	189.3	152.7	225.0	3,802.2	529.4	266.1	241.2	320.9
Federal Excise	16,259.8	13,618.3	17,751.8	17,061.9	20,717.7	20,927.7	15,026.3	28,702.2
1% of Divisible Pool for WoT	35,289.5	31,293.9	39,171.3	36,402.4	43,311.8	40,657.2	31,372.1	54,455.2
Straight Transfers	17,200.0	23,495.9	24,682.3	24,119.5	22,324.3	25,006.3	21,172.2	25,606.4
Royalty on Crude Oil	6,270.1	9,731.1	10,857.2	12,236.6	9,149.6	14,123.2	13,216.6	13,493.1
Royalty on Natural Gas	5,811.2	4,981.0	9,575.0	7,763.9	8,984.1	8,026.9	6,550.7	7,713.5
Gas Development Surcharge	3,202.8	7,578.3	2,518.4	2,261.4	1,668.0	885.5	187.8	1,693.9
Excise Duty on Natural Gas	1,915.9	1,205.5	1,731.7	1,857.6	2,522.6	1,970.7	1,217.1	2,705.9
Other Federal Transfers/Grants	33,704.0	21,714.8	35,785.0	41,554.2	65,277.9	54,491.8	20,000.0	55,674.8
Net Profit from Hydel Power Generation	18,704.0	11,585.2	20,785.0	10,031.8	28,780.9	22,586.8	-	21,183.0
Arrears of Net Hydel Profit	15,000.0	5,291.4	15,000.0	4,707.5	15,000.0	15,000.0	3,095.0	11,905.0
Incentive on Surplus Cash	3,00.0	-	-	-	-	-	-	-
Net Hydel Profit (Arrears 2015-16 & 2016-17)	-	4,838.3	-	16,815.0	11,204.0	6,905.0	6,905.0	22,586.8
Arrears of Net Hydel Profit 2016-17	-	-	-	10,000.0	10,293.0	10,000.0	10,000.0	-
Total Federal Transfers	379,887.9	336,945.7	425,639.4	408,452.7	491,373.5	458,522.6	333,636.9	588,936.3

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. 2018-19 is no exception, and after 11 months, there is a shortfall of **Rs. 40.0 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.

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

Province	% Share in the 6 th Award	Rs. In Million			
		% Share in 7 th NFC Award			Budget Estimate 2019-20
		Horizontal share	1% for War on Terror	Total % Share	
Punjab	53.20	51.74	-	51.74	1,603,868.836
Sindh	24.96	24.55	-	24.55	761,016.234
Khyber Pakhtunkhwa	14.78	14.62	1.80%	16.42¹	507,655.096
Baluchistan	7.05	9.09	-	9.09	281,229.722

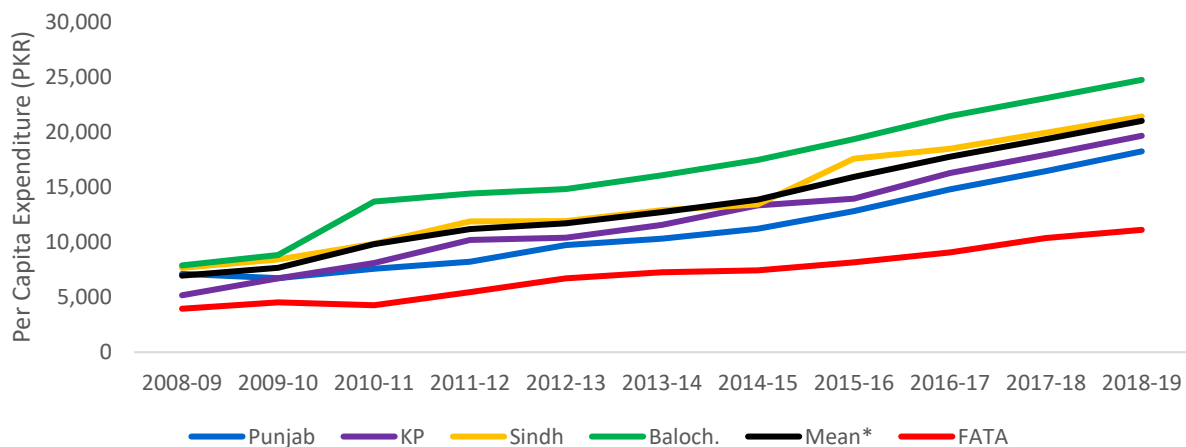
¹The grant for war on terror is 1% of the total divisible pool, which is equivalent to 1.8% of the Provincial share in the net proceeds of Provincial Divisible Pool

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 up 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. In the wake of 25th Amendment to the Constitution of Islamic Republic of Pakistan, Merged Areas has now become a regular part of Khyber Pakhtunkhwa.

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 comprehensively approach the next NFC Award for realization of optimal share of the Province inclusive of Merged Areas (Merged Areas). Figure 1 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 all the more urgent and important.

Figure 1 Merged Areas have been underfunded for an entire decade²



² Mean excludes FATA. Source: Controller General of Accounts, Pakistan

2.1.1.b Net Hydel Profit

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 hydro-electric 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, rigorous engagement of GoKP with the Federal Government greatly helped in resolving the issues of NHP arrears and uncapping of NHP via an MoU signed between the Federal Government and GoKP on 25th Feb, 2016 and duly endorsed by the CCI on 29th Feb, 2016. Key outcomes of the MoU included:

- a. The uncapped NHP as determined & transmitted from NEPRA got notified on 7th Mar, 2016 provisioning the payment of NHP to the GoKP at the revised rate of Rs.1.15 per KWh (of the electricity production in Khyber Pakhtunkhwa).
- b. Out of the total share of **Rs. 70.0 billion** on account of Uncapped NHP arrears actual disbursement of **Rs. 58.1 billion** made to GoKP, leaving a balance amount of **Rs. 11.9 billion**.

Table 4 Actuals & estimates of NHP & its arrears (Rs in million)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Actuals 2018-19 (Apr2019)	Budget Estimates 2019-20
Net Hydel Profit	18,704.0	11,585.2	20,785.0	10,031.8	39,984.9	6,095.0	43,769.8
Arrears under 2015 MoU	15,000.0	5,291.4	15,000.0	14,707.5	25,293.0	13,095.0	11,905.0
NHP as per AGN Kazi Formula, KCM							0.100 ³

The prime stance of GoKP is to adhere and implement the A.G.N. Kazi Committee Methodology⁴ (KCM) duly approved by Council of Common Interest (CCI). Unfortunately, so far this could not be implemented by WAPDA nor honored by the Federal Government. Since

³ The provincial calculation based on KCM is Rs. 128,000 million. However, final decision shall be made by CCI, hence notional allocation reflected.

⁴ AGN Kazi Committee was constituted on 24.11.1986 under the Chairmanship of Mr.Abdul Ghulam Nabi Kazi, the then Dy. Chairman, Planning Commission, with Federal Finance Secretary, Additional Secretary Water & Power Division and Finance Secretaries of Khyber Pakhtunkhwa and Punjab as members. The Committee submitted its Report which was considered in the NFC meeting held on 14.02.1988 & was endorsed it in its entirety to the Council of Common Interests (CCI). The CCI approved the methodology proposed in the Report in its meeting held on 12.01.1991.

the aforementioned arrangement is interim, therefore, the GoKP resorted to CCI for implementation of Kazi formula and related issues. The CCI in its meeting held on 24th April, 2018 constituted a Committee for the purpose but it has not been able to reach an agreement to date. The committee under Chairmanship of Khyber Pakhtunkhwa's Chief Minister will submit its recommendations to CCI regarding payment to Govt. of Khyber Pakhtunkhwa based on AGN Kazi formula.

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 and Gas
- b) Gas Development Surcharge
- c) Excise Duty on Gas.

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 (Rs. In Billion)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (Apr 2019)	Budget Estimates 2019-20
Royalty on Crude Oil	6.3	9.7	10.9	12.2	9.1	14.1	13.2	13.5
Royalty on Gas	5.8	5.0	9.6	7.8	9.0	8.0	6.6	7.7
Excise Duty on Gas	1.9	3.7	1.7	1.9	2.5	2.0	1.2	2.7
Gas Dev: Surcharge	3.2	5.0	2.5	2.3	1.7	0.9	0.2	1.7
Total	17.2	23.5	24.7	24.1	22.3	25.0	21.2	25.6

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

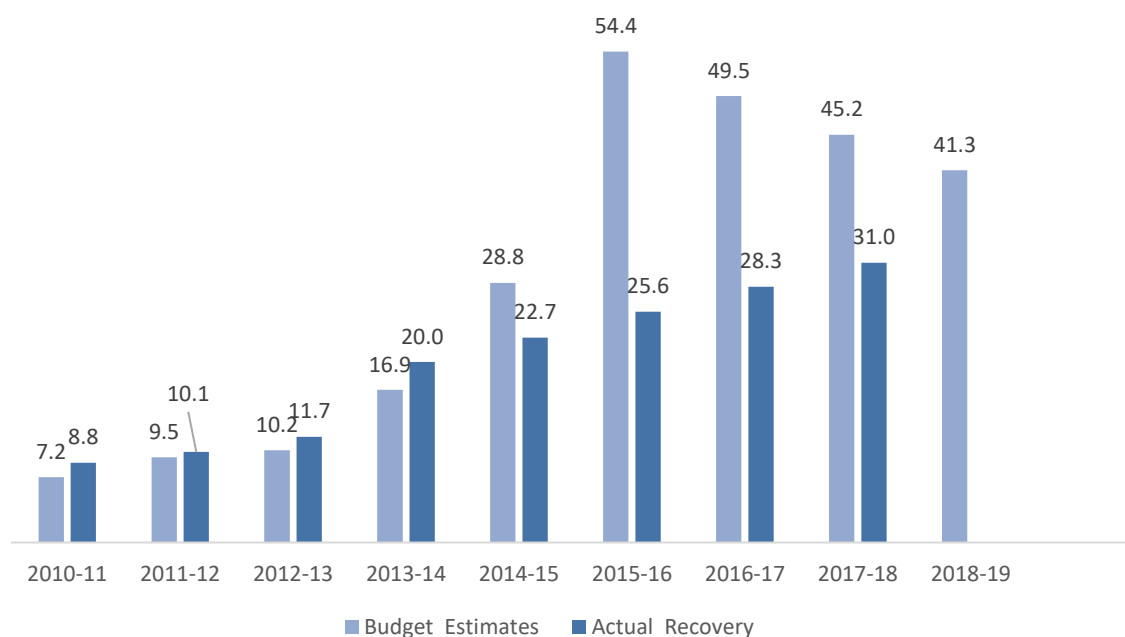
Excise Duty on Gas is collected by Federal Board of Revenue and the proceeds so collected are reported to Finance Division on monthly basis for onward transfer to provinces. Excise Duty on Gas is currently being given at the rate of Rs.10 per MMBTU.

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.

2.1.2 Provincial Own Receipts

Revenue generation has not to-date been a priority for provincial governments including Khyber Pakhtunkhwa. The province has over the last couple of years only generated 6-7% of its budget as own source revenue. Figure 2 shows this trend historically.

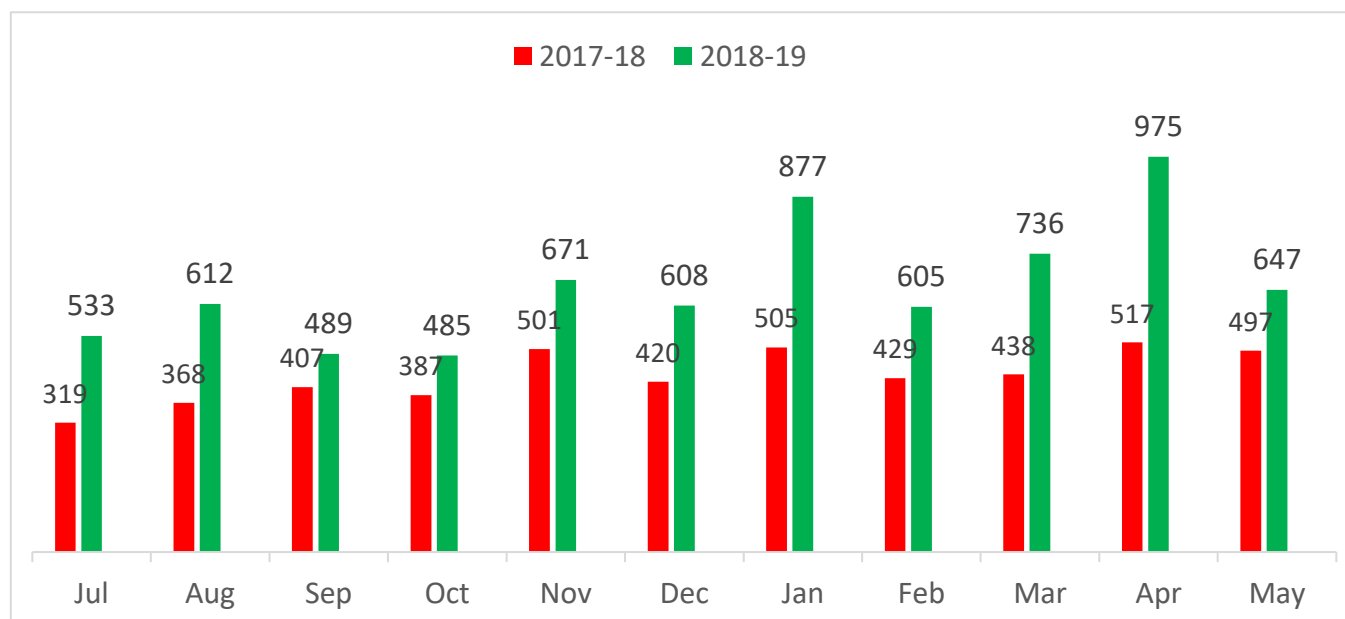
Figure 2 Khyber Pakhtunkhwa's Historical Own Source Revenue Generation (Rs. In billion)



In 2018-19, a concerted effort has been made to shift revenue generation momentum in the Khyber Pakhtunkhwa Revenue Authority (KPRA) as well as other tax and non-tax receipts. This has resulted in a nearly 50% increase in year on year collection in Sales Tax, in non-telecom sectors. This has been achieved by doing a carefully executed analysis of sectors and geographies with highest potential for sales tax collection. The next four years under this government will see KPRA increase its revenue target and collection exponentially. Figure 3 shows the increase in sales tax collection during 2018/19.

For 2019/20, Khyber Pakhtunkhwa Revenue Authority (KPRA) has revamped Schedule-I and II of the Finance Act, 2013 as per principles of UNOs Central Product Classification and General Agreement of Trade in Services with reduction in entries from 76 to 55 (Schedule-I) and 91 to 48 (Schedule-II). The legal impact and flawed use of the Second Schedule have been effectively safeguarded through “Principles of Interpretation and Application” on the analogy of “Rules of Interpretation” of Harmonized System (HS) Code that will further reduce chances of disputes and litigation. Reduced rates of 10%, 8%, 5% and 2% other than standard 15% are being introduced that will facilitate taxpayers and enhance revenue collection.

Figure 3 KPRA's non-telco revenue increasing by 49% versus last year (Rs. in Million)



Realizing the need to revitalize the province's own receipts and the meagre total revenue collections of **Rs. 24.0 billion** up until April, 2019 against the Revised Estimates 2018-19 target of **Rs. 34.6 billion** that had already been reduced from Budget Estimates 2018-19 of **Rs. 41.3 billion**, Finance Department and its Resource Wing undertook a momentous exercise to re-map the receipts. This was done with the aim to increase revenue generation and subsequent collection to enhance Provincial own receipts and specifically address the following:

- a) Streamline the detailed object-wise Head of Accounts of Tax & Non-Tax Receipts to map what revenue goes into which head⁵ and analyze the actual performance of departments on collection
- b) Revise the rates in accordance with the latest economic outlook of the province as this exercise was not done in the last six years i.e., 2013-14 to 2018-19
- c) Bifurcate the complex head of accounts as per Federal Chart of Accounts issued by Controller General of Accounts (CGA), Islamabad

It is important to note here that historically the target setting has been done by applying 10% increase on Budget Estimates to get the Revised Estimates figure without looking at the ground realities. The detailed process carried out by the Finance Department, resulted in:

⁵ A good example is head of account C02604 of Law Department (Peshawar High Court) wherein receipts from Food and Home department are deposited which should not be the case.

- Object wise targets for each department were set that are aligned with their actual receipts.
- Resource Mobilization Proposals that revised rates which were not enhanced or reduced in the last 05 years based on inflation indexing and increasing the overall base of revenue collection. These were also vetted from Law Department.
- For the first time 22 departments out of 26 Revenue collecting departments shared their proposals for revenue enhancement out of which 17 departments proposals are recommended to Chief Minister as well as Provincial Cabinet, which were approved in a special Cabinet meeting on 26-05-2019.
- The Provincial Cabinet also approved reduction in rates of transport department like route permit, application fee, 'Adda' license etc and brought them in line with Punjab and Administrative Department for off-setting the loss brought forward additional avenues of revenue generation. This resulted in revision of the Budget Estimate for 2019-20 from Rs. 840 million to Rs. 420 million.
- In addition to that, fulfilling the constitutional right of free education, a Notification No. 2616-50/ F.No.P-7 / Funds / General / DD (F&A), dated. 25-07-2011 of Elementary & Secondary Education was withdrawn in which different nominal fees of sports, examination, medical, poor, library, red crescent, scouts etc. were charged from students of class of 1st to 5th, 6th to 8th and 9th to 10th.

Detailed work on revenue collection analysis and cooperation of Administrative Departments resulted in this year's resource mobilization of **Rs. 15.4 billion** which is more than the collective resource mobilization of last five years. This was only possible because of holistic approach towards Revenue Collection by all the departments instead of focusing on a few departments for the whole province. The Provincial Own Revenue Receipts for the financial year 2019-20 are estimated at **Rs. 53.4 billion**, comprise of:

- i. Tax Receipts of **Rs. 33.0 billion** (62%) including Sales Tax on Services, which is **Rs. 20.3 billion**, and
- ii. Non-Tax receipts of **Rs. 20.3 billion** (38%).

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 Revised Estimates of direct taxes during 2018-19 is **Rs. 4.7 billion**. The Budget Estimates 2019-20 is **Rs. 9.9 billion**, which is 59% higher than last year.

The Provincial Tax Receipts collected since 2016-17 to 2018-19 and to be collected during 2019-20 are given in Table 6. Most of the tax receipt heads show an upward trend, despite the fact that economy was severely hit by war on terror and weak tax base.

Table 6 Historical Provincial Tax Collection (Rs in billion)

Tax Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (April 2019)	Budget Estimates 2019-20
Total Direct Taxes	3.9	2.7	4.1	3.2	4.7	4.9	3.9	8.3
Tax from Agriculture Income/Land	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Urban Immovable Property Tax	1.0	0.7	1.2	0.9	1.0	1.1	0.7	1.4
Tax on Transfer of Property (Reg.)	0.2	0.1	0.2	0.1	0.3	0.3	0.2	0.4
Land Revenue	1.9	1.2	2.0	1.4	2.6	2.6	2.3	5.1
Tax on Profession, Trades & Callings	0.3	0.2	0.3	0.3	0.4	0.4	0.3	0.5
Urban CVT Provincial	0.4	0.4	0.3	0.4	0.3	0.4	0.3	0.8
Total Indirect Taxes	14.6	15.0	21.5	14.5	19.1	15.9	11.3	24.4
Provincial Excise	0.0	0.0	0.0	0.0	0.0	-	0.1	0.0
Motor Vehicle Tax+ R. Permit + Fitness	1.8	1.5	2.0	1.7	2.0	2.0	1.5	1.9
Stamp Duty	-	-	-	-	-	1.3	-	-
Entertainment Tax	0.9	2.7	0.9	1.2	1.2	-	1.2	1.4
Others/ Hotel Tax/Real Estate Dealer/TDC/Electronic Media	-	0.0	-	0.0	-	0.5	0.0	-
Electricity Duty/fee on account of Electricity Rules	0.8	0.3	0.8	0.5	0.5	0.9	0.2	0.5
GST on Services Khyber Pakhtunkhwa	10.0	10.3	16.7	10.9	15.0	11.0	8.2	20.4
Infrastructure Dev: Cess	1.1	0.2	1.1	0.2	0.4	0.2	0.1	0.2
Total Provincial Taxes	18.5	17.7	25.6	17.7	23.8	20.8	15.2	32.7
Less Council Share (-) In UIP Tax	-0.8		-1.0		-0.8	-0.8		-1.1
Net Total	17.7	17.7	24.6	17.7	23.0	20.0	15.2	31.6

Electricity Duty is collected by PEPCO on behalf of the Provincial Government. Its rates were last revised w.e.f. 01-07-2016 which are being implemented. This duty is usually

adjusted by PEPCO against the receivable of Electricity dues of Provincial Government Departments/Local Bodies, **Rs 0.47 billion** has been adjusted at source by PEPCO during 2017-18, while an amount of **Rs.1.7 billion** (until March, 2019) is still outstanding against PEPCO.

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 2018-19 from indirect taxes is **Rs.15.8 billion** while the Budget Estimate for 2019-20 is **Rs. 26.0 billion** registering an increase of 164%.

2.1.2.b Provincial Non-Tax Receipts

Non-Tax revenue consists of major heads such as Income from Property and Enterprises, Receipts from Civil Administration, Community Services, Social Services and Economic Services receipts. The total Non-Tax receipts for the Financial Year 2019-20 are estimated at **Rs. 20.4 billion** as per details given in Table 7.

Each Non-Tax receipts component is explained further ahead.

Table 7 Provincial Non-Tax Revenues (Rs. in Millions)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (Apr 2019)	Budget Estimates 2019-20
Income from Property & Enterprises and Own Hydel Generation	4,644.1	2,836.3	4,766.4	3,246.4	3,886.4	3,036.4	1,133.9	5,687.0
Civil Administration	1,784.2	2,170.1	2,304.1	2,532.3	3,266.6	2,953.2	2,057.3	3,428.6
General Administration	237.9	599.7	170.2	613.3	631.6	273.7	351.6	416.7
Law and Order	1,546.3	1,570.4	2,133.9	1,919.0	2,635.0	2,679.5	1,705.7	3,011.9
Community Services	1,050.0	669.9	1,204.8	569.7	1,080.0	872.0	452.5	929.6
Building, Communication & PBMC.	730.0	434.7	735.0	350.6	660.0	550.0	296.3	579.9
Public Health (water charges)	320.0	235.2	450.0	205.4	400.0	300.0	140.8	304.7
KPHA	225.0	0.0	230.0	0.0	250.0	255.0	0.0	260.0
Local Government	0.0	0.0	19.8	13.7	20.0	22.0	15.4	45.0
Social Services	1,227.9	1,349.2	1,450.4	1,531.5	2,037.2	2,080.2	1,342.0	2,326.9
Economic Services	9,228.7	3,177.1	12,801.1	2,996.9	6,784.6	5,367.4	2,619.8	6,844.5
Miscellaneous	13,400.9	2,091.9	381.4	2,414.8	384.3	565.9	1,456.9	1,165.0
Total Non-Tax Receipts	31,335.8	12,294.5	22,908.2	13,291.6	17,439.1	14,875.1	9,062.4	20,381.6

Property & Enterprise consist of Interest, Dividends and profit of Own Hydel Projects generation. The Malakand-III, Pehur & Shishi Power Station Projects have been commissioned. Whereas the power station i.e Ranolia, Machai and Daral Khuwar will start functioning during 2019-20 and **Rs. 5.6 billion** has been earmarked for this in financial year 2019-20.

Civil Administration includes receipts from Home & Tribal Affairs Department, Law & Order, General Administration and Administration of Justice. Receipts from Civil Administration for financial 2019-20 as **Rs. 3.4 billion** which is an increase of 2.6% over Budget 2018-19. A major chunk of this revenue consists of income coming from Law & Order, Police and Private Security Companies. The revised estimates for 2018-19 have also been estimated with a decrease of 10.7% over the original estimates due to non-

realization of actual recovery. The composition of receipts from Social and Economic Services is represented below.

Table 8 Receipts from Social Services (Rs. in Million)

Sector	Budget Estimate 2016-17	Actual 2016-17	Budget Estimate 2017-18	Actual 2017-18	Budget Estimate 2018-19	Revised Estimate 2018-19	Actual 2018-19 (Apr 2019)	Budget Estimate 2019-20
Higher Education, Archives & Libraries	378.3	549.6	428.5	576.1	521.0	550.0	525.8	650.2
Elementary & Secondary Education	60.0	24.8	60.0	38.4	70.0	76.0	38.4	100.0
Technical Education.	15.2	11.7	15.2	12.4	15.2	12.5	9.7	15.2
Museums	3.0	2.3	3.1	0.0	3.3	3.3	0.0	3.3
Tourism Department	25.0	29.7	50.0	47.2	60.0	55.0	42.7	60.0
Culture Department	0.0	18.6	50.0	21.7	60.0	30.0	21.8	30.0
Health Department	541.0	578.1	638.2	712.9	1,102.2	1,148.0	643.2	1,257.0
Autonomous Health Institutes ⁶	972.4	0.0	1,266.8	0.0	1,227.3	1,227.7	0.0	1,327.7
Printing + Registration Renewal of Printing Press	205.4	134.1	205.4	122.3	205.4	205.4	60.4	211.2
Total	1,227.9	1,348.9	1,450.4	1,531.0	2,037.1	2,080.2	1,342.0	2,326.9

⁶ The receipt of territory institutes/hospitals are retained by Health Institutions in lieu with the autonomous status given to the health institutions.

Table 9 Receipts from Economic Services (Rs. in Million)

Sector	Budget Estimate 2016-17	Actual 2016-17	Budget Estimate 2017-18	Actual 2017-18	Budget Estimate 2018-19	Revised Estimate 2018-19	Actual 2018-19 (Apr 2019)	Budget Estimate 2019-20
Agriculture	212.0	164.5	212.0	170.3	194.5	186.5	272.9	201.7
Fisheries	55.0	63.1	70.0	69.4	75.0	72.0	65.7	76.9
Livestock & Dairy Development	132.9	118.8	132.9	114.7	141.8	121.9	107.3	136.9
Environment (Forests & Wildlife)	6,028.0	188.6	880.0	218.2	537.0	119.0	113.7	495.1
Irrigation	559.7	311.9	574.7	348.8	590.0	570.0	292.5	577.8
Mineral Development	2,203.5	2,304.5	2,677.7	2,048.1	4,215.7	4,268.7	1,740.7	5,321.8
Manpower Management	1.0	2.7	1.0	1.1	1.1	1.1	0.1	1.1
Industries	36.7	23.0	38.0	25.8	29.4	28.2	26.0	33.2
Housing	0.0	0.0	8,215.0	0.0	1,000.0	0.0	0.0	0.0
Total	9,228.8	3,177.1	12,801.3	2,996.4	6,784.5	5,367.4	2,618.9	6,844.5

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. Budgeted and actuals over the last three years are shown in Table 10.

Table 10 General Capital Receipts since 2016 (Rs. in Million)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimate 2018-19	Actuals 2018-19 (Apr-2019)	Budget Estimates 2019-20
Recoveries of Loans & Advances	250.0	266.8	250.0	76.8	250.0	250.0	59.6	250.0
Recoveries of Investments	15,000.0	15,000.0	15,000.0	-	-	-	-	-
Borrowing Domestic Loan	12,200.0	-	10,000.0	-	5,000.0		-	-
Total	27,450.0	15,266.8	25,250.0	76.8	5,250.0	250.0	59.6	250.0

2.3 Development Receipts

Development Receipts consists of grants received from Federal Government and foreign debt/loans & grants for development projects. These funds are utilized for development programs of the province. Amounts received under each head of Development Receipts are depicted in Table 11.

Table 11 Development Receipts since 2016 (Rs. In million)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimate 2018-19	Actuals 2018-19 (Apr 2019)	Budget Estimates 2019-20
Special Federal Grant PSDP	-	5,728.6	-	2,230.5	-	2,033.0	1,470.9	72,000.0
Non-Development Grants	-	50.0	-	47.5	-	160.0	159.9	79,000.0
Foreign Project Assistance	36,000.0	11,600.6	82,000.0	12,957.6	71,100.0	54,439.0	14,247.3	82,000.0
Foreign Loan	9,120.5	-	52,557.6	-	44,343.8	30,468.0	-	48,554.0
Foreign Grants	26,879.5	11,600.6	29,442.4	12,957.6	26,756.2	23,971.0	14,247.3	33,446.0
Financing from Past Savings	11,855.2	16,058.0	24,895.5	6,201.0	39,014.7	37,365.4	7,725.0	24,410.0
Total	47,855.2	33,437.2	106,895.5	21,436.6	110,114.7	93,997.4	23,603.1	257,410.0

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) over the last three years (Rs. in million)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (April 2019)	Budget Estimates 2019-20
State Trading (Account-II)	86,905.0	12,260.6	86,927.5	11,061.9	93,270.0	15,174.2	18,005.2	93,281.9
Cash Credit Accommodation (Floating Debt)	15,000.0	4,349.4	15,000.0	0.0	15,000.0	15,000.0	0.0	15,000.0
Total	101,905.0	16,610.0	101,927.5	11,061.9	108,270.0	30,174.2	18,005.2	108,281.9

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 2019-20, total expenditure is estimated at **Rs. 855.0 billion** for the entire province of Khyber Pakhtunkhwa. This includes **Rs. 526.3 billion** as Current Revenue Expenditure, **Rs. 9.7 billion** as Current Capital Expenditure and **Rs. 319.0 billion** as the total Development Expenditure.

Of the Rs. 526.3 billion, **Rs. 325.9 billion** are total provincial and district salaries (for settled districts) as well as pensions, while **Rs. 79.0 billion** has been earmarked for meeting the current side expenditure of the Merged Areas.

The total expenditure of **Rs. 855.0 billion** is 38.3% greater than last year's budgeted figure of Rs. 618 billion. However, in a like-for-like comparison, the expenditure for the settled districts of **Rs. 547 billion** (excluding Foreign Project Assistance) is 17% greater than the same figure.

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 2019-20 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, 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 each year in order to improve human development indicators and service delivery outcomes.

Table 13 shows the breakdown of provincial expenditure under both current and development heads, over the last three years. It must be noted that the increased spending in 2019-20 also reflects the spend in Tribal Districts. The totals do not represent the figures for Foreign Project Assistance.

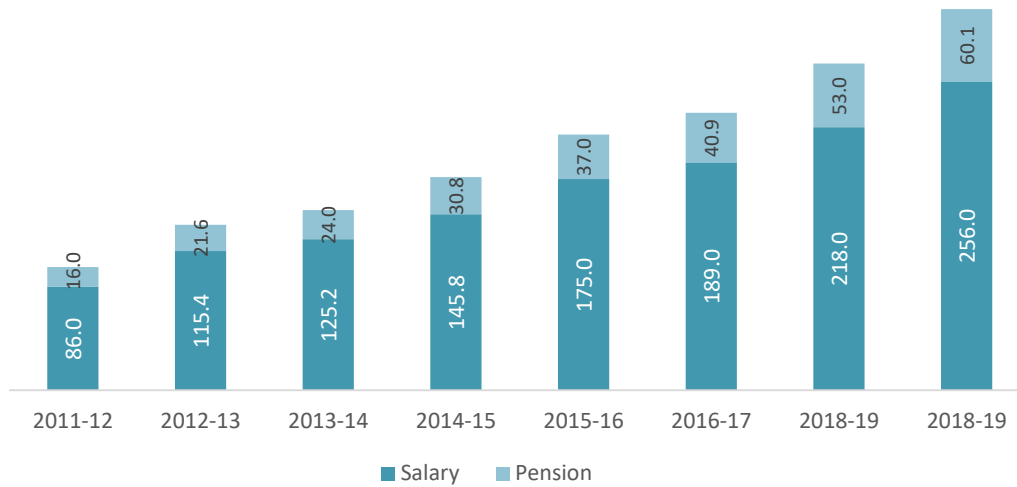
Table 13 Details of Provincial Expenditure (Rs. in billions)

Expenditure Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (April 2019)	Budget Estimates 2019-20
Current Revenue	333.0	299.0	388.0	348.0	430.0	403.0	224.4	526.3
Current Capital	11.0	5.2	7.0	7.3	8.0	8.8	5.7	9.7
Development Revenue	28.4	24.5	33.6	29.6	17.2	21.7	12.4	201.8
Development Capital	132.6	113.7	174.4	87.7	162.8	153.9	62.6	35.2
Total	505.0	442.4	603.0	472.6	618.0	587.4	305.1	773.0

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.**

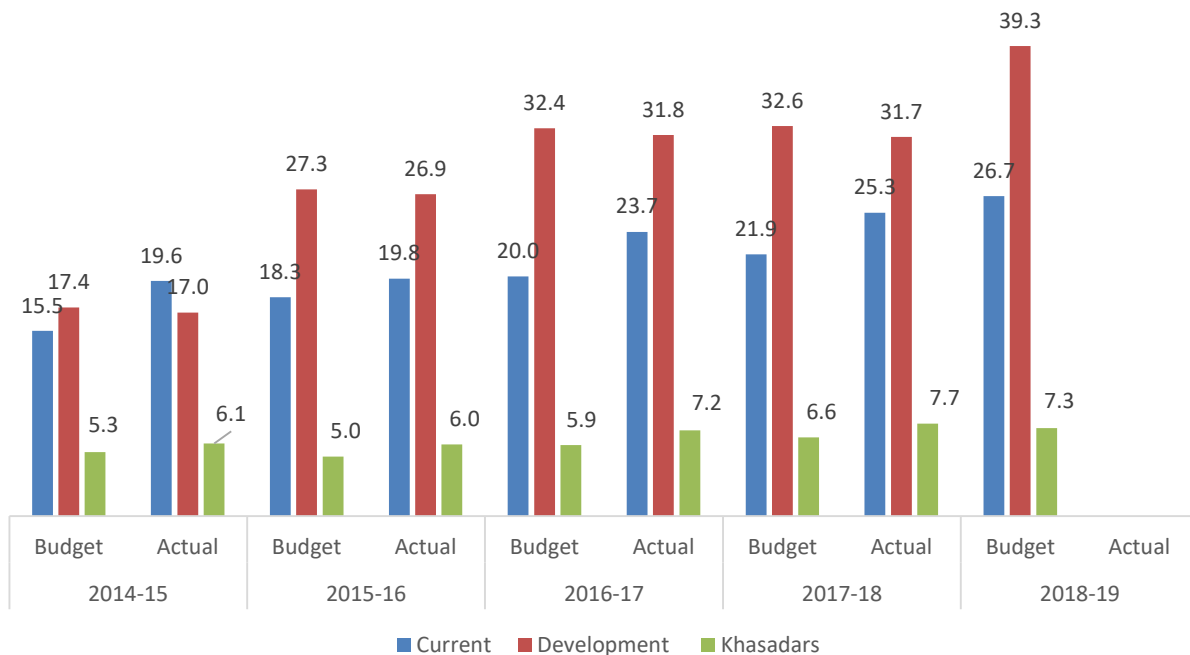
The salaries and pensions bill of the province was budgeted in at over 50% of the overall budget in 2018-19, up from around 40% a decade earlier. In short, the cost structure of government is unsustainable, and clear policy steps must be taken to make sure that further increases are sustainable. The current government has taken the first step towards a comprehensive civil service reform by increasing Increase in salaries and pension leaves little room for the provincial exchequer to set aside adequate funds for operation, maintenance and development sector. Historical trend of salary and pension bills is shown in Figure 4. 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 4 Year Wise Growth in Posts, Salary & Pension - Provincial & Districts (Rs. in billion)



As a contrast, **Figure 5** shows the expenditure in Merged Areas over the last five years. The nature of spending shows the absent nature of government functions in the region. As there are very little current side or recurring sides. It is the almost opposite of the situation in comparison to the rest of the Khyber Pakhtunkhwa where the current side expenditure is bearing down on the development expenditure. Levies indicate the spending on maintaining a local law enforcement force in Merged Areas.

Figure 5 Expenditure in Merged Areas has historically been based in development budget (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 from the last three years, including actuals.

Table 14 Expenditure Details under Current Revenue (Rs. in billions)

Expenditure Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Actuals 2018-19 (April 2019)	Budget Estimates 2019-20
Salary	189.0	171.8	218.0	198.5	256.0	234.1	174.9	303.0
O&M, Contingencies & District Non -Salary	58.5	56.4	72.9	64.5	87.8	80.2	45.9	125
Pension	40.9	44.5	53.0	57.3	60.1	69.4	56.8	69.9
Subsidies	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Grant to Local Councils	4.7	2.8	5.2	2.2	6.7	6.7	3.1	6.5
Debt servicing	13.0	4.7	8.0	7.2	9.0	9.0	0.8	10.0
Committed Contributions/Investment	24.0	21.0	28.0	17.0	7.5	0.7	-	9.0
Total	333.0	304.1	388.0	349.6	430.0	403.0	284.4	526.3

The total staff strength of the Provincial Government is now **625,000** including Tribal Districts and the number of pensioners is about **145,000**.

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 **11th meeting** held on **21.05.2019** 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 the three-tiered 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 2019-20.

Table 15 Share of Local Governments in Current Revenue Expenditure (Rs. in billions)

Head	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimate 2018-19	Actuals 2018-19 (April 2019)	Budget Estimates 2019-20
Salary	112.6	108.9	121.4	121.4	140.0	130.0	105.8	159.4
Non Salary	17.4	18.0	21.0	21.0	23.1	23.1	9.7	21.0
Grant to Local Councils	4.7	5.4	5.2	5.2	6.7	6.8	3.8	6.5
District ADP	33.9	33.9	28.0	10.9	29.4	29.3	17.5	46.0
Total	168.6	166.2	175.6	158.5	199.2	189.2	136.8	232.9

The Provincial Finance Commission also recommended shares/grants shown in Table 16 for Local Governments in the Merged Areas for financial year 2019-20.

Table 16 Share of Merged Areas Local Governments in Current Revenue Expenditure (Rs. in billions)

Head	Budget Estimate 19-20
Salary	24.4
Non-Salary	2.8
Grant to Local Councils	0.7
Total	27.9

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. 9.7 billion** for financial year 2019-20, shown in Table 17.

Table 17 Current Expenditure on Capital Accounts (Rs. in Million)

Nomenclature	Budget Estimates 2016-17	Actuals 2016-17	Budget Estimates 2017-18	Actuals 2017-18	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
Repayment of Foreign Loans	10,910.0	5,166.6	6,410.0	6,718.6	7,790.0	8,600.0	9,490.0
Loans & Advances to Provincial Government Employees.	80.0	73.0	580.0	572.6	200.0	200.0	200.0
Write off Loans and Advances to Provincial Govt. Employees	10.0	-	10.0	-	10.0	10.0	10.0
Total	11,000.0	5,239.6	7,000.0	7,291.2	8,000.0	8,810.0	9,700.0

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 1st July, 2019.

Foreign Debt

Foreign exchange loans are used for the financing of specified developmental projects under an agreement between respective governments. The re-lending terms and conditions of the loans to the Provincial Government are the same as agreed by Federal Government with the loan providing agencies. Most of the loans have embedded fixed interest rates; only 5 loans are on LIBOR terms (variable interest rate). Foreign Debt, in terms of currency composition, is heavily denominated by US Dollars which accounts for more than two-third of foreign debt stock. The total debt liability on account of Foreign Debt is **Rs.193.7 billion**⁷.

⁷ 1U\$ = 150 is used to estimate rupee value of foreign debt stock as of 1st July, 2019

Table 18 Breakdown of Domestic & Foreign Debt Repayment Allocation (Rs. in million)

Nomenclature	Budget 2018-19		Revised 2018-19		Budget 2019-20	
	Mark up Payment	Principal Repayment	Mark up Payment	Principal Repayment	Mark up Payment	Principal Repayment
Domestic Debt	7,499.1	--	7,499.1	--	8,699.1	--
Interest on GP Fund	7,000.0	--	7,000.0	--	8,000.0	--
Other Payments	499.1	--	499.1	--	699.1	--
Foreign Debt	1,500.9	7,790.0	1,500.9	8,600.0	1,300.9	9,490.0
Total	9,000.0	7,790.0	9,000.0	8,600.0	10,000.0	9,490.0

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. 0.2 billion** has been made for the financial year 2019-20. It must be noted that the outstanding loans are waived off in case of death of a government employee during service⁸.

⁸ 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/-)

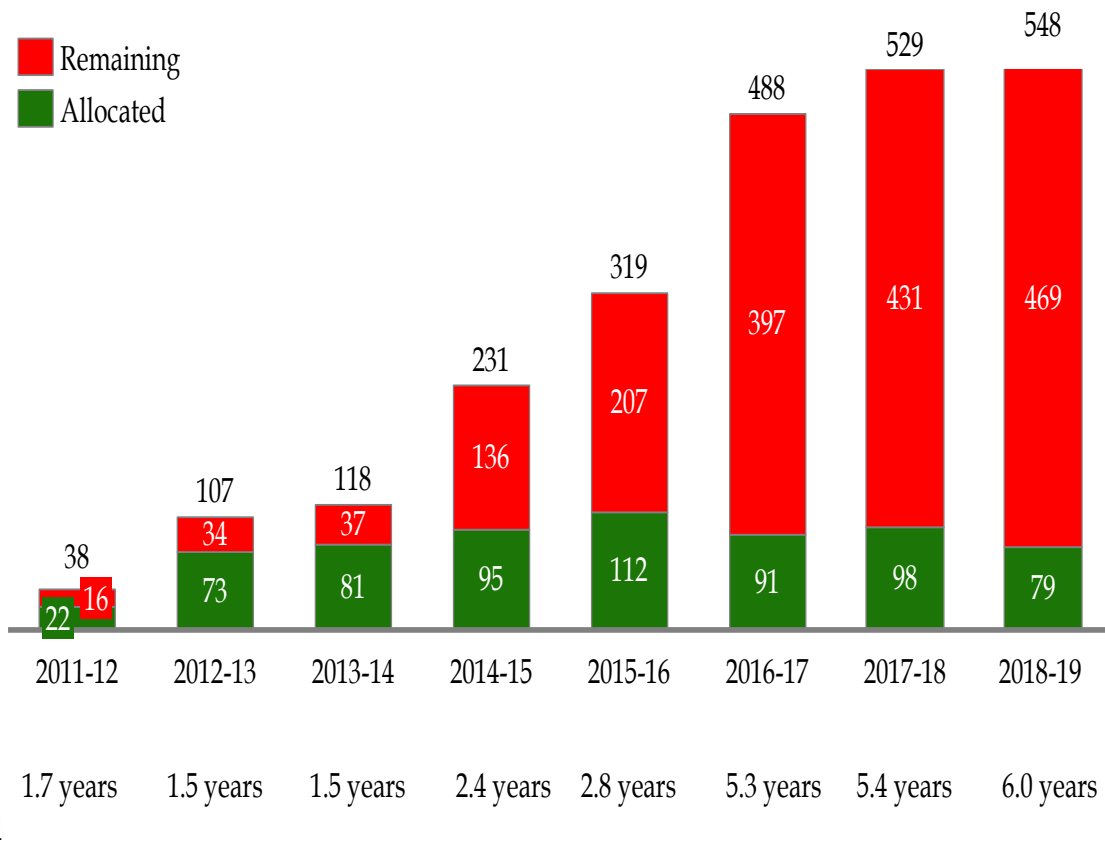
3.3 Development Expenditure

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. This also meant that for the 2019/20 Budget, a detailed review of the provincial development program was required. The most glaring anomaly in the provincial development budget was the increasing throw-forward. Throw-forward is used to denote that expense which cannot be made in the current year and is thus budgeted to be met in later years based on historical average allocations. Figure 6 shows an overview of the 2018/19 ADP and it is important to note that more than half of the required expense for completion of development programs was parked as throw-forward. The number of years required to fund this amount, based on historical allocations, was about seven years! This is especially alarming considering none of the other provinces have a throw-forward of more than 3 years.

Figure 6 Overview of the 2018-19 Annual Development Program (Rs in Billion)

The development situation inherited by the new govt had a throw-forward of more than 6.5 years

ADP, Rs bln



For the preparation of the 2019/20 budget, the Government of Khyber Pakhtunkhwa decided to bring the throw-forward to under 4 years. This exercise was done with a view that the current review will also be done in each of successive budgets from this year onward. Some of this work will require year-round engagement with P&D department as well as line departments to make sure that development priorities of the government are funded unto completion in the current tenure.

Both Finance and Planning & Development department, were at the forefront of this effort and issued four key considerations, that from observation had not been adhered to in the recent past, and that were at the core of the final approval process of 2019/20 development budget. These considerations are listed below:

1. The reduction in throw-forward for the existing development portfolio had to be maintained ideally at 3 years, and at no more than 4 years at any cost
2. The new proposed portfolio of departments was also checked to ensure to be three years, with a one-third to one-fourth allocation
3. The impact of new proposed projects was judged against at least three key questions
 - a. Does the project impact the lives of the public or Pakhtunkhwa, or does it make a tangible contribution to the economic development of the province?
 - b. Does the allocation (at least 25% of the overall cost of the project) to the project reflect its stated importance?
 - c. Is this the best possible mode of delivery, and does it set the right precedents?
4. While finalizing the development budget, departments also justified that they are adequately funding existing assets, before building new ones

As a result of this exercise, and overall fiscal reforms of the current government, the 2019/20 Budget boasts a record development budget of **Rs. 319 billion**, out of which **Rs. 83 billion** is for tribal districts, **Rs. 154 billion** is for settled districts and **Rs. 82 billion** is Foreign Project Assistance. In addition to this, the mix of allocation for ongoing vs. new projects has also shifted in favor of new schemes i.e. from **90.0%** allocation going to ongoing in 2018/19 to **63.0%** in 2019/20 Budget, as a result of ADP rationalization.

Detailed breakup of the 2019-20 ADP for each sector is shown in Table 19.

Table 19 Sector-wise Allocation of Development Expenditure 2019-20 (In Million)

DEPARTMENT	No. of Projects	Cost			Allocation 2019-20		
		Local	Foreign Aid	Total	Local	Foreign Aid	Total
AGRICULTURE	43	29,755	26,151	55,906	4,220	5,310	9,510
AUQAF, HAJJ	24	1,845	-	1,845	42	-	424
BOARD OF REVENUE	5	6,016	-	6,016	489	-	489
BUILDING	38	6,630	-	6,630	812	-	812
DISTRICT ADP	3	46,000	-	46,000	46,000	-	46,000
DWSS	45	25,294	5,314	30,608	3,799	1,000	4,799
ELEMENTARY & SECONDARY EDUCATION	67	58,805	26,514	85,319	9,698	7,682	17,380
ENERGY AND POWER	41	10,477	179,248	189,725	812	8,204	9,016
ENVIRONMENT	3	146	-	146	40	-	40
EXCISE AND TAXATION	7	922	-	922	185	-	185
FINANCE	4	568	11,500	12,068	229	5,000	5,229
FOOD	10	1,343	-	1,343	404	-	404
FORESTRY	25	25,296	-	25,296	4,086	-	4,086
HEALTH	117	98,148	12,118	110,266	10,003	1,846	11,849
HIGHER EDUCATION	56	38,539	1,567	40,106	5,757	94	5,851
HOME	39	12,661	10,917	23,577	1,872	1,577	3,449
HOUSING	5	2,351	-	2,351	310	-	310
INDUSTRIES	25	12,470	3,443	15,913	1,478	821	2,299
INFORMATION & PR	6	323	-	323	156	-	156
LABOUR	4	287	98	385	58	39	97
LAW & JUSTICE	30	13,886	-	13,886	1,040	-	1,040
LOCAL GOVERNMENT	39	22,108	13,060	35,167	3,219	3,901	7,120
MINES & MINERALS	8	1,743	-	1,743	378	-	378
MULTI SECTORAL DEVELOPMENT	50	55,232	79,571	134,803	11,579	12,714	24,293
POPULATION WELFARE	7	725	1,753	2,477	242	585	827
RELIEF & REHABILITATION	30	9,662	1,164	10,826	2,282	700	2,982
ROADS	313	159,744	124,633	284,377	11,270	12,429	23,699
SOCIAL WELFARE	15	1,082	-	1,082	388	-	388
SPECIAL INITIATIVES	2	8,036	-	8,036	8,016	-	8,016
SPORTS, CULTURE, TOURISM & MUSEUMS	76	32,810	14,000	46,810	5,907	3,000	8,907
ST & IT	15	1,530	556	2,086	638	356	994
TRANSPORT	5	13,943	54,340	68,283	1,972	12,318	14,290
URBAN DEVELOPMENT	35	52,544	53,879	106,423	6,719	700	7,419
WATER	164	86,202	16,222	102,424	9,538	3,723	13,261
TOTAL	1,356	837,122	636,047	1,473,168	154,000	82,000	236,000

3.4 Departmental Estimates of Expenditure

(In Million)

Department	BE 2018-19	RE 2018-19	BE 2019-20 (Settled)	BE 2019-20 (Merged)	Total
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES⁹	7,852.8	6,253.0	13,609.9	1,482.6	15,092.5
Current	4,370.0	3,415.3	4,100.2	161.2	4,261.4
1 Salary	2,596.3	2,369.3	2,622.3	140.4	2,762.7
2 Non Salary	1,773.7	1,046.0	1,477.9	20.8	1,498.7
Development	3,482.8	2,837.7	9,509.7	1,321.4	10,831.1
AUQAF, HAJJ, RELIGIOUS & MINORITY AFFAIRS	522.2	497.7	543.6	19.7	589.4
Current	122.2	116.7	119.6	0.0	145.7
1 Salary	38.3	35.0	42.2	0.0	64.1
2 Non Salary	83.9	81.7	77.4	0.0	81.6
Development	400.0	381.0	424.0	19.7	443.7
COMMUNICATION & WORKS	22,607.7	28,072.2	32,585.3	7,148.0	39,733.3
Current	7,046.7	6,678.3	8,074.4	1,484.2	9,558.6
1 Salary	2,681.6	2,684.9	2,730.9	1,140.0	3,870.8
2 Non Salary	4,365.0	3,993.5	5,343.6	344.2	5,687.8
Development	15,561.0	21,393.9	24,510.9	5,663.8	30,174.7
ELEMENTARY & SECONDARY EDUCATION¹⁰	22,740.1	18,505.2	25,387.5	3,775.8	29,163.4
Current	6,656.9	3,585.0	8,007.3	90.4	8,097.8
1 Salary	907.2	763.1	976.5	82.0	1,058.5
2 Non Salary	5,749.7	2,821.9	7,030.8	8.4	7,039.3
Development	16,083.2	14,920.2	17,380.2	3,685.4	21,065.6
ENERGY & POWER	4,233.7	4,968.7	9,169.4	534.3	9,703.7
Current	141.4	122.6	153.0	0.0	153.0
1 Salary	112.9	80.3	111.9	0.0	111.9
2 Non Salary	28.5	42.3	41.1	0.0	41.1
Development	4,092.3	4,846.1	9,016.4	534.3	9,550.7

⁹ Besides, a sum of **Rs. 3.8 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 0.8 billion** for the Merged Areas.

¹⁰ Besides, a sum of **Rs. 111.7 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 17.7 billion** for Merged Areas.

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Department	BE 2018-19	RE 2018-19	BE 2019-20 (Settled)	BE 2019-20 (Merged)	Total
ENVIRONMENT & FORESTRY (WILDLIFE)	6,550.4	5,961.6	7,644.5	1,213.8	8,858.3
Current	3,238.1	2,972.6	3,518.5	338.8	3,857.3
1 Salary	2,790.0	2,334.7	2,859.6	316.4	3,176.0
2 Non Salary	448.1	637.9	658.9	22.4	681.3
Development	3,312.3	2,989.0	4,126.0	875.0	5,001.0
ESTABLISHMENT & ADMINISTRATION	5,316.4	3,442.1	4,241.7	549.2	4,790.9
Current	5,316.4	3,442.1	4,241.7	549.2	4,790.9
1 Salary	2,748.5	2,146.6	2,388.4	198.0	2,586.4
2 Non Salary	2,567.9	1,295.5	1,853.3	351.2	2,204.5
Development	0.0	0.0	0.0	0.0	0.0
EXCISE & TAXATION	1,356.2	1,208.6	949.1	9.8	958.9
Current	1,155.2	1,047.6	764.1	0.0	764.1
1 Salary	610.1	528.4	617.8	0.0	617.8
2 Non Salary	545.1	519.2	146.3	0.0	146.3
Development	201.0	161.0	185.0	9.8	194.8
FINANCE, TREASURIES & LOCAL FUND AUDIT	8,347.6	3,373.0	7,479.5	8,153.4	15,592.9
Current	2,149.6	1,449.7	2,250.5	8,143.4	10,353.9
1 Salary	1,464.6	930.5	1,296.1	132.1	1,391.2
2 Non Salary	685.0	519.2	954.4	8,011.3	8,962.7
Development	6,198.0	1,923.3	5,229.0	10.0	5,239.0
FOOD	93,742.0	15,536.2	93,685.9	37.3	93,723.1
Current	93,270.0	15,174.2	93,281.9	17.4	93,299.2
1 Salary	529.5	496.7	549.1	16.6	565.7
2 Non Salary	92,740.5	14,677.5	92,732.8	0.8	92,733.5
Development	472.0	362.0	404.0	19.9	423.9
HEALTH¹¹	58,065.2	53,415.4	66,822.0	3,291.9	70,113.9
Current	46,201.7	43,528.1	54,973.2	1,533.4	56,506.6
1 Salary	28,011.4	25,317.8	30,343.3	1,436.8	31,780.1
2 Non Salary	18,190.3	18,210.3	24,629.9	96.6	24,726.5
Development	11,863.5	9,887.3	11,848.8	1,758.5	13,607.3
HIGHER EDUCATION, ARCHIVES AND LIBRARIES	18,798.2	17,305.2	19,746.1	2,650.3	22,396.3
Current	13,924.8	10,564.6	13,895.0	2,101.0	15,995.9
1 Salary	12,084.4	9,340.4	12,315.2	2,053.3	14,368.4
2 Non Salary	1,840.4	1,224.2	1,579.8	47.7	1,627.5
Development	4,873.4	6,740.6	5,851.1	549.3	6,400.4

¹¹ Besides, a sum of **Rs. 21.5 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 5.3 billion** for Merged Areas.

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Department	BE 2018-19	RE 2018-19	BE 2019-20 (Settled)	BE 2019-20 (Merged)	Total
HOME & TRIBAL AFFAIRS, POLICE & JAILS	55,293.1	51,505.0	56,002.5	17,055.3	56,168.0
Current	52,019.1	48,167.8	52,553.0	16,957.1	52,620.3
1 Salary	42,532.7	38,788.3	43,599.2	15,626.3	43,650.6
2 Non Salary	9,486.4	9,379.5	8,953.8	1,330.8	8,969.7
Development	3,274.0	3,337.2	3,449.5	98.2	3,547.7
HOUSING	391.7	546.6	353.4	0.0	353.4
Current	43.7	35.7	43.4	0.0	43.4
1 Salary	32.3	29.3	33.8	0.0	33.8
2 Non Salary	11.4	6.4	9.6	0.0	9.6
Development	348.0	510.9	310.0	0.0	310.0
INDUSTRIES, COMMERCE, STATIONERY & PRINTING AND TECHNICAL EDUCATION	4,823.5	4,177.2	5,526.6	253.3	5,780.0
Current	3,184.6	2,674.2	3,227.7	196.0	3,423.8
1 Salary	2,268.6	1,838.9	2,351.9	180.1	2,532.1
2 Non Salary	916.0	835.3	875.8	15.9	891.7
Development	1,638.9	1,503.0	2,298.9	57.3	2,356.2
INFORMATION AND PUBLIC RELATION	622.4	436.3	709.3	9.9	719.2
Current	477.4	383.5	553.3	0.0	553.3
1 Salary	234.6	203.4	257.0	0.0	257.0
2 Non Salary	242.8	180.1	296.3	0.0	296.3
Development	145.0	52.8	156.0	9.9	165.9
INTER PROVINCIAL COORDINATION	56.7	44.7	55.6	0.0	55.6
Current	56.7	44.7	55.6	0.0	55.6
1 Salary	45.8	35.5	43.4	0.0	43.4
2 Non Salary	10.9	9.2	12.2	0.0	12.2
Development	0.0	0.0	0.0	0.0	0.0
IRRIGATION	12,609.3	14,540.3	17,860.6	1,450.4	19,311.0
Current	4,088.5	4,432.2	4,599.5	149.2	4,748.7
1 Salary	2,561.8	2,663.8	2,683.4	139.7	2,823.1
2 Non Salary	1,526.7	1,768.4	1,916.1	9.5	1,925.6
Development	8,520.8	10,108.1	13,261.1	1,301.2	14,562.3
LABOUR	602.8	432.9	589.7	4.9	594.6
Current	465.6	371.6	492.5	0.0	492.5
1 Salary	306.9	253.0	332.1	0.0	332.1
2 Non Salary	158.7	118.6	160.4	0.0	160.4
Development	137.2	61.3	97.2	4.9	102.1

Department	BE 2018-19	RE 2018-19	BE 2019-20 (Settled)	BE 2019-20 (Merged)	Total
LOCAL GOVERNMENT AND RURAL DEVELOPMENT¹²	8,489.9	11,315.2	12,172.4	838.2	13,010.5
Current	3,666.9	3,300.5	5,052.0	187.0	5,238.9
1 Salary	166.7	124.2	164.7	159.8	324.4
2 Non Salary	3,500.2	3,176.3	4,887.3	27.2	4,914.5
Development	4,823.0	8,014.7	7,120.4	651.2	7,771.6
MINES & MINERAL DEVELOPMENT	1,347.8	1,067.8	1,372.4	77.0	1,449.3
Current	946.8	792.1	994.4	57.3	1,051.6
1 Salary	531.3	396.5	558.9	54.2	613.0
2 Non Salary	415.5	395.6	435.5	3.1	438.6
Development	401.0	275.7	378.0	19.7	397.7
PLANNING & DEVELOPMENT AND BUREAU OF STATISTICS	16,987.1	14,581.1	35,312.5	64,109.8	99,413.4
Current	601.3	516.5	618.7	62.2	672.0
1 Salary	466.6	417.4	469.0	51.3	513.3
2 Non Salary	134.7	99.1	149.7	10.9	158.7
Development	16,385.8	14,064.6	34,693.8	64,047.6	98,741.4
POPULATION WELFARE¹³	1,142.5	804.1	1,454.0	4.9	1,458.9
Current	565.3	433.9	627.0	0.0	627.0
1 Salary	223.1	167.6	221.5	0.0	221.5
2 Non Salary	342.2	266.3	405.5	0.0	405.5
Development	577.2	370.2	827.0	4.9	831.9
PUBLIC HEALTH ENGINEERING	9,169.7	10,099.4	11,951.1	2,005.0	13,956.1
Current	5,742.7	6,749.4	7,152.1	975.4	8,127.5
1 Salary	3,422.7	3,562.1	3,703.3	579.8	4,283.1
2 Non Salary	2,320.0	3,187.3	3,448.8	395.6	3,844.4
Development	3,427.0	3,350.0	4,799.0	1,029.6	5,828.6
RELIEF REHABILITATION AND SETTLEMENT	8,351.0	5,217.8	11,009.3	17,191.4	28,200.6
Current	6,923.0	4,138.1	8,027.3	17,107.4	25,134.6
1 Salary	1,174.2	908.2	1,788.1	89.6	1,877.6
2 Non Salary	5,748.8	3,229.9	6,239.2	17,017.8	23,257.0
Development	1,428.0	1,079.7	2,982.0	84.0	3,066.0

¹² Besides, a sum of **Rs. 2.2 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 0.1 billion** for Merged Areas.

¹³ Besides, a sum of **Rs. 1.5 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities.

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Department	BE 2018-19	RE 2018-19	BE 2019-20 (Settled)	BE 2019-20 (Merged)	Total
REVENUE & ESTATE¹⁴	1,853.0	1,510.6	1,826.2	12.9	1,839.1
Current	1,395.0	1,060.1	1,337.2	2.9	1,340.1
1 Salary	714.7	582.0	656.4	0.0	656.4
2 Non Salary	680.3	478.1	680.8	2.9	683.7
Development	458.0	450.5	489.0	10.0	499.0
SCIENCE & TECHNOLOGY AND INFORMATION TECHNOLOGY	514.6	443.6	1,105.8	19.7	1,125.5
Current	121.6	95.6	111.8	0.0	111.8
1 Salary	101.1	80.1	88.8	0.0	88.8
2 Non Salary	20.5	15.5	23.0	0.0	23.0
Development	393.0	348.0	994.0	19.7	1,013.7
SPORTS, CULTURE, TOURISM, ARCHAEOLOGY & MUSEUMS¹⁵	3,284.5	2,986.0	9,816.0	751.8	10,567.8
Current	781.5	568.7	909.0	13.1	922.1
1 Salary	395.5	286.1	413.0	12.0	425.0
2 Non Salary	386.0	282.6	496.0	1.1	497.1
Development	2,503.0	2,417.3	8,907.0	738.7	9,645.7
TRANSPORT & MASS TRANSIT	39,587.9	27,280.9	14,637.8	176.7	14,814.5
Current	340.5	292.4	347.7	0.0	347.7
1 Salary	253.8	214.9	263.3	0.0	263.3
2 Non Salary	86.7	77.5	84.4	0.0	84.4
Development	39,247.4	26,988.5	14,290.1	176.7	14,466.8
ZAKAT, USHR, SOCIAL WELFARE, SPECIAL EDUCATION AND WOMEN EMPOWERMENT¹⁶	1,244.0	1,112.1	1,522.4	298.6	1,811.2
Current	947.0	829.8	1,134.4	35.9	1,160.5
1 Salary	395.0	298.5	364.2	28.8	386.1
2 Non Salary	552.0	531.3	770.2	7.1	774.4
Development	297.0	282.3	388.0	262.7	650.7

¹⁴ Besides, a sum of **Rs. 10.7 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 3.0 billion** for Merged Areas.

¹⁵ Besides, a sum of **Rs. 0.2 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 0.07 billion** for Merged Areas.

¹⁶ Besides, a sum of **Rs. 1.4 billion** has been earmarked for the Fiscal Year 2019-20, to be transferred to the settled district level entities, and **Rs. 0.95 billion** for Merged Areas.

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 7.

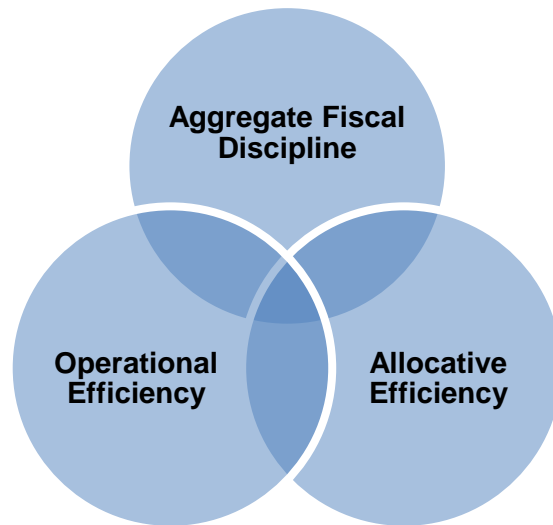


Figure 7 Objectives of GoKP's PFM Strategy

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 22nd March, 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 8.

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

<p>Objective A Policy driven planning and budgeting</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 	<p>Objective B Comprehensive, credible and transparent budget</p> <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 	<p>Objective C Predictability and control in budget execution</p> <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> <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 	<p>Objective E Assets and liabilities management</p> <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 	<p>Objective F Accountability for results</p> <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 there has been a felt need 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 1st Jul, 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

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 Programme (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 roster 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 Programme

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, Dire 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 Hydel 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). With time, and with more capacity and skill, KPFM would move towards greater diversification among asset classes.

Within fixed income, due to rising interest rate environment, monies were invested at shorter tenor, mostly 3 months in either T-bills or bank deposits. This has resulted in significantly more profits, to the tune of roughly Rs. 2 billion during FY 2019-20 compared to our historical approach of investing in 1-year tenor. Roughly, Rs. 125 billion were progressively invested at higher rates (7%, 8%, 10%, and at 13%) compared to 7% that would have been earned on these, had monies been locked in 1-year tenor in June-2018. The investment committee intends to invest in longer-tenor PIBs, once interest rates peak out and stabilize.

5.2. Fund Management Transformation

Finance department (FD), Khyber Pakhtunkhwa for last few years has been vying to introduce professional fund management for above mentioned Rs. 125 billion funds size. General Provident Investment (GPI) and Pension funds have earned roughly 10% return for last 26 years, equivalent of 5-year PIB return (see table below), which with professional management, is projected to earn 14% return.

Assuming government's equity contribution to grow at 5% (compared to historic 10%), in next 26 years, earning return at 10% rate means ending balance of Rs. 2.1 trillion versus 14% rate of Rs. 5.3 trillion; a difference of a significant Rs. 3.2 trillion, the present value of which is an enormous Rs. 277 billion. In other words, the cost of not introducing professional management is colossal.

GPI, Pension, and HDF's Rs. 125 billion are expected to cross Rs. 200 billion mark in next 4 years, and current employee-strength of the Fund Management is unable to manage such large sums of monies. In this regard, the Boards of GPI, Pension, and HDF have approved a 33-employee organogram (26 regular + 7 support staff). The organogram mimics private sector financial institutions i.e. a front office to conduct investing, a CFO-led back office to conduct accounts & operations, and a middle office with independent audit, risk & compliance functions.

Furthermore, a proposed System of Funds Administration (SyFA) through a legislative bill offers one master board and one fund management agency to consolidate and manage potentially all of Government of Khyber Pakhtunkhwa funds. This shall relieve numerous other departments engaged in investing surplus monies. The KPFA shall not only invest monies at higher return but also transparently produce accounts, conduct audit, and issue an annual report; all under the aegis of Chief Minister and the Chief Secretary led one Board. The following section provides an overview of each fund.

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 General Provident Investment Fund (Rs. in million)

Year	Opening Balance	Government Equity	Profit Earned	Closing Balance
Till 30.06.2013	18,515	6,944	2,201	27,660
2013-14	27,660	5,540	2,987	36,188
2014-15	36,188	0	4,323	40,510
2015-16	40,510	2,000	4,457	46,967
2016-17	46,967	2,996	3,668	53,660
2017-18	53,667	4,198	3,713	61,578
2018-19 (est.)	61,578	0	5,192	66,770

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 (Rs. In millions)

Year	Opening Balance	Government Equity	Profit Earned	Closing Balance
Till 30.06.2013	12,977	2,000	1,607	16,584
2013-14	16,584	3,000	1,866	21,450
2014-15	21,450	2,460	2,586	26,469
2015-16	26,469	2,000	2,656	31,125
2016-17	31,125	2,997	2,285	36,407
2017-18	36,407	3,540	2,601	42,548
2018-19 (est.)	42,548	0	3,548	46,096

5.5 Hydel 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 Hydel Development Fund (Rs. in million)

Year	Opening Balance	Government Equity	Profit Earned	Fund Utilized	Closing Balance
Till 30.06.2013	20,241	3,000	2,294	1,969	23,566
2013-14	23,566	3,000	2,309	5,322	23,553
2014-15	23,553	3,000	2,356	2,756	26,153
2015-16	26,153	10,206	1,982	15,000	23,341
2016-17	23,341	16,513	2,271	27,722	14,403
2017-18	14,403	15,000	915	7,298	23,020
2018-19 (est.)	23,020	0	1,631	4,571	20,080

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 RBDC fund size, and an overall position (Rs. in million)

Year	Opening Balance	Released during the year	Total	Profit Earned	Fund Utilized	Cumulative Total
2016-17	-	-	-	-	-	0.0
2017-18	0.0	3,423.5	3,423.5	76.9	1,332.2	2,231.4
2018-19 (est.)	2,231.4	6,215.3	8,446.8	256.4	2,509.0	6,194.3

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 has been successfully completed during 2018/19 through integration of all Directorates of Merged Areas Civil Secretariat with respective Administrative Departments of KP. Financial Integration serving has been successfully achieved through presentation of distinct yet integrated budget 2019/20 for Merged Areas as part of the GoKP Budget 2019/20, making this year's budget a historic one.

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.

6.1 Budget Numbers 2019-20 for Merged Areas

Table 24 Merged Areas Expenditure Budget 2019-20 (Rs. in Million)

HEAD	B.Es 2019-20
Current Expenditure	51,013.0
Salary	23,000.0
Non-Salary – O & M and Contingencies	28,013.0
Transfers to Local Governments	27,987.0
Transfer to Local Councils	718.0
District Salary	24,437.0
District Non Salary	2,832.0
Development Expenditure	83,000.0
ADP (Provincial)	24,000.0
ADP (Districts)	-
Merged Areas Strategy	59,000.0
Total Expenditure	162,000.0

Table 25 budget estimates 2019/20 by major item of expenditure (Rs. in Million)

MAJOR ITEM OF EXPENDITURE/OBJECT	B.Es 2019-20
A01 Employees Related Expenses	23,000.2
A02 Project Pre-Investment Analysis	
A03 Operating Expenses	27,085.4
A04 Employees' Retirement Benefits	444.4
A05 Grants Subsidies and Write Off Loans	27,530.3
A06 Transfers	263.9
A07 Interest Payment	
A08 Loans And Advances	
A09 Physical Assets	195.5
A10 Principal Repayments Of Loans	
A11 Investment	
A12 Civil Works	
A13 Repairs And Maintenance	480.4
Development / Capital	83,000.0
Total	162,000.0

Table 26 Department Wise Current Budget Estimates 2019/20 (Rs. in millions)

DEMAND NO.	DEPARTMENTS	POSTS 2019-20	BUDGET ESTIMATES 2019-20		
			SALARY	NON SALARY	TOTAL
61	GENERAL ADMINISTRATION	327	198.0	351.2	549
61	TREASURIES	89	57.3	3.0	60
61	FINANCE	106	74.7	8,008.3	8,083
61	PLANNING & DEVELOPMENT	62	44.3	9.0	53
61	BUREAU OF STATISTICS	10	7.0	1.9	9
61	REVENUE & ESTATE	-	-	2.9	3
61	HOME & TRIBAL AFFAIRS	78	51.4	15.9	67
61	JAILS & CONVICTS SETTLEMENT	21	12.6	-	13
61	ADMINISTRATION OF JUSTICE	1,138	563.3	288.1	851
61	HIGHER EDUCATION, ARCHIVES & LIBRARIES	2,103	2,053.3	47.7	2,101
61	HEALTH	2,014	1,436.8	96.6	1,533
61	COMMUNICATION & WORKS	2,767	1,122.6	31.1	1,154
61	ROADS HIGHWAYS & BRIDGES (REPAIR)	-	-	181.9	182
61	BUILDINGS & STRUCTURES (REPAIR)	48	17.3	131.2	149
61	PUBLIC HEALTH ENGINEERING	2,271	579.8	395.6	975
61	LOCAL GOVERNMENT	20	159.8	27.2	187
61	AGRICULTURE	139	84.6	8.8	93
61	ANIMAL HUSBANDRY	49	35.9	11.0	47
61	FORESTRY (WILDLIFE)	685	316.4	22.4	339
61	FISHERIES	43	19.9	1.0	21
61	IRRIGATION	218	139.7	9.5	149
61	MINERAL DEVELOPMENT AND INSPECTORATE OF MINES	103	54.2	3.1	57
61	TECHNICAL EDUCATION AND MANPOWER	388	180.1	15.9	196
61	SOCIAL WELFARE, SPECIAL EDUCATION & WOMEN EMPOWERMENT	10	6.8	2.9	10
61	ZAKAT & USHER	28	21.9	4.2	26
61	SPORTS, CULTURE, TOURISM & MUSEUMS	18	12.0	1.1	13
61	ELEMENTARY & SECONDARY EDUCATION	113	82.0	8.4	90
61	RELIEF REHABILITATION AND SETTLEMENT	144	89.6	17,017.8	17,107
61	DISTRICT SALARY	44,403	24,436.8	-	24,437
61	DISTRICT NON SALARY	-	-	2,832.2	2,832
61	POLICE	35,395	15,562.3	1,314.8	16,877
61	GRANT TO LOCAL COUNCILS	-	-	717.6	718
61	STATE TRADING IN FOOD GRAINS AND SUGAR	35	16.6	0.8	17
TOTAL		92,825	47,437	31,563	79,000

Table 27 Sector Wise Development Budget Estimates 2019/20 (Rs. in millions)

SECTOR	BE 2019-20
AGRICULTURE	1,321.4
AUQAF, HAJJ, RELIGIOUS & MINORITY AFFAIRS	19.7
BOARD OF REVENUE	10.0
BUILDING	1,778.7
DRINKING WATER & SANITATION	1,029.6
ELEMENTARY AND SECONDARY EDUCATION	3,682.4
ENERGY AND POWER	534.7
ENVIRONMENT	44.4
EXCISE TAXATION & NORCOTICS CONTROL	9.8
FATA DEVELOPMENT AUTHORITY	3,063.0
FINANCE	10.0
FOOD	20.0
FORESTRY	830.6
HEALTH	1,758.5
HIGHER EDUCATION	549.3
HOME	98.2
INDUSTRIES	57.3
INFORMATION	9.9
LABOUR	4.9
LAW & JUSTICES	39.1
LOCAL GOVERNMENT	651.2
MINES AND MINERALS	19.7
MULTI SECTORAL DEVELOPMENT	1,224.2
POPULATION WELFARE	4.9
PRO-POOR SPECIAL INITIATIVES	40.0
RELIEF & REHABILITATION	84.0
ROADS	3,885.0
SOCIAL WELFARE	262.7
SPORTS TOURISM ARCHEOLOGY	738.7
ST&IT	19.7
TRANSPORT	176.7
TRIBAL DECADE STRATEGY	59,000.0
URBAN DEVELOPMENT	720.4
WATER	1,301.2
TOTAL	83,000

6.2 Key principles for utilising Merged Areas Development Plan funds in the 2019-20 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 programmes 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

In Million

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

WHITE PAPER 2019-20

Year	Size of ADP	Revised Size of ADP
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	

(*Includes PSDP of Rs. 3498.219 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	---	---

CURRENT YEAR's ANNEXURES

1. General Revenue Receipts

In Million

Description	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
I-PROVINCAL TAX RECEIPTS	23,823.000	19,765.000	33,022.567
GST on Services	15,000.000	11,000.000	20,354.000
Agriculture Income Tax	110.000	75.000	87.975
Urban Immoveable Property Tax (net)	218.000	253.000	322.000
Registration (Transfer of Property)	270.000	260.000	304.980
Land Revenue	2,550.000	2,600.000	3,049.800
Tax on Professions	350.000	370.000	450.000
Provincial Excise	30.000	32.000	35.000
Stamp Duties	1,230.000	1,300.000	3,743.899
Receipts under Motor Vehicles Acts, Route Permit & Fitnesses	1,995.000	2,085.000	1,853.000
Tobacco Development Cess	410.000	350.000	385.000
Infrastructure Development Cess	400.000	150.000	200.000
Electricity Duty	859.000	859.000	1,717.000
Fee for Real Estate Deals	9.000	12.000	15.000
Electronic Media	7.000	4.000	11.000
Hotel Tax	45.000	50.000	65.000
Urban Capital Value Tax	340.000	365.000	428.913
II- NON-TAX RECEIPTS	17,439.000	14,875.000	20,381.533
Income from Property & Enterprises	3,886.356	3,036.356	5,686.991
Interest	63.044	63.044	61.991
Dividends	1,069.881	1,069.881	16.569
Return on Assets Transferred to WAPDA	3.431	3.431	3.431
Hydel Power Own Generation	2,750.000	1,900.000	5,605.000
RECEIPTS FROM CIVIL ADMINISTRATION & LAW AND ORDER	3,266.553	2,953.200	3,428.549
Fees from Public Service Commission	90.000	70.000	195.689
Receipt in aid of Superannuation	50.000	50.000	50.000
Weights and Measures	53.800	53.700	61.000
Local Fund Audit	437.777	100.000	110.000
Administration of Justice	310.000	315.000	320.000
Jails and Convict Settlement	30.000	35.000	37.000
Police & Others	2,294.976	2,329.500	2,654.860
Receipts from Community Services	1,080.000	872.000	929.556
Buildings and Communications	660.000	550.000	579.876
Public Health Engineering	400.000	300.000	304.680
Local Government	20.000	22.000	45.000
Receipts from Social Services	2,037.198	2,080.240	2,326.928
Higher Education Archives & Libraries	521.000	550.000	650.180
Elementary & Secondary Education	70.000	76.000	100.000

WHITE PAPER 2019-20

Description	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
Technical Education	15.200	12.500	15.200
Health	1,102.258	1,148.000	1,257.000
Museums and Tourist Deptt.	123.300	88.300	93.300
Stationery and Printing	205.440	205.440	211.248
Receipts from Economic Services	6,784.550	5,367.350	6,844.482
Agriculture	194.500	186.500	201.700
Fisheries	75.000	72.000	76.908
Wildlife	37.000	40.000	65.994
Animal Husbandry	141.850	121.850	136.900
Forestry	500.000	79.000	429.090
Irrigation	590.000	570.000	577.790
Manpower Management	1.100	1.100	1.100
Industries	29.400	28.200	33.200
Industrial Safety Explosives (Min: Dev)	4,215.700	4,268.700	5,321.800
Housing	1,000.000	-	-
Miscellaneous Receipts	384.343	565.854	1,165.027
Provincial Receipts (I + II)	41,262.000	34,640.000	53,404.100
III-FEDERAL TAX ASSIGNMENT	360,459.360	338,367.436	453,199.892
Taxes on Income	139,462.391	134,702.965	169,073.596
Custom Duties	59,941.081	59,900.297	81,686.995
Sales Tax	139,808.859	122,570.288	173,416.187
Capital Value Tax (CVT)	529.369	266.126	320.917
Central Excise	20,717.660	20,927.760	28,702.197
IV-Straight Transfers	22,324.336	25,006.337	25,606.400
Royalty on Crude Oil	9,149.633	14,123.182	13,493.052
Royalty on Natural Gas	8,984.101	8,026.915	7,713.472
Gas Dev: Surcharge	1,667.964	885.460	1,693.879
Excise Duty on Natural Gas	2,522.638	1,970.780	2,705.997
V-Net Profit from Hydel Power Generation	28,780.868	22,586.759	21,183.000
VI-Arrears of Net Hydel Profit	15,000.000	15,000.000	11,905.000
VII-1% of Divisible Pool for War on Terror	43,311.767	40,657.264	54,455.204
VIII-Net Hydel Profit (Arrears 2015-16, 2016-17 & 2017-18)	11,204.000	6,905.000	22,586.759
IX-Arrears of Net Hydel Profit receivable against of Rs. 70 billion (2016-17 & 2017-18)	10,293.000	10,000.000	-
X-Non-Development Grant	-	159.900	-
XI-Grant from Federal Govt for NMAs	-	-	79,000.000
XII-NHP as par AGN Qazi formula	-	-	0.100
Total General Revenue Receipts (I to IX)	532,635.331	493,322.696	721,340.455

2. General Revenue Expenditure

In Million

Classification	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
General Public Service	259,710.331	250,680.811	298,763.446
Executive and Legislative Organs, Financial and Fiscal Affairs (Voted)	67,546.554	76,701.096	87,003.073
Executive and Legislative Organs, Financial and Fiscal Affairs (Charged)	10,285.656	10,305.814	11,329.522
Transfers	177,749.909	160,926.076	196,396.384
General Services	3,865.627	2,560.917	3,683.105
General Public Services not elsewhere defined	262.585	186.908	351.362
Civil Defence	130.958	113.583	194.882
Public Order and Safety Affairs	59,453.398	56,320.680	77,842.254
Law Courts (Voted)	4,621.873	5,712.738	5,844.340
Law Courts (Charged)	1,701.577	1,696.596	1,732.287
Police	48,806.959	44,559.175	65,426.082
Prison Administration and Operation	2,595.860	2,556.615	2,812.571
Administration of Public Order	1,727.129	1,795.556	2,026.974
Economic Affairs	24,251.790	22,436.085	28,015.917
General Economic, Commercial and Labour Affairs	989.931	883.899	1,086.848
Agriculture, Food, Irrigation, Forestry and Fishing	14,546.210	13,460.644	15,460.425
Fuel and Energy	141.362	222.618	253.086
Mining and Manufacturing	1,053.304	810.331	1,164.819
Construction and Transport (Voted)	7,383.117	6,966.737	9,902.348
Construction and Transport (Charged)	4.015	4.015	4.015
Other Industries	133.851	87.841	144.376
Environment Protection	134.829	115.027	160.305
Housing and Community Amenities	7,456.465	7,085.088	9,670.878
Housing Development	43.698	35.657	43.425
Community Development	1,670.081	300.000	1,500.000
Water Supply	5,742.686	6,749.431	8,127.453
Health	35,497.417	32,504.830	44,854.945
Medical Product, Appliances & Equipment	157.054	94.893	162.211
Hospital Services	29,683.536	26,772.441	36,804.719
Public Health Services	49.187	39.513	65.815
Health Administration	5,607.640	5,597.983	7,822.200
Recreation, Culture and Religion	1,412.266	1,125.504	1,657.871
Recreation and Sporting Services	243.317	234.974	174.624
Cultural services	309.826	163.854	507.112
Broad Casting and Publishing	264.146	250.416	298.484
Religious Affairs	381.763	343.208	422.826
Administration of Information, Recreation and Culture	213.214	133.052	254.825
Education Affairs and Services	33,895.631	27,404.274	38,598.484
Pre-primary and Primary Education Affairs and Services	454.071	409.477	481.201
Secondary Education Affairs and Services	138.856	138.488	246.206
Tertiary Education Affairs and Services	25,866.865	22,577.208	28,852.542
Subsidiary Services to Education	396.726	311.972	415.467
Administration	7,039.113	3,967.129	8,603.068
Social Protection	8,056.915	5,214.118	26,541.018
Administration	7,061.176	4,403.974	25,276.937
Other	995.739	810.144	1,264.081
Total Current Revenue Expenditure	430,000.000	403,000.000	526,300.000

3. Development Budget by Sector for the Year 2018/19 & 2019/20¹⁷ In Million

DEVELOPMENT PROGRAMME	2018-19		Budget Estimates 2019-20		
	Budget Estimates	Revised Estimates	Annual Dev: Program	Foreign Projects Assistance	Total
ANNUAL DEVELOPMENT PROGRAMME					
Agriculture	3,482.829	2,837.660	4,200.000	5,309.722	9,509.722
Auqaf, Hajj & Minorities	400.000	381.000	424.000		424.000
Board of Revenue	458.000	450.500	489.000		489.000
Building	938.000	898.000	812.000		812.000
DWSS	3,427.010	3,350.000	3,799.000	1,000.000	4,799.000
E&SE	16,083.174	14,920.153	9,698.000	7,682.127	17,380.127
Energy and Power	4,092.300	4,846.078	812.000	8,204.400	9,016.400
Environment	446.323	133.000	40.000		40.000
Excise, & Taxation	201.000	161.000	185.000		185.000
Finance	6,198.000	1,923.317	229.000	5,000.000	5,229.000
Food	472.000	362.000	404.000		404.000
Forestry	2,866.000	2,856.000	4,086.000		4,086.000
Health	11,863.471	9,887.289	10,003.000	1,845.815	11,848.815
Higher Education	4,873.440	6,740.622	5,757.000	94.056	5,851.056
Home	3,274.016	3,337.179	1,872.000	1,577.458	3,449.458
Housing	348.000	510.880	310.000		310.000
Industries	1,638.918	1,503.000	1,478.000	820.856	2,298.856
Information	145.000	52.838	156.000		156.000
Labour	137.178	61.317	58.000	39.233	97.233
Law & Justice	880.000	1,005.800	1,040.000		1,040.000
Local Government	4,823.000	8,014.703	3,219.000	3,901.400	7,120.400
Mines and Mineral	401.000	275.712	378.000		378.000
Multi Sectoral Development	11,140.833	10,617.069	11,579.000	12,713.772	24,292.772
Population Welfare	577.180	370.240	242.000	585.000	827.000
Special Initiatives	422.000	272.000	8,016.000		8,016.000
Relief & Rehabilitation	1,428.000	1,079.701	2,282.000	700.000	2,982.000
Roads	14,622.997	20,495.897	11,270.000	12,428.892	23,698.892
Social Welfare	297.000	282.325	388.000		388.000
Sports, Tourism, & Youth	2,503.000	2,417.309	5,907.000	3,000.000	8,907.000
ST & IT	393.000	348.000	638.000	356.000	994.000
Transport	39,247.430	26,988.501	1,972.000	12,318.127	14,290.127
Urban Development	2,817.497	3,175.536	6,719.000	700.012	7,419.012
Research & Development	1,236.604	2,093.635			
Water	8,520.800	10,108.078	9,538.000	3,723.130	13,261.130
Total ADP (I)	150,655.000	142,756.339	108,000.000	82,000.000	190,000.000
DISTRICT ADP (II)	29,345.000	29,345.000	46,000.000	-	46,000.000
Total (I+II)	180,000.000	172,101.339	154,000.000	82,000.000	236,000.000
SPECIAL FEDERAL PROGRAMME (PSDP)					
Forestry	-	88.785	-	-	-
Health	-	1,820.483	-	-	-
E & SE Sector	-	0.160	-	-	-
Energy and Power	-	28.516	-	-	-
Research & Development	-	6.480	-	-	-
Roads	-	120.000	-	-	-
Water	-	1,433.795	-	-	-
Total PSDP (III)	-	3,498.219	-	-	-
Total ADP (I+II+III)	180,000.000	175,599.558	154,000.000	82,000.000	236,000.000

¹⁷ Excluding Merged Areas

4. Development Budget (Foreign Project Assistance) Year 2018/19 & 2019/20¹⁸

In Million

PARTICULARS	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
A-EXTERNAL RESOURCES			
I-FOREIGN LOANS			
ADB	43,943.730	30,200.434	29,915.667
Construction of Peshawar Sustainable Bus Rapid Transit Corridor-2 GT Jamrud Road	0.010	-	-
Purchase of land and PMU Balakot	-	-	-
Constructon of Balakot HPP 300 MW	5.000	-	5.000
F/S & Dualization of Mardan-Swabi Road including Swabi Bypass	350.000	-	3,400.000
KP Cities Improvement Project	-	-	150.000
Detailed Design and Construction of Pehur High level Canal Extension District Swabi	2,870.800	1,850.060	2,873.130
Detailed Engineering Design PDA of Peshawar Provincial Roads Rehabilitation Project	431.390	53.575	377.797
Access to Energy - construction of MHP on Rivers and Tributeries	4,809.000	4,161.000	8,100.000
Access to Energy - construction of MHP on Canals	2,085.000	3,505.700	1,500.000
Access to Energy - solarization of schools and BHUs	822.000	-	700.000
Access to Energy - solarization of schools and BHUs	869.400	869.400	869.400
Khyber Pakhtunkhwa Intermediate cities improvement project	0.100	-	0.010
Construction of Peshawar Mass Transit System (Bus Rapid Tranist)	31,701.030	19,760.699	11,940.330
IDA	35.100	-	17,530.102
Preparation Advance Facility of World Bank proposed KP Hydro Power Dev Project	-	-	130.000
KP Revenue Mobilization and Resource Management Program	-	-	5,000.000
F/S & Rehabilitation of Sewerage / Solid Waste Treatment Plants in Peshawar & Divisional Headquarters	-	-	0.001
Khyber Pakhtunkhwa Cities Digital Transfomation Centers	-	-	500.000
F/S, Detailed Engg and Construction of Swat Expressway from Chakdarra to Fatehpur	-	-	0.001
Kalkot Barikot patrak HPP Dir Upper	5.000	-	-
KP Refugees and Host Communities under IDA-18	0.100	-	0.100
Capicity Building in Infrastrucutre under Urban Dev sector	5.000	-	-
Improvement & remodling of existing irrigation and drainage infrastucture including feasibility studies and detailed designing for new irrigation and drainage infrastructure in KP	5.000	-	-
Establishment of Citizen facilitation Centers in Peshawar	-	-	100.000
Integrated Tourism Area Dev Programme	5.000	-	3,000.000
Patrak -Shringal HPP Dir Upper 22 MW	5.000	-	5,000.000
Gabral-Kalam HPP 110 MW	5.000	-	-

¹⁸ Excluding Merged Areas

PARTICULARS	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
KP Irrigated Agriculture improvement project	5.000	-	3,800.000
WORLD BANK/IDA	5.000	-	-
own source revenue generation	5.000	-	-
JAPANESE / JICA	259.997	267.966	108.205
Feasibility Study on KP Rural Roads Improvement & Rehabilitation Project	100.000	33.016	100.000
Emergency Rural Road Rehabilitation Project	159.997	234.950	8.205
MDTF	0.001	-	0.001
Slums & Informal Settlements Upgradation Program in KP	0.001	-	0.001
SFD	100.000	-	1,000.000
Gravity Flow Water Supply Scheme, District Manshera	100.000	-	1,000.000
I-Foreign Loans	44,343.828	30,468.400	48,553.975
II-FOREIGN GRANTS			
ADB	-	-	1,550.000
Block Provision for schemes to be funded from NDRMF	-	-	700.000
Construction of Flood Embankment on Right Side of Kabul River Reach No.3	-	-	125.000
Construction of Protection Structures on R/S of Kabul River	-	-	150.000
Flood and Erosion Protection arrangement of villages/abadies of Moza Shah Nawaz	-	-	100.000
Construction of Flood Embankment of Kabul Riever Upper side of Motorway interchange district nowshera	-	-	125.000
Provision of Advance Hydrological Equipment and Capacity Building on Real Time Flow Monitoring and Advnace Measurement	-	-	50.000
Construction of Flood Embankment from Kheskhi village Reach-1	-	-	100.000
Construction of Flood portection embankment kheskhi Reach-2	-	-	100.000
Construction of Flood Structures along jabba daudzai and zangal koroona areas along kabul and shah alam rivers nowshera	-	-	100.000
UNDP	1,153.142	353.560	1,339.272
Strengthening Rule of Law Project	130.430	225.140	236.000
SDG Unit in KP	100.000	14.100	50.000
Scaling-up of Glacial Lake Outbrust Flood risk reduction in Norhtern PK	409.323	100.000	300.000
Youth and social cohesion project	359.471	-	-
Youth Empowerment Programme	-	-	527.262
Khyber Pakhtunkhwa Economic Development Project	132.918	-	200.000
Establishment of Forensic Science Laboratory (FSL) at Peshawar	5.000	-	0.010
Sustainable Land Management Programme to combat Desertification and land Degradation in KP	16.000	14.320	26.000
SDC/Dutch	216.090	279.893	135.774
Water and energy security through microhydles in the hindukush	3.900	104.013	-
Market and Empolyability for Peace and Stability	88.910	99.880	91.608
Water for Livelihoods phase II	123.280	76.000	44.166
NAS/INL	600.000	936.740	285.000

PARTICULARS	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
Torghar Integrated Area Developmetn Project	-	-	100.000
Additional Works in Joint Police Training Center at Nowshera	-	-	
Construction of Police Lines Daggar, District Buner	-	-	
Joint police training centre (phase-II) at Hakim Abad Nowshera	600.000	936.740	185.000
Directorate of Human Rights and its District based Resource Centres with integrated facilities for Public Proscsecutors, Govt Pleaders, and Probation Officers, Govt of KP	-	-	
JICA / JAPAN ASSISTED.	207.729	1.485	823.687
Construction of Boundary Walls in Govt Schools of KP through Tameer-e-School Program	204.000	-	0.001
Gravity Flow Water Supply Scheme, Mingora District Swat	0.010	-	
Rehabilitation of Flood Damages Rural Roads under counter	-	-	820.686
Promotion of Carp Fisheries in KP	3.719	1.485	3.000
Project for Strengthening Routine Immuinization	-	-	
UK/DFID/GAVI	10,347.042	9,007.502	9,716.375
Sustainable Energy & Economic Development Program	-	-	300.000
Integration of Health Services Delivery with special focus on MNCH, LHW, EPI and Nutrition Programme	2,864.220	1,993.350	400.000
Development of Play Area in Primary schools of KP	-	-	318.120
Delivering accelerated family planning in pakistan	428.180	340.000	585.000
Expanded Programme on Immunization EPI	744.000	176.000	800.000
Multi Year Humanitarian Programme	100.000	176.000	
Peace Building Initiative for Khyber Pakhtunkhwa Project			
Standardization of Higher Secondary Schools in KP	-	-	2,000.000
AAWAZ Voice and Accountability Program	-	-	700.000
Provision of Stipends to Secondary Schools Girls	1,700.000	1,785.693	1,862.450
Continuous Capacity Development of Parent Teachers Councils	55.000	-	55.001
Khyber Pakhtunkhwa Girls Community Schools Project Phase-II	210.000	159.740	217.501
Khyber Pakhtunkhwa Girls Community Schools Project Phase-1	310.964	25.000	285.965
Establishment of Independent Monitoring Unit	588.000	801.385	142.338
Schools Infrastructure in Khyber Pakhtunkhwa	1,183.630	1,499.051	1,000.000
Capacitating 500 ECE Rooms in Govt Primary Schools in KP	-	-	350.000
Sub-National Governance Programme-II in KP	158.310	-	700.000
Schools furniture project in Khyber Pakhtunkhwa	2,004.738	2,051.283	
MDTF	1,408.704	1,315.704	1,956.486
Southern Area Development Project	610.704	510.704	601.630
Digital Jobs for Khyber Pakhtunkhwa	-	-	256.000
Economic Revatalization in Khyber Pakhtunkhwa	448.000	455.000	620.856
Governance and Policy Reforms program	350.000	350.000	478.000
USAID	4,046.550	4,442.008	4,838.232
Agriculture Technology Enhancement Activities (ATEA) in KP	220.090	-	

PARTICULARS	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
US-Pakistan Centre for advanced studies	748.440	590.122	94.056
schools supplies for KP reconstruction programme	84.000	106.165	
Gomal Zam Dam Command Area Development and On-Farm Water Management for high value and high efficiency Agriculture Project	681.020	500.000	1,506.722
Skill for Youth Project	-		
KP reconstruction programme (KPRP)	980.000	2,092.516	1,687.454
KP Health Initiative	-		
Establishment of Urban Policy Unit	35.000	25.000	50.000
Municipal Service Delivery Project	1,000.000	1,000.000	1,500.000
Khyber Pakhtunkhwa Governance Project	298.000	128.205	
China/dfid	0.010	-	777.111
IT Labs Program in KP (MOFCOM Assisted)	0.010	-	777.111
UNICEF/UN/WFP	4,527.007	4,396.794	6,053.593
Strengthening Govt. Efforts to Combat Child Labour through Child Labour Survey in KP	82.178	46.390	39.233
Khyber Pakhtunkhwa Stunting Prevention and Rehabilitation Integrated Nutrition Gain	-	-	300.000
Multiple Initiative under one UN Programme	4,444.829	4,350.404	5,714.360
KFW	963.251	254.399	995.815
Reconstruction of women and children liaqat memorial teaching hospital Kohat through RAHA			
Equipment for Basic Health in Khyber Pakhtunkhwa			
Infrastructure Support to Khyber Pakhtunkhwa	525.000	54.906	500.000
Establishment of Safe Blood Transfusion project phase-II	268.283	50.795	335.100
Social Health Protection Initiative for Khyber Pakhtunkhwa	169.968	148.698	160.715
EUROPEAN UNION	1,570.815	548.503	2,918.228
KP District Governance & Community Dev. Program	891.000	-	2,401.400
Citizen Engagement for Responsive and Accountable Governance	60.700	51.130	60.380
Strengthening Rule of Law for Citizens Justice and Peace	293.238	196.000	
Programme for economic advancement and community empowerment	-		
Pakistan Action to Counter Terrorism with Special reference to Khyber Pakhtunkhwa UNODC	299.000	279.460	456.448
Technical assistance for implementation of citizens justice and peace program	26.877	21.913	
Rule of Law Programme in Khyber Pakhtunkhwa			
UNOPS	715.832	471.394	673.640
improving quality of learning through provision of sustainable renewable energy solutions in primary schools in southern districts of kp	715.832	471.394	673.640
Project for Developing Transport Services for Women	-		
SFD	1,000.000	1,962.563	1,232.812
Saudi Fund for Development Projects	1,000.000	1,962.563	1,232.812
AUS AID	-	-	150.000

PARTICULARS	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
Provision of Life Saving Maternal and Reproductive Health, Protection support services for Women and Giroks in KP	-	-	150.000
II-Foreign Grants	26,756.172	23,970.545	33,446.025
A-Total External Resources (I + II)	71,100.000	54,438.945	82,000.000
B-Provincial Contribution	108,900.000	117,662.394	154,000.000
C-Public Sector Development Programme (PSDP)	-	3,498.219	
D-ADP/10 Years Plan/Relief Measures NMAs	-	-	72,000.000
E-Provincial Contribution for NMAs	-	-	11,000.000
Total Development (A+B+C+D+E)	180,000.000	175,599.558	319,000.000

5. Bank of Khyber in 2018

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.

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 28.

Table 28 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 2018

During 2018, the Bank posted profit before tax of Rs. 707 million as compared to Rs. 2,795 million of the previous year. Accordingly, Profit after tax also decreased to Rs. 466 million. The decrease is, mainly attributed to recording of loss on sale of securities. The Net Mark-up / Interest Income after provisions increased by 7% and stood at Rs. 5,139 million as compared to Rs. 4,799 million in the corresponding period of 2017. Non-Markup /Interest Income excluding loss on sale of securities increased by 19%. During the year dividend income also reduced considerably.

The total assets of the Bank decreased by 9% and reached Rs. 223,095 million as compared to Rs. 245,132 million at the year-end 2017. The decrease is attributed to reduction in Investment by 33% as the funds shifted to advances to augment core banking activities. An increase of 13% has been witnessed in the gross advances of the Bank which increased to Rs. 99,166 million as compared to Rs. 87,673 million of the previous year 2017. It was important to note that during the year, efforts were made to meet the financial needs of the Bank through low cost deposit mobilization. Accordingly, reliance on borrowings was reduced by 46% to save cost and to encourage cost effective channels.

The shareholders' equity with a slight decrease stood at Rs. 13,809 million. Return on Assets (ROA) and Return on Equity (ROE) stood at 0.21% and 3.98% respectively. On the liability side, the deposit base of the Bank witnessed consistent growth throughout the financial year 2018 and stood at Rs. 171,168 million showing an increase of 8% over the year 2017. This deposit growth was mainly driven through new customer acquisition and deepening of the existing portfolio base. The Bank managed to reduce costly deposits and curtailed cost of funds.

Funding SME Businesses

The Bank of Khyber has engaged its funding 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 2019

The Bank being watchful of the economic conditions would focus on maintaining the growth momentum and asset quality. The cornerstone of Bank's philosophy would remain on improving service quality standards and providing state of the art banking services through leveraging technology and trained human resource. Efforts are also underway to target new market segments and to improve efficiency and productivity in Bank's overall performance.

In addition to these, the Bank of Khyber would work towards enhancing revenue growth and profitability through cross selling various financial products, strengthening internal controls operational structure, capacity building, proficient customer services and optimizing branch banking platform. Emphasis will be on major cost rationalization initiatives through continuous improvement in automation and product innovations. More emphasis will be placed on increasing advances in all segments of economy with special focus on SME and agriculture sector to improve Bank's ADR and profitability.

The Bank of Khyber is also planning to enhance its outreach in the unserved areas of Merged Areas in near future through establishment of branches.

6. Foreign Exchange Loan Liabilities as on 01-07-2019

In Million

Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2019
IDA-678-Pak (3rd Education Project)	0.75%	80 half yearly	15-2-1987	*0.152
IDA-683-Pak (Flood Damages Restoration Project)	0.75%	80 half yearly	15-5-1987	*0.578
IDA-755-Pak (Hazara Forestry Project)	0.75%	80 half yearly	1-4-1998	*0.100
IDA-877-Pak (Salinity Control & Reclamation Project Mardan)	0.75%	80 half yearly	1-4-1989	*6.323
IDA-892-Pak (4th Primary Education Project)	0.75%	80 half yearly	1-9-1989	*0.362
IDA-1113-Pak (Bannu Leather Goods Services Control Project)	0.75%	80 half yearly	1-8-1991	*0.313
IDA-1163-Pak (On-Farm Water Management Project)	0.75%	80 half yearly	1-12-1991	*0.737
IDA-1239-Pak (Irrigation System Rehab. Project)	0.75%	80 half yearly	1-10-1992	*1.055
IDA-1487-Pak Command Water Mangt Project	0.75%	80 half yearly	15-6-1994	*1.464
IDA-1499-Pak (Small Industries Dev. Board Project)	0.75%	80 half yearly	15-1-1995	*0.070
IDA-1602-Pak (2nd Primary Education Project)	0.75%	80 half yearly	1-11-1995	*6.000
IDA-1603-Pak (On-Farm Water Mangt. Project)	0.75%	80 half yearly	1-11-1995	*1.435
IDA-1888-Pak (2nd Irrigation System and Rehabilitation Project)	0.75%	50 half yearly	1-8-1998	*0.965
IDA-2003-Pak (1988 Flood Damages Restoration Project)	0.75%	50 half yearly	15-9-1999	*0.745
IDA-2154-Pak (2nd Agriculture Research Project)	0.75%	50 half yearly	1-11-2000	*1.238
IDA-2240-Pak (Family Health Project)	0.75%	50 half yearly	1-11-2001	*4.978
IDA-2245-Pak (On-Farm Water Management Project)	0.75%	50 half yearly	15-9-2001	*1.606
IDA-2383-Pak (Environmental Protection and Resource Conservation Project)	0.75%	50 half yearly	15-11-2002	*1.243
IDA-2468-Pak (1992 Flood Damages Restoration Project)	0.75%	50 half yearly	15-3-2003	*1.064
IDA-2593-Pak (Social Action Program)	0.75%	50 half yearly	1-8-2004	*2.548
IDA-2687-Pak (Primary Education Project)	0.75%	50 half yearly	15-8-2005	*48.889
IDA-2829-Pak (KP Community Infrastructure Project)	0.75%	50 half yearly	07-01-06	*9.997
IDA-2999-Pak (National Drainage Programme)	0.75%	50 half yearly	15-11-2007	*1.119
IDA-3050-Pak (Social Action Program-II)	0.75%	50 half yearly	15-9-2008	*5.027
IDA-3516-1 Pak (Investment Programme-I)	0.75%	50 half yearly	15-12-2015	*9.231

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Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2019
IDA 3516-Pak NWFP Emergency Rehabilitation Project	0.75%	50 half yearly	15-6-2011	*16.388
IDA-3687-Pak KP Structural Adjustment Credit (SAC I)	0.75%	50 half yearly	15-12-2012	**4,711.711
IDA-3776-Pak (Provincial HIV AIDS Control)	0.75%	50 half yearly	15-6-2013	*2.898
IDA-3906-Pak (Second KP Community Infrastructure Project)	0.75%	50 half yearly	15-9-2014	*32.672
IDA-3932-I Pak KP Structural Adjustment Credit (SAC II)	0.75%	50 half yearly	15-9-2014	*43.750
IDA-3932-Pak KP Structural Adjustment Credit (SAC II)	0.75%	50 half yearly	15-9-2014	*78.75
IDA-4177-Pak (Developmental Policy Credit-I)	0.75%	50 half yearly	15-9-2006	*86.061
IDA-4316-Pak (Developmental Policy Credit-II)	0.75%	50 half yearly	29-9-2007	*122.892
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	*0.007
ADB-495-Pak (On Farm Water Mangt. Project)	1%	60 half yearly	15-5-1991	*0.193
ADB-723-Pak (Chashma Command Area Development Project)	1%	60 half yearly	15-12-1994	*7.765
ADB-758-Pak (Farm to Market Roads Project)	1%	50 half yearly	1-4-1996	*0.638
ADB-759 Pak (Science Education for Secondary School Project)	1%	60 half yearly	15-5-1996	*0.446
ADB-838-Pak (Chitral Area Dev. Project)	1%	60 half yearly	15-12-1997	*6.901
ADB-850-Pak (3rd Health Project)	1%	50 half yearly	1-3-1998	*1.880
ADB-851-Pak (Fruit and Vegetable Marketing Project)	1%	50 half yearly	15-4-1998	*0.207
ADB-874-Pak (Chashma Right Bank Irrigation Project Stage-II)	1%	50 half yearly	15-4-1998	*1.371
ADB-916-Pak (2nd Aquaculture Dev: Project)	1%	50 half yearly	15-1-1999	*0.684
ADB-917-Pak (2nd Farm to Market Road Project)	1%	50 half yearly	1-2-1999	*3.971
ADB-957-Pak (1988-Flood Damages Restoration Project)	1%	50 half yearly	1-10-1999	*0.837
ADB-973-Pak (Livestock Development Project.	1%	50 half yearly	15-2-2000	*0.654
ADB-976-Pak (Swabi Salinity Control and Reclamation Project)	1%	50 half yearly	15-12-1999	*6.012
ADB-977-Pak (Primary Education Girls Project)	1%	50 half yearly	15-6-2000	*1.546
ADB-1004-Pak (2nd Urban Dev: Project)	1%	50 half yearly	15-6-2000	*18.150
ADB-1146-Pak (Chashma Right Bank Irr: Project Stage-III)	1%	50 half yearly	15-3-2002	*26.684
ADB-1179-Pak (Barani Area Dev. Project)	1%	50 half yearly	15-3-2003	*9.898

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Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2019
ADB-1185-Pak (Provincial Highway Project)	1%	50 half yearly	15-3-2003	*4.138
ADB-1200-Pak (Health Care Dev. Project)	1%	50 half yearly	15-3-2003	*1.306
ADB-1209-Pak (Flood Damages Restoration Sectors Project)	1%	50 half yearly	15-3-2003	*6.434
ADB-1210-Pak (Teacher Training Project)	1%	50 half yearly	15-2-2003	*2.548
ADB-1278-Pak (Middle School Project)	1%	50 half yearly	15-01-2004	*7.410
ADB-1294-Pak (Pehur High Level Canal Project)	1%	50 half yearly	15-05-2004	*60.610
ADB-1301-Pak Social Action Program-I	1%	50 half yearly	15-9-2004	*6.842
ADB-1373-Pak (Technical Edu: Project)	1%	50 half yearly	15-11-2005	*1.824
ADB-1401-Pak (Rural Access Road Project)	1%	50 half yearly	1-2-2006	*15.029
ADB-1403-Pak (Forestry Sector Project)	1%	50 half yearly	15-5-2006	*24.495
ADB-1454-Pak (Primary Education Girls Project-II)	1%	50 half yearly	1-1-2007	*2.265
ADB-1493-Pak Social Action Program-II	1%	50 half yearly	15-03-2007	*15.679
ADB – 1534-Pak Secondary Education Project	1%	50 half yearly	02-01-08	*5.533
ADB – 1671Pak Women Health Project	1.50%	50 half yearly	15-10-2005	*3.404
ADB-1672-Pak Malakand Rural Dev:Project	1%	50 half yearly	01-09-2008	*29.266
ADB-1787-Pak Barani Area Development Project Phase-II	1.50%	50 half yearly	15-05-2009	*29.250
ADB-1854-Pak KP Urban Dev. Project	1.50%	50 half yearly	15-10-2008	*2.818
ADB-1877-Pak Agriculture Sector Programme(ASPL-II)	1.50%	32 half yearly	03-01-10	*3.850
ADB-1900 -Pak Reproductive Health Project	1.5%	48 half yearly	15-05-2010	*0.202
ADB-2103 -Pak WFP Road Dev. Project	Libor + 0.60%	40 half yearly	02-01-10	****8847.884
ADB-2104-Pak Road Dev: Sector	1.50%	48 half yearly	02-01-13	*1.688
ADB-2135 –Pak Restructuring and Vocational Training System Project	1.50%	48 half yearly	15-05-2013	*1.413
ADB-2286-Pak Renewable Energy Development Sector	Libor + 0.60%	40 half yearly	15-12-2011	****3530.539
ADB-3470-Pak Pehur High level Canal Ext. Project	Libor + 0.60%	40 half yearly	01-04-2022	*1.047
ADB-3543-Pak Peshawar Sustainable Bus Rapid Transit Corridor	Libor + 0.60%	40 half yearly	01-08-2022	*194.811
ADB-3476-Pak Access to Energy	Libor + 0.60%	40 half yearly	01-04-2022	*35.597

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Description	Rate of Interest	No. of Installments	First Installment	Balance as on 01.07.2019
ADB-2287-Pak Renewable Energy Development Sector	1.50%	48 half yearly	15-12-2014	*2.317
IBRD-3327-Pak (On-Farm Water Mangt. Project Phase-III)	0.75%	50 half yearly	15-9-2001	*0.805
IFAD-18-Pak (4th Agriculture Dev. Project)	1%	80 half yearly	1-9-1989	*0.237
IFAD-83-Pak (On-Farm Water Mangt. Project)	1%	80 half yearly	1-6-1992	*0.174
IFAD-558-PAK NWFP Barani Area Development Project	0.75%	60 half yearly	15-02-11	*6.835
West German No.8267528 (Hospital Equipment in Khyber Pakhtunkhwa)	0.75%	80 half yearly	30-6-1994	***1.958
West German No. 8267585 (Drinking Water Supply in Refugees Camps in Khyber Pakhtunkhwa).	0.75%	80 half yearly	30-6-1994	***2.820
PKP-62 KP Emergency Road Rehabilitation Project	0.01%	40 half yearly	20-08-2021	****11,045.261
			(Figures in million)	
Currency Name	Foreign Currency	Conversion rate for 2019-20	Pak Currency	
U.S. Dollar	1,046.935	1US\$ = Rs. 150	157,040.250	
Pak-Rupees	4,711.711		4,711.711	
DM (German Marks)	4.778	1DM = Rs. 85.4168	408.103	
Japanese Yen	23,423.684	1 ¥ =Rs. 1.3459	31,525.936	
Total			193,686.000	
*US Dollar ** Pak-Rupees *** DM (German mark) ****Japanese Yen				

7. Grant Wise General Abstract of Current Budget for the Year 2019-20

In Million

G.NO	DEPARTMENTS	BUDGET ESTIMATES 2018-19	REVISED ESTIMATES 2018-19	BUDGET ESTIMATES 2019-20			
				POSTS	SALARY	NON SALARY	TOTAL
1	PROVINCIAL ASSEMBLY	1,271.816	1,298.402	575	968.627	389.404	1,358.031
2	GENERAL ADMINISTRATION	5,316.417	3,442.125	2,959	2,388.443	1,853.258	4,241.701
3	FINANCE, TREASURIES, LOCAL FUND AUDIT	2,149.560	1,619.114	1,518	1,296.131	954.352	2,250.483
4	PLANNING & DEVELOPMENT DEPARTMENT & BUREAU OF STATISTICS	601.309	516.503	638	469.030	149.686	618.716
5	INFORMATION TECHNOLOGY DEPARTMENT	121.599	95.599	139	88.788	22.997	111.785
6	REVENUE & ESTATE DEPARTMENT	1,394.983	1,060.106	1,530	656.360	680.823	1,337.183
7	EXCISE AND TAXATION DEPARTMENT	1,155.226	1,047.596	1,384	617.772	146.267	764.039
8	HOME DEPARTMENT	1,562.188	1,563.218	1,614	1,015.000	763.000	1,778.000
9	JAILS & CONVICTS SETTLEMENT	2,595.860	2,556.615	4,334	1,753.000	1,047.000	2,800.000
10	POLICE	47,861.000	44,048.000	76,823	40,831.243	7,143.757	47,975.000
11	ADMINISTRATION OF JUSTICE	6,500.367	7,665.706	7,548	5,706.677	1,228.423	6,935.100
12	HIGHER EDUCATION, ARCHIVES & LIBRARIES	13,924.764	10,564.575	15,824	12,315.185	1,579.816	13,895.001
13	HEALTH	46,201.704	43,528.150	36,011	30,343.297	24,629.881	54,973.178
14	COMMUNICATION AND WORKS DEPARTMENT	3,058.935	3,079.215	6,437	2,730.863	480.370	3,211.233
15	ROADS HIGHWAYS & BRIDGES (REPAIR)	2,972.420	2,750.075	-	-	3,831.000	3,831.000
15	BUILDING & STRUCTURE (REPAIR)	1,015.302	849.053	-	-	1,032.198	1,032.198
16	PUBLIC HEALTH ENGINEERING	5,742.686	6,749.431	11,495	3,703.255	3,448.789	7,152.044
17	LOCAL GOVERNMENT DEPARTMENT	3,666.956	3,300.517	162	164.728	4,887.263	5,051.991
18	AGRICULTURE	2,874.823	2,199.807	3,492	1,685.007	972.676	2,657.683
19	ANIMAL HUSBANDRY	1,314.303	1,059.729	1,697	812.713	470.582	1,283.295
20	CO-OPERATION	34.383	32.665	44	26.697	6.031	32.728
21	ENVIRONMENT AND FORESTRY	2,648.529	2,300.735	4,391	2,364.542	478.440	2,842.982
22	FORESTRY (WILDLIFE)	589.619	671.871	1,439	495.050	180.471	675.521
23	FISHERIES	146.482	123.142	262	97.849	28.606	126.455
24	IRRIGATION	4,088.504	4,432.280	7,912	2,683.419	1,916.099	4,599.518
25	INDUSTRIES	574.756	445.890	675	463.548	137.565	601.113
26	MINERAL DEVELOPMENT AND INSPECTORATE OF	946.792	792.061	1,144	558.865	435.531	994.396
27	STATIONERY AND PRINTING	192.377	168.832	214	96.921	89.707	186.628
28	POPULATION WELFARE	565.375	433.886	339	221.457	405.486	626.943
29	TECHNICAL EDUCATION AND MANPOWER	2,417.463	2,059.466	2,942	1,791.454	648.503	2,439.957
30	LABOUR	465.551	371.649	588	332.101	160.430	492.531
31	INFORMATION & PUBLIC RELATIONS	477.360	383.468	373	257.003	296.306	553.309
32	SOCIAL WELFARE, SPECIAL EDUCATION	687.526	603.317	221	148.838	708.391	857.229
33	ZAKAT & USHER DEPARTMENT	259.478	226.522	357	215.346	61.777	277.123
34	PENSION	60,087.795	69,430.721	-	-	69,913.021	69,913.021
35	SUBSIDIES	3,100.011	3,100.011	-	-	3,150.012	3,150.012
36	GOVT INVESTMENT & COMMITTED CONTRIBUTION	7,500.000	676.167	-	-	9,000.000	9,000.000
37	AUQAF, RELIGIOUS, MINORITY & HAJJ	122.285	116.686	49	42.173	77.417	119.590
38	SPORTS, CULTURE, TOURISM & MUSEUMS	781.484	568.741	996	413.000	496.000	909.000
39	DISTRICT NON SALARY	23,143.726	23,143.726	-	-	18,209.232	18,209.232
40	GRANT TO LOCAL COUNCILS	6,706.183	6,706.183	-	-	5,772.043	5,772.043
41	HOUSING DEPARTMENT	43.698	35.657	49	33.845	9.580	43.425
42	DISTRICT SALARY	140,000.000	130,000.000	329,972	135,028.502	-	135,028.502
43	INTER PROVINCIAL COORDINATION DEPTT	56.691	44.656	56	43.442	12.176	55.618
44	ENERGY AND POWER DEPARTMENT	141.362	122.618	193	111.942	41.144	153.086
45	TRANSPORT & MASS TRANSIT DEPARTMENT	340.475	292.409	512	263.330	84.441	347.771
46	ELEMENTARY AND SECONDARY EDUCATION	6,656.898	3,585.026	1,192	976.492	7,030.844	8,007.336
47	RELIEF REHABILITATION AND SETTLEMENT	6,922.979	4,138.079	4,193	1,788.065	6,239.205	8,027.270
--	DEBT SERVICING (INTEREST PAYMENT)	9,000.000	9,000.000	-	-	10,000.000	10,000.000
A - TOTAL CURRENT REVENUE		430,000.000	403,000.000	532,293	256,000.000	191,300.000	447,300.000
CURRENT CAPITAL EXPENDITURE - (ACCOUNT-I)							
48	LOANS AND ADVANCES	210.000	210.000	-	-	210.000	210.000
--	DEBT SERVICING (LOAN FROM FEDERAL GOVT.DISCHARGED)	7,790.000	8,600.000	-	-	9,490.000	9,490.000
B - TOTAL CURRENT CAPITAL (AC-I)		8,000.000	8,810.000	-	-	9,700.000	9,700.000
GRAND TOTAL (A+B)		438,000.000	411,810.000	532,293	256,000.000	201,000.000	457,000.000
61	PROVINCIAL	-	-	48,387	22,983.651	28,012.440	50,996.091
	DISTRICT	-	-	44,403	24,436.799	2,832.191	27,268.990
	GRANT TO LOCAL COUNCIL	-	-	-	-	717.617	717.617
	STATE TRADING IN FOOD GRAINS AND SUGAR (ACCOUNT-II)	-	-	35	16.550	0.752	17.302
TOTAL NMAs		-	-	92,825	47,437.000	31,563.000	79,000.000
G.TOTAL (PROVINCIAL+NMAs)		438,000.000	411,810.000	625,118	303,437.000	232,563.000	536,000.000
49	STATE TRADING IN FOOD GRAINS AND SUGAR	93,270.000	15,174.231	1,470	549.149	92,732.793	93,281.942
--	DEBT SERVICING (FLOATING DEBT)	15,000.000	15,000.000	-	-	15,000.000	15,000.000
TOTAL CURRENT CAPITAL (AC-II)		108,270.000	30,174.231	1,470	549.149	107,732.793	108,281.942

8. General Abstract of Development Budget for the Year 2019-20

In Million

DEMAND NO.	MAJOR HEADS	Budget Estimates 2018-19	Revised Estimates 2018-19	Budget Estimates 2019-20
50	DEVELOPMENT	23,464.000	22,753.820	26,445.000
51	RURAL AND URBAN DEVELOPMENT	16,505.000	15,802.032	30,436.000
52	PUBLIC HEALTH ENGINEERING	3,327.000	3,350.000	3,799.000
53	EDUCATION AND TRAINING	13,152.000	14,170.942	15,455.000
54	HEALTH SERVICES	7,966.000	7,548.686	10,245.000
55	CONSTRUCTION OF IRRIGATION	5,937.000	8,624.983	10,350.000
56	CONSTRUCTION OF ROADS, HIGHWAYS AND BRIDGES	9,204.000	16,066.931	11,270.000
57	SPECIAL PROGRAMME	-	3,498.219	-
58	DISTRICT PROGRAMME	29,345.000	29,345.000	46,000.000
TOTAL		108,900.000	121,160.613	154,000.000
59	FOREIGN AIDED PROJECTS	71,100.000	54,438.945	82,000.000
60	NMAs	-	-	83,000.000
GRAND TOTAL		180,000.000	175,599.558	319,000.000

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 ANNEXURES

1. Medium Term Fiscal Framework 2018-22

In Million

HEAD	Actuals	B.E	B.E	Forecast	Forecast
	2017-18	2018-19	2019-20	2020-21	2021-22
Revenue	463,670	648,000	749,000	719,307	787,280
Federal Transfers	363,478	426,095	533,261	515,575	562,446
Federal Tax Assignment	302,957	360,459	453,200	436,155	475,806
1% for War on Terror	36,402	43,312	54,455	52,408	57,172
Straight Transfers	24,119	22,324	25,606	27,012	29,468
Provincial Tax & Non-Tax Revenue	31,267	41,262	53,404	51,324	57,641
Provincial Tax Receipts	17,729	23,823	33,023	32,098	37,453
Property tax	889	218	322	350	350
General Sales Tax on services	10,917	15,000	20,354	21,000	24,000
Excise duties	25	30	35	48	60
Stamp duties	1,236	1,230	1,420	1,550	1,650
Motor vehicles tax	1,657	1,225	1,433	1,400	1,643
Infrastructure Dev Cess	185	400	200	250	250
Other	2,820	5,720	9,259	7,500	9,500
Provincial Non-Tax Receipts	13,538	17,439	20,382	19,226	20,188
Interest	29	116	82	128	128
Irrigation	351	590	578	649	750
Hydel Own Generation	2,160	2,750	5,605	3,068	3,721
Commercialization of Govt. Property	-	-	-	-	-
Others	10,998	13,983	14,117	15,381	15,589
Profits from Hydro electricity	10,032	28,781	21,183	33,058	33,058
Financing From HDF	-	-	-	-	-
Financing From Past Savings/Cash Balance and from low Expenditure Outturn	16,058	39,015	24,410	25,000	30,000
Grants	15,236	26,756	82,000	60,000	63,000
Incentive on Cash Balance	-	-	-	-	-
Other Non Development Grants from Federal	47	-	-	-	-
PSDP(Federal)	2,230	-	-	-	-
Foreign Grants (PDMA)	-	-	-	-	-
Foreign Grants (FPA)	12,958	26,756	82,000	60,000	63,000
Capital Receipts	77	49,594	250	34,350	41,135
Recovery of Investment & loans	77	250	250	250	250
Domestic Loan	-	5,000	-	-	-
Foreign Loans (FPA)	-	44,344	-	34,100	40,885
NHP arrears	27,523	36,497	34,492	-	-
Expenditure	472,700	618,000	693,000	703,672	751,748

WHITE PAPER 2019-20

HEAD	Actuals	B.E	B.E	Forecast	Forecast
	2017-18	2018-19	2019-20	2020-21	2021-22
Current Expenditure	348,043	430,000	447,300	484,023	523,055
Salary	77,582	116,000	120,971	123,391	125,859
Pension	56,087	60,088	69,913	76,904	84,595
Non-Salary O&M and Contingency	52,732	64,462	75,506	84,566	94,714
Subsidy	2,900	3,100	2,900	2,900	2,900
Investment and Committed contributions	17,000	7,500	9,000	9,000	9,000
Interest Payments	7,202	9,000	10,000	11,000	12,100
Transfer to Local Government	134,540	169,850	159,010	176,261	193,887
Transfers to Local Councils	2,235	6,706	5,772	6,349	6,984
Transfers to Local Governments (District Salary)	120,908	140,000	135,029	149,882	164,870
Transfers to Local Governments (District Non Salary)	11,397	23,144	18,209	20,030	22,033
Capital Expenditure	7,291	8,000	9,700	10,649	11,693
Domestic Debt	-	-	-	-	-
Federal Debt	-	-	-	-	-
Debt Servicing - Account I	6,719	7,790	9,490	10,439	11,483
Loans & Advances - Account I	572	210	210	210	210
Fiscal Space	108,336	210,000	292,000	224,635	252,532
Development Expenditure	117,366	180,000	236,000	209,000	217,000
ADP(Provincial)	96,989	79,555	108,000	100,000	102,000
ADP(Districts)	10,336	29,345	46,000	39,000	40,000
PSDP	3,074	-	-	-	-
Foreign Project Assistance	6,967	71,100	82,000	70,000	75,000
NMAs Total Revenue	-	-	151,000	166,100	182,710
NMAs Total Expenditure	-	-	162,000	177,466	194,574
Grand Total Revenue	463,670	648,000	900,000	885,407	969,990
Grand Total Expenditure	472,700	618,000	855,000	881,137	946,322
Surplus /Deficit	(9,030)	30,000	45,000	4,270	23,668

2. Medium Term Fiscal Framework 2018-22 for Merged Areas

HEAD	In Million				
	B.E 2017-18	B.E 2018-19	B.E 2019-20	Forecast 2020-21	Forecast 2021-22
Total Revenue	-	-	151,000	166,100	182,710
Federal Grant for NMAs Current Budget			79,000	86,900	95,590
Federal Grant for NMAs Development Budget			72,000	79,200	87,120
Funding FATA Ten Year Development Plan			48,000	52,800	58,080
Federal Contribution/Transfers			48,000	52,800	58,080
NMAs Annual Development Program			24,000	26,400	29,040
Total Expenditure	-	-	162,000	177,466	194,574
Current Expenditure			79,000	86,166	94,144
Salary			23,000	23,460	23,929
Non-Salary O&M and Contingency			55,282	61,916	69,346
Transfers to Local Councils			718	789	868
Development Expenditure			83,000	91,300	100,430
ADP (NMAs)			24,000	26,400	29,040
10 Years Plan			48,000	52,800	58,080
KP Contribution (3% Share)			11,000	12,100	13,310
Total Revenue			151,000	166,100	182,710
Total Expenditure			162,000	177,466	194,574

List of Acronyms

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

For more information and feedback:

FINANCE DEPARTMENT
Government of Khyber Pakhtunkhwa



GoKPPFD



Finance Department Khyber Pakhtunkhwa



+92 (91) 9210531



financekpp.gov.pk

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