GOVERNMENT OF THE PUNJAB
FINANCE DEPARTMENT

WHITE PAPER
BUDGET 2017-18

June 02, 2017

PREFACE

White Paper is an explanatory memorandum of the annual budget and presents an overview of projected revenues and budget allocations for different functions of the provincial government. It also documents related policy changes and reform initiatives, wherever applicable, and explains reasons for variations owing to these decisions.

This year's White Paper, in line with the tradition, starts with the Executive Summary where the macroeconomic picture of national as well as Punjab's economy. The later chapters lucidly explain details about revenue forecasts for FY 2017-18 and performance during FY 2016-17, give estimates of expenditure in these years, highlight public financial management reforms initiated during 2016-17 and programme for future and explain significant reforms in taxation especially in Sales Tax on Services, etc. There are separate chapters on Public Account, Public Debt, and Public Sector Enterprises. Annual Development Programme is also explained in significant detail.

FY 2016–17 was also significant as a major change in provincial financial management occurred during the year. The Punjab Local Government Act 2013 was made effective from 1st January 2017 and new local government system was fully rolled out. The transition to the new local government system was managed mid-year without any major issue. A new formula based fiscal transfer mechanism, known as Interim Punjab Finance Commission Award 2016, was approved to financially enable the local governments including district Education and Health authorities.

Budget making is an elaborate exercise and involves a range of stakeholders. Efforts were made to consult political representatives, academia, international development partners and the departments' heads in this exercise. The aim was to make allocations evidence-based so that departments are provide adequate funds for delivery of public services as per their mandates. I would like to acknowledge all the Provincial Secretaries and their teams, political representative for guidance on priorities for the budget and other stakeholders for the useful advice.

The preparation of the annual budget, including this document, was a result of teamwork by the entire staff of Finance Department. I would like to especially acknowledge the painstaking efforts of Mr. Usman Ahmed Chaudhry, Special Secretary (Expenditure & Corporate Finance), Sardar Saif Ullah Dogar, Special Secretary (Budget & Resources), Mr. Khalid Mehmood, Director (Budget) and Dr. Noor-ul-Ain Fatima, Deputy Secretary (Resources) for their contribution in budget making exercise as well as support throughout the past year.

HAMED YAQOOB SHEIKH
Finance Secretary
Government of the Punjab

June 02, 2017

CONTENTS

CHAPTER		PAGE
Executive Summary		
1	Estimates of Receipts	1 – 23
2	Estimates of Expenditure	25 – 40
3	Review of Development Programme 2016-17 and Annual Development Program 2017-18	41 – 84
4	Public Account	85 – 88
5	Local Government Finance	89 – 93
6	Public Financial Management Reforms	95 – 98
7	Taxation Reforms	99 – 102
8	Debt and Liabilities	103 – 115
Glossary		117 – 121
Annex-I – Cash flow projections (pension benefit payments over the next 30 years)		123
Annex-II – Expected GP Fund liability (5 year intervals)		124

LIST OF ABBREVIATIONS

ABS	Annual Budget Statement
ADB	Asian Development Bank
ADP	Annual Development Programme
AIT	Agriculture Income Tax
APDP	Automated Pension Disbursement Project
BE	Budget Estimate
BF	Benevolent Fund
BOR	Board of Revenue
CDC	Central Depository Company
CDLs	Cash Development Loans
CFU	Corporate Finance Unit
CFY	Current Financial Year
CLC	Community Learning Centres
CMSES	Chief Minister's Self Employment Scheme
CTD	Counter Terrorism Department
CVT	Capital Value Tax
C&W	Communication & Works
DFID	Department for International Development
DMU	Debt Management Unit
E&T	Excise & Taxation
FBR	Federal Board of Revenue
FD	Finance Department
FIEDMIC	Faisalabad Industrial Estates Development & Management Company
FY	Financial Year
GDP	Gross Domestic Product
GDS	Gas Development Surcharge
GI	Group Insurance
GIS	Geographic Information System
GP Fund	General Provident Fund
GoPb	Government of Punjab
GPF	General Provident Fund
GRP	Gross Regional Product
GRR	General Revenue Receipt
GSDP	Gross State Domestic Product
GST	General Sales Tax

HUD & PHED	Housing Urban Development & Public Health Engineering Department
IBRD	International Bank for Reconstruction and Development
IC&YA	Information Culture & Youth Affairs
IDA	International Development Agency
J&C Program	Job & Competitiveness Program
JICA	Japan International Cooperation Agency
KIBOR	Karachi Inter Bank Offered Rate
KPRRP	Khadam-e-Punjab Rural Roads Programme
L&DD	Livestock and Dairy Development
LFY	Last Financial Year
LG & CD	Local Government & Community Development
LIBOR	London Inter-Bank Offered Rate
LNFBE	Literacy & Non-Formal Basic Education Department
LRMIS	Land Record Management Information System
MDGs	Millennium Development Goals
MICS	Multiple Indicator Cluster Survey
MIS	Management Information System
MPDD	Management & Professional Development Department
MTDF	Medium Term Development Framework
MTFF	Medium Term Fiscal Framework
NFBE	Non Formal Basic Education
NFC	National Finance Commission
NFIS	National Financial Inclusion Strategy
NHP	Net Hydel Profit
NLTA	Non Lending Technical Assistance
NSS	National Savings Scheme
PCF	Provincial Consolidated Fund
P&D	Planning & Development
PCGIP	Punjab Cities Governance Improvement Project
PEEF	Punjab Education Endowment Fund
PEF	Punjab Education Foundation
PEOP	Punjab Economy Opportunities Program
PESP	Punjab Education Sector Project
PFC	Provincial Finance Commission
PFM	Public Financial Management
PGPIF	Punjab General Provident Investment Fund
PHNP	Provincial Health & Nutrition Program
PHSRP	Punjab Health Sector Reforms Program

HRITF	Health Reforms Innovation Trust Fund
PIAIPP	Punjab Irrigated Agriculture Improvement Program Project
PIBs	Pakistan Investment Bonds
PIEDMIC	Punjab Industrial Estates Development & Management Company
PIFRA	Project to Improve Financial Reporting & Auditing
PKLI	Punjab Kidney Liver Institute
PLA	Personal Ledger Account
PPB	Punjab Privatization Board
PPF	Punjab Pension Fund
PPIC3	Punjab Police Integrated Command, Control & Communication Centre
PPMRP	Punjab Public Management Reform Program
PPP	Public Private Partnership
PRA	Punjab Revenue Authority
PRAL	Pakistan Revenue Automation (Pvt.) Limited
PSDP	Public Sector Development Programs
PSDP	Punjab Skills Development Project
PSIC	Punjab Small Industries Corporation
PSPA	Punjab Social Protection Authority
PSPC	Punjab Saaf Pani Company
RIMS	Restaurant Invoice Monitoring System
RE	Revised Estimate
RLNG	Regasified Liquefied Natural Gas
SBP	State Bank of Pakistan
SBS	Sector Budget Support
SED	School Education Department
SDG	Sustainable Development Goals
SNG	Sub-National Governance Programme
SPPAP	Southern Punjab Poverty Alleviation Project
S&GAD	Services & General Administration Department
TEVTA	Technical Education and Vocational Training Authority
TFCs	Term Finance Certificates
TMAs	Town Municipal Administrators
TRU	Tax Reform Unit
UIPT	Urban Immovable Property Tax
UNICEF	United Nations Children Fund
WDD	Women Development Department

EXECUTIVE SUMMARY

Pakistan has embarked upon a new path of economic progress. The country has achieved a real economic growth rate of 5.28 percent in FY 2016-17, which is the highest in 10 years. With 3.5 percent growth, agriculture sector played a vital part in achieving the current level of economic growth. One of the major contributing factors was the Prime Minister's historic Kissan Package, which not only helped reverse the decline in agricultural productivity but also led to unprecedented turnaround. Being the largest province and main agricultural base, Government of the Punjab was an equivalent partner and contributed through enabling policy changes, grant of subsidies, making access to microfinance easy, etc.

Similarly, the growth in Large Scale Manufacturing was 5.06 percent on average during the first 9 months FY 2016–17 whereas Services sector contributed a higher than targeted growth of 5.98 percent. CPI Inflation remained well below the target of 6.0 percent. On average it stood at 4.09 percent during Jul-Apr FY 2017 against 2.79 percent in the same period of FY 2016 due to the increase in aggregate demand and a trend-reversal in global commodity prices. Low inflation has contributed to maintaining policy rate at 5.75 percent which is again lowest in decades. Low policy / interest rate has in turn resulted in expansion of private sector credit that witnessed a growth of 65 percent during the first 10 months of the FY 2017. Fiscal deficit of the country has come down to 4.2 percent of GDP from 8.2 percent in 2012-13.

China Pakistan Economic Corridor (CPEC) has now turned into a reality with its first power project, Sahiwal/Qadirabad Coal-fired Power Plant, starting to contribute electricity to the national grid. Pakistan's capital market has reached historically high levels (PSE index rose to the level of 52,000 in April / May 2017) which is again a sign of investor's confidence in Pakistan's economy. Pakistan has quickly started its march to overcome the electricity deficit in country with completion/scheduled completion of a number of power projects. Current Account Deficit, however, still remains a major challenge due to lower exports. In this background, PricewaterhouseCoopers (PwC) has projected Pakistan to be world's 20th largest economy by 2030 and 16th largest by 2050. Current economic situation presents a launching pad towards a sustainable and inclusive growth in future.

The Punjab is the heart of Pakistan's economy, and contributes almost 55 percent of the country's annual production of goods and services. The structure of the Punjab's economy has changed over the years, with the share of agriculture shrinking and that of services expanding. The labour force of the Punjab is estimated to be about 36.9 million. In terms of profession split, Punjab's workforce is predominantly placed in skilled agriculture and fisheries, crafts and related trades workers and services sales workers. Despite its relatively smaller contribution, agriculture continues to be the largest employer in provincial economy. As a result, the growth and development of rural areas and agriculture is a key priority of the provincial government.

The population of the Punjab has been growing rapidly. According to the 1981 census, the Punjab had a population of 47 million; at present, it is estimated at about 100 million. Based on projections by the Pakistan Bureau of Statistics[1], by 2025 the population of the Punjab will increase beyond 125 million. Thus, between 1981 and 2025, the Punjab's population is set to nearly triple. It may help to get some idea of the size of the effort required if these figures are put in international perspective — in 2025 the projected population of the Punjab will about equal the combined populations of the United Kingdom and France.[2]

A key element in the route to a better life is a higher income. In a modern economy, most incomes are earned through employment. This means that the government will have to create jobs for this rapidly increasing population or, more exactly, for the labour force generated by this increasing population. The private sector generates around 90 percent of the Punjab's output of goods and services, and is the dominant actor in the economy. The Punjab Government has been aggressively pursuing to create a more enabling environment for the private sector to take lead in provincial economy’s growth, affirmed in Punjab Growth Strategy 2014-18 through policy and regulatory.

The development of trade channels, energy corridors and associated businesses under China Pakistan Economic Corridor (CPEC), revival of historic trade routes for better regional integration, consolidating business linkages with the Turks and enhanced export competitiveness under GSP-Plus are some of the low hanging fruits that will only materialise if government acts upon them by providing well-articulated policies. Cognizant of limited policy space, the provincial government has dedicated efforts to remove barriers to entry and reduce cost of doing business within its domain. In this regard, the provincial government is doing away registration fee for new businesses.

Moreover, the government realizes that a balanced approach is required to simultaneously trigger an inclusive private sector growth and attain social outcomes that are much beyond the historic achievements. The government observed that certain segments in the province, especially the Southern regions have been served less. A conscious tilt in favour of these deprived regions has been made to reduce these imbalances, which is also extremely important for the province in order to achieve its SDG targets.

[1] http://www.pwd.punjab.gov.pk/sites/pwd.punjab.gov.pk/files/Population%20situation%20of%20Punjab.pdf (accessed February 2017)
[2] http://www.livepopulation.com/population-projections/france-2025.html (accessed February 2017)

BUDGET 2017-18

Provincial resource envelope is estimated at Rs. 1,970.7 billion for FY 2017-18, which is 12.3% percent higher than the revised estimates for FY 2016-17. This includes Rs. 1,154 billion from the federal divisible pool as Punjab's share under the 7th National Finance Commission Award. The resource envelope includes a contribution of Rs. 348.0 billion from provincial own source revenue including Rs. 231.0 billion from tax revenue and Rs. 117.0 billion from non-tax receipts of the Government. The estimates of Current Capital Receipts (A/c-I) and Development Capital Receipts for next financial year is Rs. 351 billion and Rs. 117.0 billion respectively. Finally, the Current Capital Receipts of Food Account (A/c-II) are pitched at Rs. 260.0 billion. It is important to highlight that in the budget for FY 2017-18 no new tax is being proposed.

Punjab's major source of revenue is its share in Federal Divisible Pool of taxes. Punjab is projected to receive Rs. 1,013.068 billion on this account during FY 2016-17 as per the revised estimates. This translates into Compound Annualized Growth Rate (CAGR) of 15.5% in such revenues over the four year period since FY 2012-13.

In addition to the share in Federal Divisible Pool, Government of the Punjab relies on the tax and non-tax revenues collected by itself. Revised estimate of own tax and non-tax revenues is Rs. 392.399 for FY 2016-17. This translates into CAGR of 27.0% in these revenues over the four year period since FY 2012-13.

It is evident that, over the four years since the last general elections, growth in provincial revenues has been significantly higher than the growth in provincial share in Federal Divisible Pool. This illustrates Punjab Government's commitment towards greater resource mobilization.

Performance of Punjab Revenue Authority (PRA) has been particularly impressive as its revenues are projected to grow to Rs. 86.5 billion in FY 2016-17 registering a CAGR of 24.0% over last four years. This was achieved on the back of a variety of policy changes, administrative initiatives and reforms including expansion of tax base, automation, awareness campaigns such as regular celebration of Tax Day, improved enforcement and introduction of incentive schemes.

Provincial Sales Tax on Services is the most buoyant of all the provincial revenue sources and, helped by the recently conducted taxpayer identification survey; planned efficiency improvements through automated notice issuance and e-courts; and higher human resource quality and productivity by establishing a Training Academy, PRA is expected to continue its high growth trajectory in the years to come.

The revised estimate of Excise, Taxation & Narcotics Control Department's (ET&NCD) revenues is Rs. 26.3 billion in FY 2016-17 registering a CAGR of 17.1% over last four years. Although it has substantially improved its business processes and automation levels in recent years, ET&NCD's revenue potential is limited by a complicated tax code marred by a large number of exemptions and pitfalls relating to assessment of taxes.

Board of Revenue's (BOR) revised estimate for FY 2016-17 is Rs. 55.5 billion which implies a CAGR of 20.2% over last four years. BOR is the oldest and least modern tax collecting agency in terms of its business processes and automation levels. Recently launched E-Stamp initiative to collect all stamp duties of non-judicial nature through Bank of Punjab is a major efficiency improvement.

Both E&TD and BOR need to be transformed mainly through simplification of tax code, process re-engineering and automation.

The Tax Reform Unit (TRU), recently established in Finance Department, has been tasked to undertake research to identify areas of policy as well as administrative efficiency improvements in various revenue sources of the Province. Going forward, TRU, staffed mainly by tax policy and administration analysts and experts, is expected to play an important role in identifying and realizing the true potential of provincial revenues.

Considering the rising population of the province and its large and growing development needs, provincial Debt and Guarantees are increasingly becoming important instruments of resource mobilization. Debt Management Unit (DMU) has been recently established in Finance Department to assist in formulating and implementing a comprehensive Debt Management Strategy that can support the economic growth of the province in a sustainable manner. During FY 2016-17 Finance Department was able to partially recover its long overdue receivables from the Federal Government on account of Net Hydel Profits. This was done by discounting a Promissory Note issued by WAPDA from a large commercial bank at a very competitive rate. It was a unique transaction that was executed in a short period of time. Finance Department also issued guarantees to Financial Institutions to expedite the installation of 1180 MW Bhikki Power Plant in record time. The guarantees were later released upon successful completion of the project.

Considering the currently low levels of provincial debt which stands at slightly above 3% if provincial Gross Regional Product (GRP), Government of the Punjab plans to raise more debt in a prudent manner with the primary objective of enhancing its development spending and hence the growth rate of the provincial economy. A number of initiatives, including introduction of Fiscal Responsibility and Debt Management Law; obtaining domestic credit rating on a regular basis; issuance of short-term and long-term provincial government securities; and issuing provincial guarantees to encourage Public Private Partnerships and other priority development projects and programs, are in the offing which will strengthen the economic landscape of the province.

Budget 2017-18 has an outlay of Rs1,970.7 billion including an amount of Rs. 1,020.8 billion for current expenditure. The size of the Annual Development Plan 2017-18 has been estimated at a record high of Rs. 635.0 billion, which is 19.2 percent higher than the revised estimate 2016-17. The Current Capital Expenditure (A/c-I) has been pitched at Rs. 54.9 billion. Finally, the volume of Current Capital Expenditure (A/c-II) is estimated to be Rs. 260.0 billion.

In order to bring qualitative change to the lives of citizens, the Government has accorded top priority to social sector in budget 2017-18. This includes an allocation of Rs. 335.9 billion to Education Sector. In the education sector, the Government is primarily focusing on increasing enrolment and quality of education in school education sector. For this purpose, Rs. 230.1 billion has been allocated for the newly established District Education Authorities. In addition an allocation of Rs. 4 billion has been made under the Khadim-e-Punjab Schools Programme for repairs and maintenance of schools buildings, construction of additional class rooms and provision of missing facilities. Similarly, under Khadim-e-Punjab Ujala Programme, 10,000 schools in Punjab will be provided electricity through solar solution. An allocation of Rs. 3 billion has also been made for Daanish Schools for better education opportunities to the intelligent and needy students in the province. The Punjab Government revitalised Punjab Education Foundation (PEF) for performance based partnership with the private sector in reaching out to un-serviced areas in provision of education. In view of the success of the programme, PEF's allocation has been increased to Rs.16 billion. Another successful initiative that has shown tremendous results is the partnership with private sector to manage poorly performing government schools under the Punjab Schools Support Program (PSSP). The provincial government has decided to make it a full fledge independent institution, Punjab Education Initiative Management Authority, to give it greater focus and has allocated Rs. 7 billion in FY 2017–18.

Similarly, for promotion of Higher Education in the province, various initiatives have been taken. Provision of Rs. 400 million for Shahbaz Sharif Merit Scholarships for international Master's and PhD programmes and establishment of state of the art Lahore Knowledge Park for establishing local campuses of international universities would continue to be funded through the budget.

In the Health sector, an amount of Rs. 226.7 billion has been allocated for FY2017-18. The provincial Health Department was bifurcated into two departments to give greater focus to preventive healthcare as well as curative health services. A range of reform initiatives and development projects have been initiated including revisiting the legal framework for drug manufacturing followed by unprecedented campaign against spurious drugs, revitalising drug laboratories and establishment of a reference laboratory, establishment of state of the art supply chain system for provision of drugs to health facilities as well as patients. The provincial government is also establishing Punjab Public Health Authority to give greater focus to preventive healthcare and revitalising Directorate General of Health Services. The provincial health infrastructure is also being upgraded by revamping all DHQ hospitals and THQ hospitals incrementally. The government has also initiated outsourcing management of RHC hospitals especially around Lahore and have realized phenomenal gains in service delivery. Another major initiative is to provide diagnostic facilities including CT scan machines at DHQ hospitals by private sector service providers.

Similarly, the Specialized Healthcare and Medical Education Department has embarked on major improvement by provision of state of the art medical facilities in tertiary care hospitals, improving allocations for provision of medicines and other services including free dialysis and hepatitis medicines, establishment of new medical colleges and upgradation of attached teaching hospitals. Besides this, Government has also initiated a comprehensive Health Insurance scheme with an allocation of Rs. 2.0 billion. Rs 108.6 billion is proposed to be allocated to this sector for its various initiatives. Another flagship initiative embarked upon by the provincial government is focus on hepatitis control. Both departments have initiated programmes for establishment of Filter Clinics for diagnostic services and provision of free medicines throughout the province and establishment of state of the art Pakistan Kidney and Liver Institute (PKLI) at Lahore besides strengthening related services in all tertiary hospitals.

Another important initiative in public health is provision of potable water throughout the province. Rs. 25.0 billion for Clean Drinking Water Project (Punjab Saaf Pani Programme) and a few other initiatives for improving water availability in the next financial year. The programme will initially focus southern Punjab.

Agriculture is considered lifeline for Punjab's economy. Continuing the focus which helped turn around the sector, the government is again announcing a historic Kissan Package covering agriculture, livestock and dairy development, irrigation and other related sectors. Punjab government has implemented an unprecedented farm-to-market road programme under the Khadim-e-Punjab Rural Roads Programme under which 6,698 km of roads have been constructed at the cost of Rs 67.26 billion. For FY 2017-18, another Rs. 17 billion are proposed to be allocated for further improving connectivity of rural areas. The flagship initiative of KPRRP has changed the outlook of rural areas. In the Livestock sector, in FY 2017-18, an amount of Rs. 19.4 billion is proposed to be allocated. In addition, the Punjab government is lobbying with the Federal Government to end GST on Electricity for agricultural tubewells, maintain prices of fertilizers through a combination of subsidies and tax breaks, etc.

Energy crises had plagued the economy for many years and hampered it from realizing its full potential, stunting not only the growth of economy but also adding to the miseries of citizen and business community. To address this crisis, the government has not only initiated energy projects from its own sources but has also been focusing on providing an enabling environment to attract private sector investment in energy sector. The efforts of the Government have started to bear fruit as 1,180 MW Bhikki LNG Power Plan and 1,320 MW Sahiwal/Qadirabad Coal Power Plant have already started their production. Other major energy projects in Punjab including 1,223 MW Baloki LNG Power Plant in Kasur, and 1,230 MW Haveli Bahadur Shah LNG Power Plant at Jhang will add approximately 9,000 MW electricity to the national grid by March 2018.

To revitalize industrial sector an amount of Rs. 23.6 billion has been allocated in budget for FY 2017-18. The Government has also formulated a comprehensive industrial development plan as part of wider Punjab Growth Strategy. As part of the plan, an amount of Rs. 4.00 billion is proposed to be allocated for establishment of Quaid-e-Azam Apparel Park on 1,500 acres of land in District Sheikhupura. The park will provide state of the art facilities including vocational training centres, water treatment plant and labour colony. This initiative will help in promoting garments industry and creation of new job opportunities. In FY 2017-18, the Government is initiating a new Credit Guarantee Scheme with an allocation of Rs. 3 billion to promote Small and Medium Enterprises.

The Government also places due importance to restoring law and order situation and has played a pivotal role in implementing National Action Plan. As part of this plan, Punjab Safe City Authority is completing the project in Lahore and plans to extend it to Rawalpindi, Gujranwala, Multan, Bahawalpur, Sargodha and Faisalabad at a cost of Rs.45.0 billion.

Budget for FY 2017-18 is in line with the growth strategy for a prosperous Punjab. Projects supported by the budget and included in Annual Development Plan seek to attract private investments to maximize employment opportunities for the people of Punjab. The focus of this budget is on social sector, production sector, industrial sector and skill enhancement and job creation and improving law & order in the province. The combination of policy and development initiatives are intended to improve the quality of life of citizens of Punjab and create greater economic opportunities by attracting the private sector, especially small and medium enterprises, and provision of safe and secure living environment.

The main budget figures are listed below:

GENERAL ABSTRACT OF REVENUES AND EXPENDITURE 2017-18

(Rs. in million)

RECEIPT		EXPENDITURE	
Description	**BE 2017-18**	**Description**	**BE 2017-18**
A - General Revenue Receipts		**A - Current Revenue Expenditure**	
General Revenue Receipts	**1,502,492.312**	**Revenue Expenditure**	**1,020,838.968**
Federal Transfers (Including Excise Duty on N/G)	1,154,185.293	General Public Services	585,137.661
Provincial Tax Revenue	230,985.703	Public Order & Safety Affairs	145,743.738
Provincial Non Tax Revenue	117,321.316	Economic Affairs	109,709.217
Provincial Own Receipts	37,637.885	Environment Protection	401.764
Straight Transfers (Excluding excise duty on N/G)	7,639.149	Housing and Community Amenities	14,463.699
Net Hydel Profit	9,180.000	Health	111,026.019
Net Hydel Profit Arrears	23,700.000	Recreational, Culture and Religion	3,073.885
Federal Grants	39,164.282	Education Affairs & Services	44,339.058
		Social Protection	6,943.927
B - Current Capital Receipts		**B - Current Capital Expenditure**	
Capital Receipts	**351,106.779**	**Capital Expenditure**	**314,861.031**
Recoveries of Loans and Advances (A/C-I)	50,545.916	Public Debt	0.434
Debt (A/C-I)	40,603.884	Repayment of Principal	31,117.715
Recoveries of Investment-State Trading Schemes (A/C-II)	129,753.500	Investments	5,000.000
Cash Credit Accommodation (A/C-II)	130,203.479	Loans and Advances (Principal)	18,300.242
		State Trading in Medical Stores	485.661
		State Trading (Wheat) (A/C -II)	164,056.679
		Repayment of Commercial Bank Loans (A/C-II)	95,900.300
C - Development Receipts		**C - Development Expenditure**	
Foreign Project Assistance	117,100.909	**Annual Development Program**	**635,000.000**
		Core ADP	532,444.681
		Other Development Initiatives	102,555.319
Total Receipts A/C-I	**1,710,743.021**	**Total Expenditure A/C-I**	**1,710,743.021**
Total Receipts A/C-II	**259,956.979**	**Total Expenditure A/C-II**	**259,956.979**
Total Provincial Consolidated Fund	**1,970,700.000**	**Total Provincial Consolidated Fund**	**1,970,700.000**

BUDGET AT A GLANCE

(Rs. in million)

CLASSIFICATION	BE 2016-17	RE 2016-17	BE 2017-18
A- CURRENT BUDGET			
General Revenue Receipts	1,319,966.142	1,405,466.714	1,502,492.312
Current Expenditures	849,947.178	899,571.309	1,020,838.968
A- Net Revenue Account-Surplus(+)/ Deficit(-)	**470,018.964**	**505,895.405**	**481,653.344**
B - CURRENT CAPITAL BUDGET (A/c-I)			
Current Capital Receipts	17,152.391	31,747.113	91,149.800
Current Capital Expenditure	52,124.170	59,636.743	54,904.053
B - Net Capital Account-Surplus(+)/Deficit (-)	**(34,971.779)**	**(27,889.630)**	**36,245.747**
C - Surplus for Development (A+B)	**435,047.185**	**478,005.775**	**517,899.091**
D - ADP Financing Items			
Foreign Project Assistance	114,952.815	54,553.422	117,100.909
TOTAL RESOURCES FOR DEVELOPMENT (C+D)	**550,000.000**	**532,559.197**	**635,000.000**

DEPARTMENT WISE ALLOCATIONS

(Rs. in million)

Department	BE 2016-17	RE 2016-17	BE 2017-18
Agriculture	**48,094.765**	**34,365.567**	**36,309.011**
Development	20,000.000	7,399.714	21,005.000
Non Development	28,094.765	26,965.853	15,304.011
C.M. Secretariat	**423.808**	**721.993**	**491.956**
Non Development	423.808	721.993	491.956
Chief Ministers Inspection Team	**68.420**	**81.497**	**67.276**
Non Development	68.420	81.497	67.276
Communication and Works	**107,704.465**	**136,949.867**	**122,082.382**
Development	95,488.634	120,213.495	104,301.105
Non Development	12,215.831	16,736.372	17,781.277
Cooperatives	**466.135**	**1,167.868**	**1,182.715**
Development	208.000	193.625	70.000
Non Development	258.135	974.243	1,112.715
School Education	**79,694.537**	**71,071.247**	**67,659.375**
Development	47,760.000	45,399.470	53,360.000
Non Development	31,934.537	25,671.777	14,299.375
Higher Education	**41,723.794**	**40,921.614**	**44,613.060**
Development	12,078.130	15,710.140	18,034.000
Non Development	29,645.664	25,211.474	26,579.060
- Libraries	**205.883**	**197.829**	**216.007**
Non Development	205.883	197.829	216.007
Environment Protection	**430.831**	**492.604**	**993.614**
Development	185.000	160.807	540.000
Non Development	245.831	331.797	453.614
Excise & Taxation	**1,048.923**	**1,170.509**	**3,081.463**
Development	-	-	750.108
Non Development	1,048.923	1,170.509	2,331.355
Finance	**474,841.222**	**527,894.420**	**625,394.710**
Capital-A/c-I	41,734.633	34,281.586	52,087.276
Development	15,000.000	32,413.480	15,000.000
Non Development	418,106.589	461,199.354	558,307.434
Food	**245,554.586**	**274,219.534**	**278,274.088**
Capital-A/c-II	229,345.275	263,288.192	259,956.979
Development	865.000	175.519	500.000
Non Development	15,344.311	10,755.823	17,817.109
Forestry Wildlife & Fisheries	**8,543.749**	**7,142.102**	**8,741.530**
Development	4,422.250	2,712.397	3,873.626
Non Development	4,121.499	4,429.705	4,867.904
Governor's Secretariat	**264.754**	**299.500**	**326.932**
Non Development	264.754	299.500	326.932
Primary & Secondary Healthcare Department	**22,651.864**	**67,055.179**	**51,330.014**
Development	18,000.000	44,819.595	25,048.000
Non Development	4,651.864	22,235.584	26,282.014
Specialized Healthcare & Medical Education Department	**91,932.102**	**90,576.981**	**108,633.689**
Capital-A/c-I	40.133	78.030	485.661
Development	24,500.000	19,254.073	25,260.000
Non Development	67,391.969	71,244.878	82,888.028

Department	BE 2016-17	RE 2016-17	BE 2017-18
Home	**126,414.529**	**121,774.639**	**120,444.800**
Development	13,623.752	13,483.678	3,813.960
Non Development	112,790.777	108,290.961	116,630.840
Housing Urban Development Public Health Eng	**75,792.145**	**64,626.780**	**87,364.739**
Development	62,700.000	55,341.027	73,910.000
Non Development	13,092.145	9,285.753	13,454.739
Industries and Mineral Development	**18,574.376**	**17,797.966**	**23,591.497**
Capital-A/c-I	-	4,700.000	-
Development	10,587.000	4,461.568	15,050.000
Non Development	7,987.376	8,636.398	8,541.497
Information Technology	**101.000**	**752.258**	**300.000**
Development	101.000	752.258	300.000
Information Culture and Youth Affairs	**3,190.816**	**2,260.064**	**2,473.085**
Development	417.548	431.345	658.500
Non Development	2,773.268	1,828.719	1,814.585
Irrigation and Power	**57,683.513**	**52,507.437**	**59,175.388**
Development	41,000.000	33,614.361	42,281.000
Non Development	16,683.513	18,893.076	16,894.388
Labour and Human Resource	**983.384**	**916.088**	**1,266.555**
Development	650.000	359.518	640.000
Non Development	333.384	556.570	626.555
Law and Parliamentary Affairs	**1,429.464**	**1,282.426**	**1,402.450**
Development	65.000	38.000	42.000
Non Development	1,364.464	1,244.426	1,360.450
Minorities Affairs	**1,027.819**	**134.355**	**1,131.588**
Development	735.000	29.998	818.000
Non Development	292.819	104.357	313.588
Literacy and Non-formal Basic Education	**1,944.338**	**859.002**	**1,722.784**
Development	1,883.000	806.341	1,650.000
Non Development	61.338	52.661	72.784
Livestock and Dairy Development	**13,564.213**	**15,048.988**	**19,434.477**
Development	9,227.000	7,234.429	9,542.000
Non Development	4,337.213	7,814.559	9,892.477
Local Government and Rural Development	**13,060.567**	**28,468.392**	**9,297.774**
Capital-A/c-I	7,339.000	8,160.361	4.000
Development	4,500.000	11,440.629	7,960.000
Non Development	1,221.567	8,867.402	1,333.774
Management and Professional Development	**186.599**	**134.613**	**188.952**
Non Development	186.599	134.613	188.952
Mines and Minerals	**2,286.456**	**2,160.987**	**1,891.644**
Development	1,893.000	1,795.520	1,500.000
Non Development	393.456	365.467	391.644
Planning and Development	**52,749.398**	**21,280.005**	**93,774.801**
Development	50,415.967	16,636.693	90,163.054
Non Development	2,333.431	4,643.312	3,611.747
Population Welfare	**1,418.665**	**5,287.963**	**5,652.769**
Development	1,321.274	4,983.790	1,410.000
Non Development	97.391	304.173	4,242.769

Department	BE 2016-17	RE 2016-17	BE 2017-18
Provincial Assembly	**1,320.763**	**1,169.827**	**1,415.086**
Non Development	1,320.763	1,169.827	1,415.086
Relief	**1,557.951**	**1,684.034**	**1,608.998**
Non Development	1,557.951	1,684.034	1,608.998
Religious Affairs and Auqaf Dept	**142.213**	**155.035**	**242.684**
Development	100.000	104.213	190.000
Non Development	42.213	50.822	52.684
Revenue	**13,245.097**	**14,100.093**	**14,282.883**
Capital-A/c-I	0.434	0.035	0.434
Development	150.000	295.470	428.045
Non Development	13,094.663	13,804.588	13,854.404
Services and General Administration	**22,219.698**	**64,818.737**	**34,998.382**
Development	18.230	38,995.466	256.728
Non Development	22,201.468	25,823.271	34,741.654
Social Welfare (W)Dev. & Bait ul Mal	**2,327.845**	**2,362.487**	**3,217.717**
Development	1,584.000	971.632	1,105.000
Non Development	743.845	1,390.855	2,112.717
Special Education	**864.828**	**378.799**	**1,292.889**
Development	669.013	190.805	1,060.000
Non Development	195.815	187.994	232.889
Sports	**3,400.836**	**2,439.464**	**1,968.296**
Development	3,218.006	2,070.376	1,043.254
Non Development	182.830	369.088	925.042
Transport	**125,392.107**	**67,362.223**	**115,111.211**
Capital-A/c-I	1,470.830	11,449.731	1,657.542
Development	92,273.000	41,074.930	97,000.000
Non Development	31,648.277	14,837.562	16,453.669
Zakat and Ushr	**2,254.702**	**4,223.308**	**253.352**
Development	2,000.000	4,000.000	-
Non Development	254.702	223.308	253.352
Tourism Resort Development Deptt	**92.925**	**120.167**	**187.242**
Development	67.750	89.555	156.374
Non Development	25.175	30.612	30.868
Prosecution Department	**24.217**	**15.339**	**28.904**
Non Development	24.217	15.339	28.904
Energy Department	**10,996.029**	**4,884.728**	**8,772.443**
Capital-A/c-I	1,539.140	967.000	669.140
Development	9,000.000	3,366.976	7,750.000
Non Development	456.889	550.752	353.303
Youth Affairs, Sports, Arch & Tour Sectt	**2,664.446**	**1,101.500**	**7,855.246**
Development	2,664.446	1,101.500	7,855.246
Women Development Department	**855.846**	**619.426**	**953.542**
Development	629.000	436.804	675.000
Non Development	226.846	182.622	278.542
Grand Total	**1,681,416.623**	**1,755,055.441**	**1,970,700.000**

Chapter 1

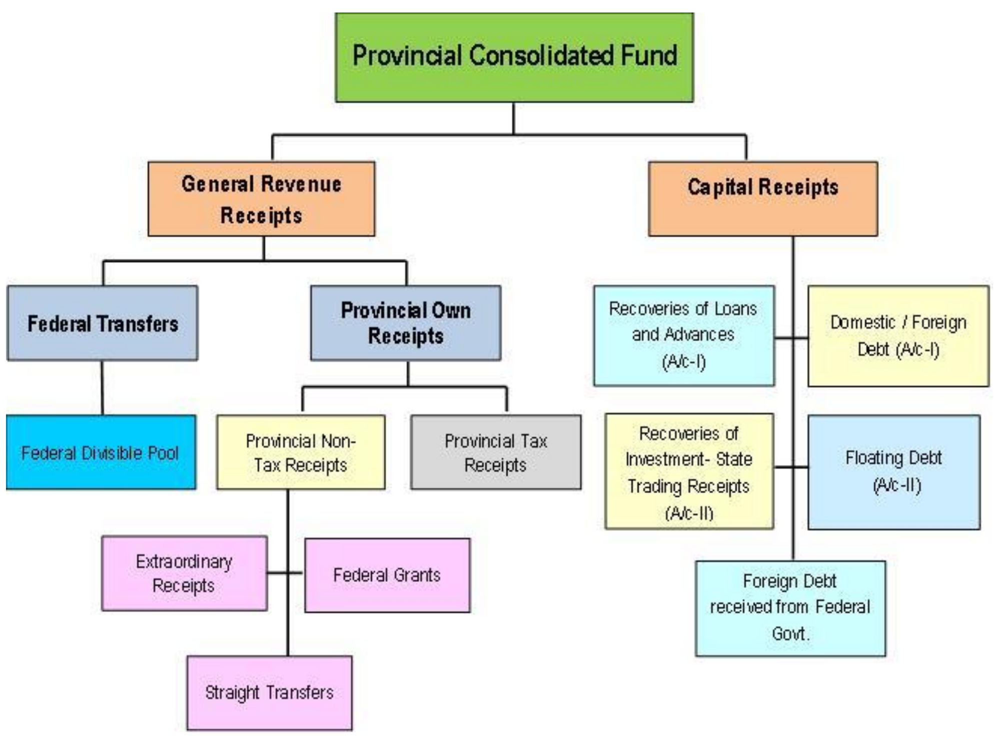
ESTIMATES OF RECEIPTS

Annual budget is an estimate of all receipts and expenditures of the government in a fiscal year. The volume of receipts determines resources that could be made available both for development expenditure as well as current expenditure. The scope of this Chapter is to provide a comprehensive analysis of the receipts of the provincial government as accrued in FY 2016-17 and as pitched for the forthcoming FY 2017-18.

Generally, provincial government classifies its receipts into the following two main categories:

I. General Revenue Receipts
II. Capital Receipts

The following flow diagram provides different sub-categories of the receipts under the two main categories mentioned above:-



In FY 2016-17, total receipts were estimated at Rs.1,681,416.623 million against which the revised estimate 2016-17 has been fixed at Rs. 1,755,055.441 million. For FY 2017-18, total receipts have been estimated at Rs. 1,970,700.000 million.

Total receipts less food account receipts have been pitched at Rs. 1,710,743.021 million for the FY 2017-18 as compared to Rs. 1,501,146.585 million for BE 2016-17. The increase in the estimates of receipts for FY 2017-18 is mainly attributable to expected increase of 11% in the Federal Divisible Pool. For the FY 2017-18, Federal Divisible Pool Share for Punjab has been estimated at Rs. 1,154,185.293 million on the basis of FBR collection estimates of Rs. 4,013 billion whereas this share was budgeted at Rs.1,039,910.787 million in FY 2016-17.

Provincial Receipts consist of provincial tax as well as provincial non-tax receipts. For the FY 2017-18, provincial receipts have been estimated at Rs. 348,307.019 million. This includes provincial tax receipts of Rs. 230,985.703 million and provincial non-tax receipts of Rs.117,321.316 million. It is pertinent to point out that in FY 2016-17 revised provincial receipts were estimated at Rs.417,650.546 million with provincial tax component at Rs. 175,218.691 million and non-tax component at Rs. 242,431.855 million respectively.

The Capital Receipts for FY 2016-17 were estimated at Rs. 361,450.481 million, which have subsequently been increased to Rs.468,207.688 million for FY 2017-18 due to increase in procurement of wheat, issuance of Bond Programme of Punjab Government and Supplier's Credit in favour of Punjab Safe Cities Authority's project PPIC3..

The table below summarizes the estimates of total Provincial Receipts of the Government:

Table 1.1
Total Provincial Receipts

(Rs. in Million)

RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
General Revenue Receipt	**1,319,966.142**	**1,405,466.714**	**1,502,492.312**
Federal Divisible Pool	*1,039,910.787*	*1,013,067.983*	*1,154,185.293*
Provincial Taxes	*184,436.450*	*175,218.691*	*230,985.703*
Provincial Non-Tax	*95,618.905*	*217,180.040*	*117,321.316*
Current Capital Receipts	**361,450.481**	**349,588.727**	**468,207.688**
Recoveries of Loans and Advances	*1,084.307*	*740.321*	*10,545.916*
Receipt from Cash Balance	--	*15,872.479*	--
Debt Foreign	*16,068.084*	*15,134.313*	*15,603.884*
For PPIC3 (Punjab Safe Cities Authority)	--	--	*40,000.000*
Bond Programme	--	--	*25,000.000*
State Trading - (A/c. No.II)	*115,529.500*	*132,982.250*	*129,753.500*
Cash Credit Accommodation- (A/c. No.II)	*113,815.775*	*130,305.942*	*130,203.479*
Development Capital Receipts *Foreign Projects Assistance*	*114,952.815*	*54,553.422*	*117,100.909*
Total Provincial Consolidated Fund	**1,681,416.623**	**1,755,055.441**	**1,970,700.000**

The following section explains all components of revenue receipts in detail.

1.1 GENERAL REVENUE RECEIPTS

The main elements of General Revenue Receipt as per Annual Budget Statement are as under:

I) **Federal Transfers:**

- *Share of Federal Divisible Pool of Taxes* as per the 7th National Finance Commission (NFC) Award.
- *Straight Transfers* as per Article 161 of the Constitution and NFC Award with respect to royalties on Crude Oil and Natural Gas, and net proceeds of the Federal Excise Duty on natural gas;
- Federal Development and Non-Development Grants released to executing agencies.

II) **Provincial Own Receipt:**

- Provincial Tax Receipts
- Provincial Non-Tax Receipts
  a) Provincial Non-Tax Revenues;
  b) Extraordinary Receipts

Note: Straight transfers/federal grants, as per classification used in Annual Budget Statement (ABS), are usually included as part of Provincial Non Tax Receipts.

The table below shows the details of Budget Estimates and Revised Estimates for General Revenue Receipts for FY 2016-17 in comparison with the anticipated Budget Estimates for FY 2017-18. Federal Grants and Straight Transfers that form part of Provincial Non-Tax Receipts have been shown separately to give a clear picture of the provincial non-tax collection.

Table 1.2
General Revenue Receipts

(Rs. in Million)

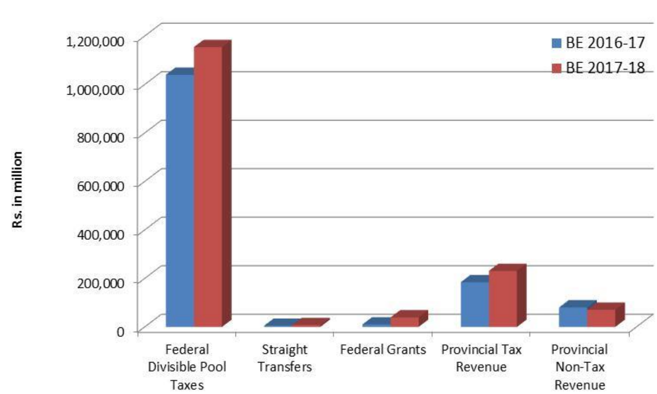
	GENERAL REVENUE RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
a	**Federal Divisible Pool Taxes**	**1,039,910.787**	**1,013,067.983**	**1,154,185.293**
	Tax on Income	444,145.533	393,657.027	455,345.029
	Land Customs	118,728.896	141,523.818	167,553.288
	Sales Tax	418,293.344	420,839.752	467,195.005
	Capital Value Tax	669.770	688.724	796.318
	Federal Excise	57,543.064	55,938.183	62,823.371
	Excise Duty on Natural Gas	530.180	420.479	472.282

	GENERAL REVENUE RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
b	**Provincial Tax Revenue**	**184,436.450**	**175,218.691**	**230,985.703**
	Board of Revenue	61,400.000	55,500.000	61,400.003
	Excise, Taxation & Narcotics Control Department	29,500.000	26,300.177	32,700.000
	Transport	801.000	680.000	600.000
	Punjab Revenue Authority	86,500.000	86,500.000	130,000.000
	Energy	6,235.450	6,238.514	6,285.700
C	**Provincial Non Tax Revenue (Excluding Straight Transfers and Grants)**	**80,280.000**	**68,843.916**	**70,517.885**
	Income from Property and Enterprise	48,100.599	37,722.472	33,234.885
	Receipts from Civil Administration and Other Functions	10,072.563	10,961.023	11,715.618
	Miscellaneous Receipts*	22,106.838	20,160.421	25,567.382
D	**Straight Transfers**	**5,101.754**	**7,026.922**	**7,639.149**
	Net Proceeds of Royalty on Crude Oil assigned to Provinces	1,754.808	2,586.249	2,987.491
	Net Proceeds of Royalty on Natural Gas assigned to Provinces	1,349.940	1,242.346	1,344.854
	Surcharge on Natural Gas-share of net proceeds assigned to provinces	1,997.006	3,198.327	3,306.804
E	**Federal Grants**	**10,237.151**	**141,309.202**	**39,164.282**
	Development & Non-Development Grants from the Federal Govt. (PSDP)	--	132,599.882	30,663.039
	Foreign Grants - Dev. Grants from Foreign Governments	10,237.151	8,709.320	8,501.243
	Total Non-Tax (c + d + e)	**95,618.905**	**217,180.040**	**117,321.316**
Total General Revenue Receipts		**1,319,966.142**	**1,405,466.714**	**1,502,492.312**

* 'Straight Transfers' and 'Federal Grants' are part of 'Miscellaneous Receipts' under the classification used in ABS. However, they have been shown separately in this table for information of the readers.

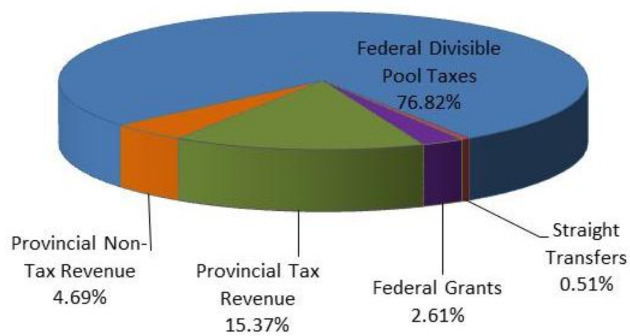
The graph below shows the comparison of Budget Estimates 2016-17 & Budget Estimates 2017-18 of different components of General Revenue Receipts:

Figure 1.1
General Revenue Receipts BE 2016-17 Vs. BE 2017-18



The pie chart below reflects the share of components of the General Revenue Receipts:

Figure 1.2
General Revenue Receipts BE 2017-18



A further elaborate analysis of the major components of General Revenue Receipts is presented below: -

1.1.1 FEDERAL TRANSFERS

a) Federal Divisible Pool Taxes

The major source of Revenue for the Provincial Government is the receipt of Federal Divisible Pool share which constitutes 77% of the provincial revenues. This is primarily because the collection of almost all buoyant taxes, other than Sales Tax on Services, is still with the Federal Government. Under the 7th NFC Award, the Divisible Pool of Taxes as collected by FBR has been laid down as under:

1. Taxes on income
2. Wealth Tax
3. CVT
4. Taxes on sales of goods & purchase of goods imported-exported, produced, manufactured and consumed.
5. Export duties on Cotton
6. Customs duties
7. Federal Excise Duties excluding the excise duty on gas charged at well heads.

Under the 7th NFC Award, the vertical flows of the federation and provinces are shown in following table:-

Vertical Distribution of Resources

Federal Share	Provincial Share
42.50%	57.50%

The provincial share i.e. 57.5% is further divided amongst the provinces as per ratio given below:-

Horizontal Distribution of Resources

Punjab	Sindh	KPK	Balochistan
51.74%	24.55%	14.62%	9.09%

As per NFC Award, this distribution of resources is based on multiple criteria including population, inverse population density, revenue and poverty.

Since divisible pool transfers constitute 77% of General Revenue Receipt, even a small percentage variation in Federal Transfers leads to a major re-adjustment in provincial expenditure. In this context, the following table is presented which explains the variance between Budget Estimates and actual collection of taxes by FBR during last three years: -

Table: 1.3
Shortfall in FBR Collection

(Rs. in billion)

	2013-2014	2014-2015	2015-2016
Budget Estimates	2,475	2,810	3,104
Actual Collection	2,255	2,590	3,113
Shortfall	(220)	(220)	9
% shortfall	**(9%)**	**(8%)**	**(0%)**

b) Straight Transfers

Under Article 161 of the Constitution and the NFC Award, Straight Transfers to the provinces include:

i) The net proceeds of the Federal Excise Duty on natural gas
ii) Net proceeds of royalty on crude oil and natural gas assigned to the provinces under the Constitution.

Straight Transfers are reflected under the non-tax provincial receipts, yet for the purpose of clarity, the same have been shown separately under the Federal Transfers in this chapter. The Budget Estimates for FY 2017-18 have been pitched at Rs. 7,639.149 million.

Figure 1.3
Composition of Straight Transfers BE 2017-18

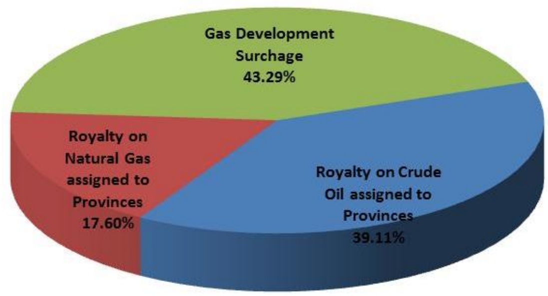


Table 1.4
Straight Transfers

(Rs. in Million)

Component	BE 2016-17	RE 2016-17	BE 2017-18
Net Proceeds of Royalty on Crude Oil assigned to Provinces	1,754.808	2,586.249	2,987.491
Net Proceeds of Royalty on Natural Gas assigned to Provinces	1,349.940	1,242.346	1,344.854
Surcharge on Natural Gas-share of net proceeds assigned to provinces	1,997.006	3,198.327	3,306.804
Total	**5,101.754**	**7,026.922**	**7,639.149**

c) Federal Grants

The Public Sector Development Programs (PSDP), grants from federal government and budget support grants received from foreign development partners accumulatively form the Federal Grants. However, it is pertinent to point out that the federal PSDP grants are only pass-through items. These grants are released to executing agencies for implementation of Federal Development Projects.

Table 1.5
Federal Grants

(Rs. in Million)

Component	BE 2016-17	RE 2016-17	BE 2017-18
DFID-Programme Grants (Foreign i.e. PESP-II, PHNP)	10,237.151	8,709.320	8,501.243
PSDP Grants / Federal Grant (Dev+N.Dev)	--	132,599.882	30,663.039
Total	**10,237.151**	**141,309.202**	**39,164.282**

The Revised estimates 2016-17 of Programme Grants have declined to Rs.8,709.319 million against the BE 2016-17 of Rs.10,237.151 million. The break-up of Programme Grants is presented below:

Table 1.6
Programme Grants

(Rs. in Million)

Sr. No.	Particulars	BE 2016-17	RE 2016-17	BE 2017-18
1.	DFID-Punjab Education Sector Project-II	5,763.137	6,248.131	5,738.673
2.	DFID-Provincial Health and Nutrition Programme	3,639.876	1,543.192	1,868.405
3.	DFID-Punjab Skills Development Project	834.138	878.029	894.165
4.	ADB Basmati Value Chain in Punjab	--	33.351	--
5.	Sub National Governance Programme	--	6.616	--
	Total	**10,237.151**	**8,709.319**	**8,501.243**

1.1.2 PROVINCIAL OWN RECEIPTS

The second component of the General Revenue Receipts is termed as Provincial Own Receipt including:

a) Tax Receipts

i. Receipts from Direct Taxes (Agricultural Income Tax, Property Tax, Land Revenue, Professional Tax, Capital Value Tax etc.)

ii. Receipts from Indirect Taxes (Sales Tax on Services, Provincial Excise, Stamp Duties, Motor Vehicle Taxes, Electricity Duty etc.)

b) Non-Tax Receipts

i) Income from publicly owned property and enterprises

ii) Receipts from civil administration and other functions

iii) Miscellaneous Receipts from toll, fee, cess etc. collected by provincial departments (excluding Federal Grants and Development Surcharges and Royalties)

iv) Extraordinary Receipts

The estimates of Provincial Own Receipts are provided in Table below:

Table 1.7
Provincial Own Receipts

(Rs. in Million)

RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
a) Tax Receipts	**184,436.450**	**175,218.691**	**230,985.703**
i. Direct Taxes	42,955.715	38,040.847	42,978.879
ii. Indirect Taxes	141,480.735	137,177.844	188,006.824
b) Non-Tax Receipts	**95,618.905**	**217,180.040**	**117,321.316**
i. Income from Property and Enterprises	48,100.599	37,722.472	33,234.885
ii. Receipts from Civil Administration and other Functions	10,072.563	10,961.023	11,715.618
iii. Miscellaneous Receipts	22,106.838	20,160.421	25,567.382
iv. Federal / Foreign Grants	10,237.151	141,309.202	39,164.282
v. Straight Transfers	5,101.754	7,026.922	7,639.149
Total Provincial own Receipts	**280,055.355**	**392,398.731**	**348,307.019**

I. TAX RECEIPTS

Following departments are responsible for collecting the Provincial Tax Receipts.

1) Punjab Revenue Authority
2) Board of Revenue
3) Excise, Taxation & Narcotics Control Department
4) Energy Department
5) Transport Department

The detail of taxes collected during FY 2016-17 and the BE for 2017-18 is provided below:

Table 1.8
Provincial Tax Receipts

(Rs. in Million)

TAX RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
Punjab Revenue Authority	**86,500.000**	**86,500.000**	**130,000.000**
Sales Tax on Services	85,000.000	84,249.500	127,000.000
Punjab Infrastructure Development Cess	1,500,000	2,250.500	3,000.000
Board of Revenue	**61,400.000**	**55,500.000**	**61,400.003**
Agricultural Income Tax	2,300.000	1,280.250	1,530.000
Registration of documents	779.250	736.593	825.518
Land Revenue	14,447.491	13,577.966	14,589.146
Capital Value Tax	12,273.974	11,768.420	12,631.750
Stamps	31,599.285	28,136.771	31,823.589

TAX RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
Excise, Taxation & Narcotics Control Deptt.	**29,500.000**	**26,300.177**	**32,700.000**
Urban Immovable Property Tax	11,510.000	9,399.293	12,000.465
Tax on Professions, Trades and Callings	810.000	720.250	927.000
Receipts under Motor Vehicles	12,724.300	12,432.200	14,637.592
Other Direct Taxes	0.000	5.090	0.000
Provincial Excise	2,920.200	2,800.357	4,134.693
Farm house tax	10.000	0.078	0.000
Tax on Luxury Houses	825.000	552.907	475.000
Other Indirect Taxes	700.500	390.002	525.250
Energy	**6,235.450**	**6,238.514**	**6,285.700**
Electricity Duty	6,235.450	6,238.514	6,285.700
Transport	**801.000**	**680.000**	**600.000**
Motor Vehicles fitness certificate and permit fee	801.000	680.000	600.000
Total Provincial Tax Revenue	**184,436.450**	**175,218.691**	**230,985.703**

The above table shows that tax collection by the Government during FY 2017-18 is estimated at Rs.230,985.703 million, as compared to RE 2016-17 of Rs. 175,218.691 million. In this way, the Government expects to increase its tax collection by 32% above the Revised Estimates of previous year. The Government is also taking necessary steps such as expansion in scope of different taxes, improving collection efficiency alongwith launching of initiatives like 'e-stamping', automation of property tax record through GIS mapping of properties, identification of new tax payers by conducting surveys, plugging of revenue leakages through introduction of technology and implementing other administrative measures.

A. Provincial Tax Receipts collected by Punjab Revenue Authority

Punjab Revenue Authority (PRA) is responsible for collection of Sales Tax on Services and Punjab Infrastructure Development Cess. For the FY 2017-18, the tax target for PRA has been fixed at Rs.130,000.000 million which shows an increase of 50% over revised estimates of FY 2016-17. Despite difficulties in operational environment during FY 2016-17, PRA has been able to achieve 100% of its target. The details regarding PRA and its revenue collection are dealt in a separate chapter.

B. Provincial Tax Receipts Collected By Board of Revenue

Board of Revenue is responsible for collection of Agriculture Income Tax, Registration fee, Land Revenue, Capital Value Tax and Stamp Duty. BOR's collection is estimated at Rs.61,400.003 million for FY 2017-18.

The major tax heads under BOR's purview are elaborated for the purpose of clarity:

a) Agricultural Income Tax

Agricultural Income Tax (AIT) is an important direct tax of provinces, collected under AIT Act of 1997. It is levied as a payment of fixed amount per acre of land. Major amendments were introduced in this Act in 2001 whereby holders of 25 acre irrigated land (equivalent to 50 acre un-irrigated land) were required to submit their AIT return. An amount of Rs.1,280.250 million has been received during FY 2016-17 and BE 2017-18 has been fixed at Rs.1,530.000 million.

b) Land revenue

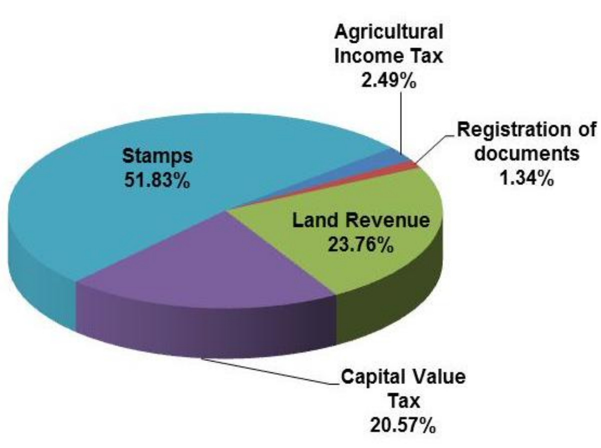
Land revenue is a broad category, and includes a number of receipts related to land revenue functions. This category of Provincial Tax Receipts has a lot of potential and it is expected to contribute Rs. 14,589.146 million to the provincial exchequer during FY 2017-18. During the last few years, government has tried to tap the buoyancy of this source by introducing structural reforms which include introduction of valuation tables to rural areas for the purpose of mutation. Government has completed the automation of land revenue record under Land Record Management Information System (LRMIS). Punjab Land Records Authority has been established to reform and modernize the system of land records, to improve the land records service delivery; to contribute to long lasting tenure security; and, to deal with ancillary matters. The said project has since been taken over by Punjab Land Record Authority.

c) Stamp Duty

Government has reformed the existing system by introducing E-Stamps to facilitate taxpayers, plug leakages in this tax and to ensure greater transparency in the process of transfer of property. Budget Estimates of Stamp Duty for FY 2017-18 have been pitched at Rs. 31,823.589 million.

The following pie chart shows the composition of taxes to be collected by the Board of Revenue as estimated for FY 2017-18.

Figure 1.4
Board of Revenue Taxes BE 2017-18



C. Provincial Tax Receipts Collected by Excise, Taxation & Narcotics Control Department

Excise, Taxation & Narcotics Control Department provides services for collection of eight different levies/ taxes. The department aims to promote automation of its functions to optimize service delivery through reduced interface between public and government officials.

The major tax heads under purview of Excise, Taxation & Narcotics Control Department are elaborated for the purpose of clarity:

Motor Vehicle Taxes

Excise, Taxation & Narcotics Control Department collects 'Tax on Registration' and 'Token Tax' on motor vehicles.

In order to cope with the challenge of technological changes and to reform collection of taxes from motor vehicles, the department has taken a number of initiatives in recent past.

- To get rid of agent mafia, elimination of corruption, malpractices of staff and for providing facility of registration of motor vehicles at sale point, Dealers Vehicle Registration System (DVRS) has been launched successfully throughout the province.
- Database of all motor vehicles has been centralized throughout the province.
- Automated registration card and Personalised Vanity Number Plates are being introduced for generating revenue and curbing the preparation of bogus / fake Registration Booklets and Number Plates.
- Instant provision of data of motor vehicles to Law Enforcing Agencies for strict enforcements.

The BE 2016-17 of MV Taxes was Rs.12,724.300 million. The Revised Estimate for this tax has been pitched at Rs.12,432.200 million. Due to growth trend in this tax, the target for next financial year has been estimated as Rs.14,637.592 million.

Urban Immoveable Property Tax (UIPT)

The UIPT for FY 2017-18 stands at Rs. 12,000.465 million which is 4% higher than BE 2016-17. This is a tax devolved to Municipal Committees, Municipal Corporations and Metropolitan Corporation but for administrative purpose, it is being collected by the Provincial Government and passed on to the respective local governments as per the agreed distribution formula.

The main taxation reforms for UIPT are as under:

a) Property tax record is being computerized for providing the facility of self-assessment system. In the 1st Phase, property Tax record of 18 districts has been computerized which covers 85% revenue of the province. The computerization of remaining 18 districts is under process. The specific pin code has been issued to the each tax payer by which he can know the description and assessment of his property unit.

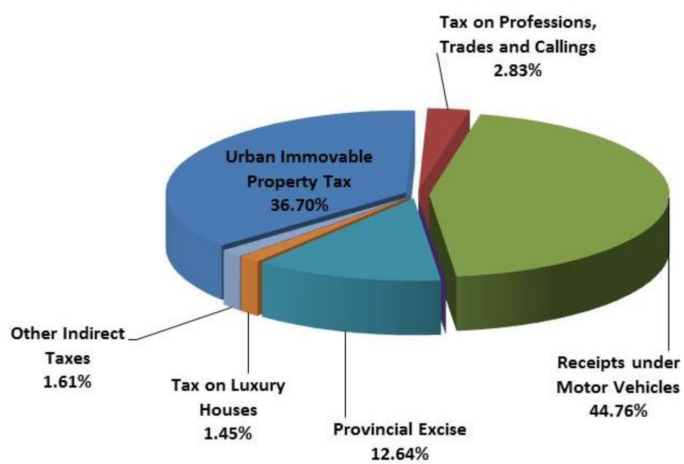
b) Calculator in Urdu and English is available on the official website http://www.excise-punjab.gov.pk for self-assessment.

Professional Tax

The B.E for FY 2017-18 with respect to Professional Tax has been pitched at Rs. 927.000 million against the Revised Estimates for FY 2016-2017 to the tune of Rs.720.250 million.

The following pie-chart shows the composition of taxes collected by Excise, Taxation & Narcotics Control Department as estimated by FY 2017-18.

Figure 1.5
Excise, Taxation & Narcotics Control Department Taxes BE 2017-18



II. NON-TAX REVENUE

The regulatory functions performed by the Provincial Government; and rates and fees charged for the provision of certain social and economic services, constitute the non-tax revenue. However, for the purpose of this chapter, grants received from Federal Government & multilateral partners and Development surcharges on Gas and Royalties on Oil and Gas are shown separately. The next table summarises the Revised Estimates for FY 2016-17 against the BE for FY 2017-18. The budget estimate for FY 2017-18 has been estimated at Rs. 37,637.885 million.

Table 1.9
Provincial Non Tax Revenue (Collected by Provincial Departments)

(Rs. in Million)

Component	BE 2016-17	RE 2016-17	BE 2017-18
Agriculture	653.165	908.007	969.100
BOR	2,912.997	1,396.050	3,020.055
C&W	2,583.900	2,846.080	3,135.086
Cooperatives	2.600	3.330	4.417
Education	1,490.970	1,740.304	1,967.014
Finance	623.480	1,563.037	661.885
Forest, Wildlife and Fisheries	1,012.067	1,038.132	1,018.015
Health	764.155	900.034	929.800
Home	851.100	1,364.287	995.560
HUD&PHED	825.000	812.022	895.000
Industries	329.640	329.706	363.044
Irrigation	2,555.729	1,419.001	1,989.000
Law & Parliamentary	382.100	510.730	526.200
L&DD	730.204	1,310.101	1,441.056
Mines & Minerals	8,700.000	5,971.000	10,600.000
Police	3,802.457	3,742.050	3,820.108
Miscellaneous	4,480.436	6,524.657	5,302.545
Total Provincial Own Receipts	**32,700.000**	**32,378.528**	**37,637.885**

The following table presents the object wise classification of provincial non-tax revenue:

Table 1.10
Provincial Non Tax Revenue

(Rs. in Million)

NON TAX REVENUE	BE 2016-17	RE 2016-17	BE 2017-18
Income from Property and Enterprises	**48,100.599**	**37,722.472**	**33,234.885**
Electricity (Net Hydel Profit)	9,180.000	0.000	9,180.000
Net Hydel Profit Arrears	38,400.000	36,465.388	23,700.000
Interest on Loans to District Govts. / TMAs	268.994	186.405	58.750
Interest on Loans to Financial Institutions.	135.000	126.028	126.000
Interest on Loans to Non-Financial Institutions.	110.896	38.326	164.096
Interest on Loans & Advances to Govt. Servants	0.209	0.539	0.539
Interest on Loans – Others	5.500	5.500	5.500
Dividends	0.000	900.286	0.000

NON TAX REVENUE	BE 2016-17	RE 2016-17	BE 2017-18
Civil Administration and other Functions	**10,072.563**	**10,961.023**	**11,715.618**
Fiscal Administration	**102.881**	**305.953**	**307.000**
Law and Order	**4,305.657**	**4,356.630**	**4,481.718**
Justice	*382.100*	*510.730*	*526.200*
Police Department	*3,802.457*	*3,742.050*	*3,820.108*
Jails including Civil Defense	*121.100*	*103.850*	*135.410*
Community Services	**2,668.900**	**3,017.994**	**3,312.346**
Communications & Works	*2,583.900*	*2,846.080*	*3,135.086*
Public Health	*85.000*	*171.914*	*177.260*
Social Services	**2,255.125**	**2,640.338**	**2,896.814**
Education	*1,490.970*	*1,740.304*	*1,967.014*
Health	*764.155*	*900.034*	*929.800*
Housing and Physical Planning	**740.000**	**640.108**	**717.740**
Miscellaneous Receipts	**37,445.743**	**168,496.545**	**72,370.813**
Agriculture	653.165	908.007	969.100
Board of Revenue	2,912.997	1,396.050	3,020.055
Fisheries	323.450	276.638	302.405
Forest & Wildlife	688.617	761.494	715.610
L&DD	730.204	1,310.101	1,441.056
Cooperative	2.600	3.330	4.417
Irrigation	2,555.729	1,419.001	1,989.000
Industries	329.640	329.706	363.044
Mines & Minerals	8,700.000	5,971.000	10,600.000
Home	730.000	1,260.437	860.150
Misc.	4,480.436	6,524.657	5,302.545
Federal / Foreign Grants	10,237.151	141,309.202	39,164.282
Straight Transfers	5,101.754	7,026.922	7,639.149
TOTAL NON-TAX RECEIPTS	**95,618.905**	**217,180.040**	**117,321.316**

A. Non-Tax Revenue – Income from Property and Enterprises

This component of the non-tax revenue is a significant part of Non-Tax Revenue for the Province and comprise of two components.

- Net Hydel Profit
- Income from interest on loans advanced to financial institutions, local governments, autonomous bodies and government servants etc.

a. Net Hydel Profit

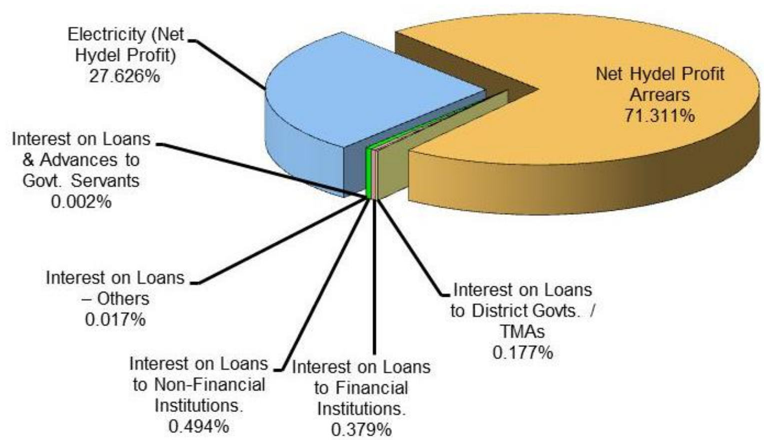
In pursuance of decision of Council of Common Interests (CCI) dated 29.02.2016, Ministry for Water & Power submitted a summary to the Council of Common Interests (CCI) for settlement of Net Hydel Profit (NHP) issue between WAPDA and Government of the Punjab. The Council of Common Interests in its meeting held on 16.12.2016 approved the proposal of Ministry for Water & Power. The claim of Government of the Punjab amounting to Rs.82.710 billion as arrears of NHP (as on June 2016) was acknowledged by WAPDA and it issued an irrevocable Promissory Note worth Rs.38.120 billion to be paid by 31st December 2017 as first tranche of arrears.

A Letter of Comfort (LOC) to back the liability of WAPDA on account of this Promissory Note was issued in favour of GoPb. Accordingly ABL was chosen through competitive bidding and a Discounting Agreement between Punjab Government and ABL was executed through, which ABL provided an amount of Rs.36,465.387 million in Punjab Government A/C No.1 (N.F.) on 31st March 2017.

b. Interest on loans

Loans are extended to local governments, financial institutions and autonomous bodies to meet their current and development expenditure. The interest from these loans is another important part of receipts of "Income from Property and Enterprises". Interest amounting to Rs.356.798 million was received during FY 2016-17 and the interest income for FY 2017-18 has been targeted as Rs.354.885 million.

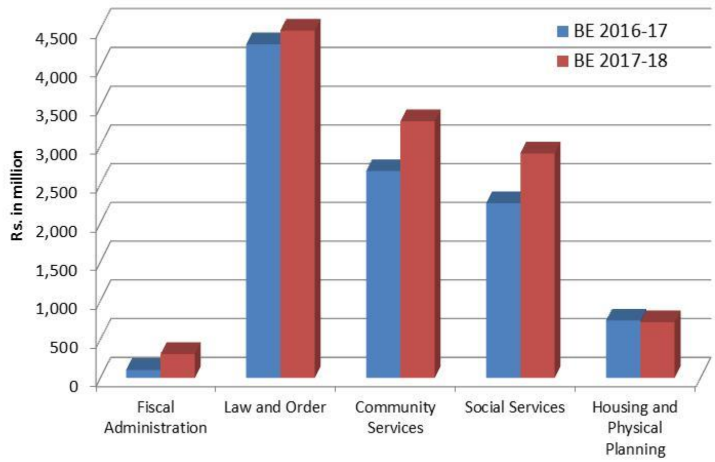
Figure 1.6
Income from Property and Enterprises BE 2017-18



B. Non Tax Revenue – Civil Administration & Other Functions

Non-Tax Receipts accrue mainly on account of regulatory functions performed by the Provincial Government and rates and fees charged for the provision of certain social and economic services and also include Federal Grants. Government is expected to collect Rs. 11,715.618 million during FY 2017-18 from these sources. A break-up of these receipts is graphically shown below:

Figure 1.7
Civil Administration and other Functions BE 2016-17 vs. BE 2017-18



a) Law and Order

There are three main components of law & order receipts:

1) Receipts collected by Law Department from *sale proceeds of unclaimed and escheated property, court fees realised in cash, General Fee, fines & forfeitures, receipt of official record room & recoveries of over-payments, etc.*

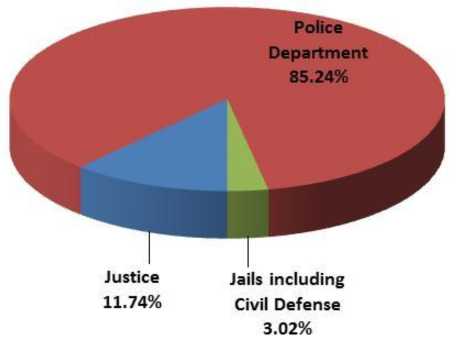
2) Receipts collected by Home Department include *sale proceeds of articles manufactured in jail, fines, payments on services rendered including supplies made by workshop of department.*

3) Receipts collected by Police Department on account of *police personnel deputed at the strength of Railways, Federal Government, public departments, fees, fines, forfeiture, motor driving license fee, traffic fines, police land receipts and recoveries of overpayments.*

The total law & order receipts for 2017-18 are estimated at Rs. 4,481.718 million which is 4% higher than last FY 2016-17. The collection of Police Department in FY 2017-18 is expected to be around Rs.3,820.108 million.

The contributions made by the above-mentioned heads of receipts in the total Law & Order receipts status are elaborated in the following figure:

Figure 1.8
Law and Order BE 2017-18

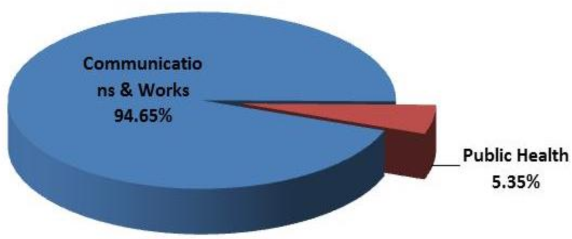


b) Community Services

The receipts accumulated from toll collection on provincial roads and bridges and through rent of government buildings are the major source of income in this category. The toll collection has been increased as compared to last year's collection.

Figure below elaborates the break-up of percentage contribution of each component of the total community service receipts estimated for FY 2017-18.

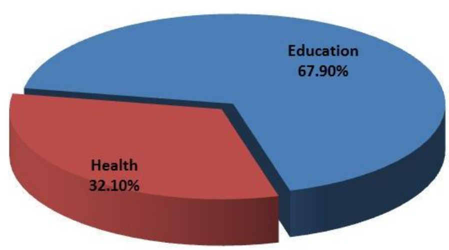
Figure 1.9
Community Services BE 2017-18



c) Social Services

These receipts pertain to different social services like Health and Education etc. The BE for FY 2017-18 has been set at Rs. 2,896.814 million which is 28% higher than the BE 2016-17.

Figure 1.10
Social Services BE 2017-18

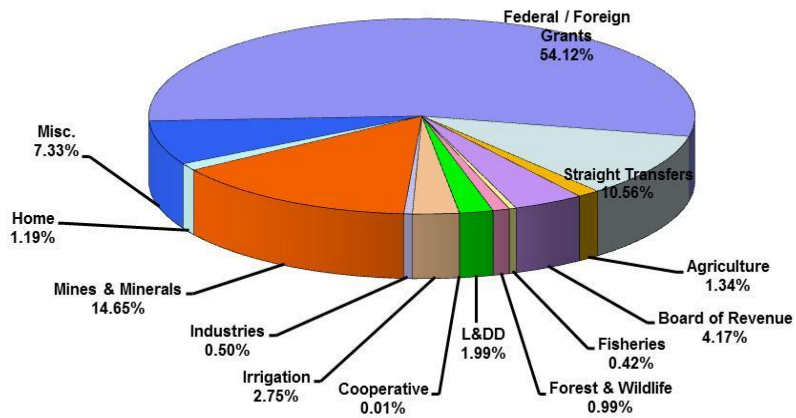


C. Non Tax Revenue – Miscellaneous Receipts

Under the receipts from economic functions, revenue on account of Abiana (water rate for irrigation), receipts from renting out agricultural machinery/equipment, sale of forest timber etc. are included. In the general category, other receipts such as small fees/charges on account of regulatory functions of the Government are included. Similarly, major receipts such as those accruing from arms license fee and royalty from mines and minerals are also included under this classification as shown in the following pie-chart.

The budgetary estimates for FY 2017-18 has been pitched at Rs. 72,026.497 million.

Figure 1.11
Miscellaneous Receipts BE 2017-18



1.2 CURRENT CAPITAL RECEIPT

Current Capital Receipts of the province include all the new loans borrowed or raised by the Provincial Government and recoveries of loans which are granted to provincial entities/authorities/financial institutions, provincial employees or the District Governments. Current Capital Receipts may be credited either to the Provincial Government's Account No. I (Non-Food Account) or Account No. II (Food Account), depending on the nature of the receipt. Money raised through loans, budgetary-support programmes of multilaterals, recoveries of principal amount of loans advanced by the Government to its employees and autonomous bodies are credited to Current Capital Receipts (Account No.I). On the other hand, receipts from sale of wheat and financing for procurement of wheat accrue to Account No.II.

The table below presents the Current Capital Receipts figures for FY 2016-17 and FY 2017-18:

Table 1.11
Current Capital Receipts

(Rs. in Million)

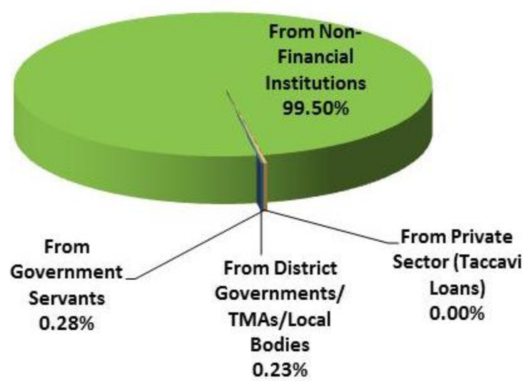
RECEIPTS	BE 2016-17	RE 2016-17	BE 2017-18
a) Loans & Advances/Recoveries of Loans and Advances	**1,084.307**	**16,612.800**	**10,545.916**
From District Governments/TMAs/Local Bodies	248.876	159.053	23.917
From Non-Financial Institutions	807.465	552.094	10,492.825
From Government Servants	27.917	29.165	29.165
From Private Sector (Taccavi Loans)	0.049	0.009	0.009
Receipt from Cash Balance	--	15,872.479	--
b) Debt	**16,068.084**	**15,134.313**	**80,603.884**
Permanent Debt-Domestic	0.434	0.035	0.434
Permanent Debt-Foreign	16,067.650	15,134.278	15,603.450
Supplier's Credit for PPIC3 (Punjab Safe Cities Authority)	--	--	40,000.000
Bond Programme	--	--	25,000.000
Account No. I (a) + (b)	**17,152.391**	**31,747.113**	**91,149.800**
Recoveries of Investment-State Trading Schemes	115,529.500	132,982.250	129,753.500
Cash Credit Accommodation	113,815.775	130,305.942	130,203.479
Account No. II	**229,345.275**	**263,288.192**	**259,956.979**
Total Current Capital Receipts (I & II)	**246,497.666**	**295,035.305**	**351,106.779**

a) Recoveries of Loans and Advances

In this category Rs. **10,545.916** million are estimated to be received during FY 2017-18. The recoveries of loans and advances includes an amount of Rs. 23.917 million which will be recovered from District Government/Municipal Corporations and Rs.10,492.825 million from agencies like Punjab Small Industries Corporation, Punjab Industrial Estate Development & Management Company and Transport Department in respect of Metro Transit System on Orange Line in Lahore etc.

It will be useful to provide a synopsis of the significant items categorised under Recoveries of Loans and Advances.

Figure 1.12
Recoveries of Loans and Advances BE 2017-18



b) Permanent Debt - Account No. I

Domestic and foreign loans borrowed directly or through the Federal Government comprise the permanent debt of the provincial government. The B.E. 2017-18 for the permanent debt (foreign) has been estimated at Rs. 15,603.450 million against the B.E. 2016-17 of Rs. 16,067.650 million. The Government would receive budgetary support loans from World Bank under Punjab Health Sector Reforms Programme, Punjab Cities Governance Improvement Project, Education Sector Reform Programme, Punjab Public Management Reform Programme, Punjab Skills Development Project, and Punjab Jobs & Competitiveness Project from the World Bank. The revised estimates of 2016-17 have been declined. One of the reasons is the less receipt in respect of Education Sector Reform Programme which is now to be disbursed during FY 2017-18. It is pertinent to mention that a project namely Access to Clean Energy Investment Programme has been executed with the financial assistance of Asian Development Bank to reduce the energy crisis.

Table 1.12
Details of Current Capital Receipts (Foreign Loans)

(Rs. in million)

Sr. No.	Detail of Loan	B.E. 2016-17	R.E. 2016-17	B.E. 2017-18
1	Punjab Education Sector Reform Programme-II	-	152.517	-
2	Punjab Cities Governance Improvement Project	5,306.650	5,281.500	531.931
3	Punjab Health Sector Reforms Programme	-	1,417.500	3,850.750
4	Punjab Public Management Reform Programme	1,055.000	525.000	1,579.124
5	Punjab Skills Development Project	1,477.000	1,477.000	1,055.000
6	Punjab Jobs & Competitiveness Project	1,582.500	2,096.091	2,110.000
7	Punjab Education Sector Reform Programme-III	6,646.500	4,184.670	4,040.650
8	Access to Clean Energy Investment Programme	-	-	2,435.995
	Total	**16,067.650**	**15,134.278**	**15,603.450**

c) Public Debt – Account No. II (Food Account)

Food Account of the province commonly known as Account No.II is also maintained with the State Bank of Pakistan like Account No.I. However, the former account is meant exclusively for transactions relating to state trading in food commodities by the Food Department. Finances for food commodity purchases are raised through ‘Cash Credit Accommodation’. Consortia of banks have been organised to carry out this process. Under this arrangement, wheat grain is procured directly from farmers by the Food Department, and financed by banking consortia. Receipts from the sale of wheat are then deposited in Account No. II, from where they are utilised to retire the consortia loans. Noticeably, the RE 2016-17 of 'Recoveries of Investment-State Trading Schemes' was Rs.263,288.192 million compared to BE 2016-17 of Rs. 229,345.275 million on account of increase sale of targeted sale of wheat during the financial year. Moreover, the recoveries from Sale of Wheat for the FY 2017-18 are estimated at Rs. 259,956.979 million.

d) Bond Programme:

The Government plans to raise debt from the capital markets through issuance of (provincial) government securities. Issuance of Government Securities will have several benefits including the following:

- The funds raised through issuance of these Securities will be utilized for enhancing the size of the Annual Development Plan of the province.
- The Securities will provide GoPb access to potential lenders/investors e.g. pension funds, provident funds, mutual funds, insurance companies, corporate treasuries and individuals etc. in addition to domestic banks.
- The Securities will be tradable in the secondary market which will result in familiarity of market participants with, and market-based pricing of, GoPb's debt.
- As the Securities can be issued for a variety of tenors, these will help GoPb in diversifying the maturity profile of its debt which will have a positive impact on the repayment capacity and creditworthiness of GoPb.

The Government intends to borrow Rs. 25 billion during FY 2017-18 through issuance of Government Securities. The Securities shall be issued with the help of State Bank of Pakistan (SBP).

Government Securities have been classified in two major categories i.e. Punjab Treasury Bills (PTBs) which are discount instruments with maximum maturity of one (1) year or less and Punjab Saving and Investment Bonds (PSIBs) which are coupon bearing fixed rate instruments with maturities of more than one (1) year.

e) SUPPLIER'S CREDIT

Capital Receipts estimated for FY 2017-18 include Domestic Loans which comprise of Supplier's Credit to the extent of Rs. 40.0 billion. This pertains to a development project being undertaken by Punjab Safe Cities Authority (PSCA) whereby the payments for surveillance equipment to be installed in six (6) cities of Punjab will be made over a period of six (6) years including a one (1) year grace period. PSCA, which is undertaking this project in Supplier's Credit mode, is a separate legal entity. However, as the project has been included in the Annual Development Plan, the expenditure and financing relating to the project are being consolidated into the provincial budget for reporting purposes.

DEVELOPMENT CAPITAL RECEIPTS

The loans borrowed from multilateral donor agencies through the Federal Government for specific foreign-assisted development projects are termed as Development Capital Receipts or foreign project assistance. Combined with the Development Revenue Receipts and surpluses from the General Revenue Account and Capital Account, Development Capital Receipts finance the Annual Development Programme of the province. The Budget Estimates for FY 2017-18 for Foreign Project Assistance are pitched at Rs. 117,100.909 million compared to Budget Estimates 2016-17 of Rs.114,952.815 million and RE 2016-17 of Rs.54,553.422 million.

The above mentioned Development Capital Receipt is to be utilized for a number of development projects as listed below:

Table 1.13
Detail of Foreign Aid

(Rs. in million)

Sr. No.	Particulars	BE 2016-17	RE 2016-17	BE 2017-18
1.	ADB-2300-Pak Punjab Irrigated Agriculture Improvement Project	130.000	47.000	-
2.	ADB-2299 & 3351-Pak (PIAIP) Lower Bari Doab Canal Improvement Project	3,500.000	3,500.000	1,735.000
3.	ADB-2286-Pak Renewable Energy Development Sector Investment Programme	1,015.970	716.900	544.100
4.	ADB-3264-Pak- Flood Emergency Reconstruction and Resilience Project	6,500.000	4,126.897	6,928.500
5.	IDA-5081-Pak Punjab Irrigated Agriculture Productively Improvement Programme Project (PIPIPP)	3,921.845	1,491.767	1,760.795
6.	IDA-5686-Disaster & Climate Resilience Improvement Project	2,300.000	1,645.000	3,950.000
7.	IBRD-7900-Punjab Barrages Improvement Phase-II Project (Jinnah Barrage)	1,500.000	1,200.000	100.000
8.	IFAD-432-Livestock and Access to Market Project	731.000	44.620	-
9.	IFAD-825-PK & 1443-PK - Southern Punjab Poverty Alleviation Project	654.000	994.507	497.279
10.	2841-New Khanki Barrage Construction Project	4,000.000	3,000.000	2,400.000
11.	2971-Pak - Pakpattan Canal and Sulemanki Barrage Improvement Project	2,000.000	950.000	800.000
12.	3159-3160-Pak - Rehabilitation and Upgradation of Trimmu Barrage & Panjnad Headworks	3,000.000	2,000.000	2,400.000
13.	Engineering Design of Jalalpur PDA for Jalalpur Irrigation Project	200.000	200.000	130.000
14.	Enhancing PPPs in Pakistan (Punjab)	500.000	-	500.000
15.	Metro Rail Transit System on the Orange Line in Lahore	85,000.000	34,534.200	93,455.235
16.	PK-P59-Punjab Irrigation System Improvement Project (PISIP)	-	102.531	500.000
17.	Punjab Tourism for Economic Growth Project	-	-	400.000
18.	Punjab Irrigated Agriculture Productivity Improvement Project (PIPIP) Additional Financing	-	-	1,000.000
	Total Loans	**114,952.815**	**54,553.422**	**117,100.909**

Chapter 2

ESTIMATES OF EXPENDITURE

2.1 OVERVIEW OF EXPENDITURE

The term “Expenditure” includes money spent by the Government on public service delivery and investments. The Estimates of Expenditure presents the provincial budget in a simple and lucid manner, highlighting its salient features and making it easy for a common man to understand. A main objective of the Government is to consolidate its assets and leverage them to gain efficiencies. Enhanced allocations are made in the Current Budget in such a manner that the infrastructure created through Development Budget is optimally and efficiently leveraged to gain value for money.

In future, the basic challenge for Punjab’s economy is to grow at a fast rate to provide quality jobs to young people entering the workforce every year. For sustained improvement in living standards, economic growth has to be private sector-led, employment-intensive and exports-oriented. Importantly, it has to be anchored in adequate resource mobilization, efficient social service delivery and improved law and order.

The C.F.Y Budget 2017-18 of the Punjab Government has a total outlay of Rs.1,970.7 billion. The budget includes current expenditure of Rs.1,020.838 billion and development expenditure of Rs.635 billion. The Annual Development Programme is 32.22% of the total budget outlay for FY 2017-18 and has witnessed a growth of 15.45% over the last financial year. Total allocation for Education is of Rs.335.9 billion for both local and provincial governments. Likewise, total expenditure in Health is of Rs.226.7 billion.

Table 2.1 reflects the allocations for Current Revenue Expenditure, Current Capital Expenditure and Development Expenditure of Punjab Government for the year 2016-17 and 2017-18.

Table 2.1
Abstract of Expenditure 2017-18

(Rs. in Million)

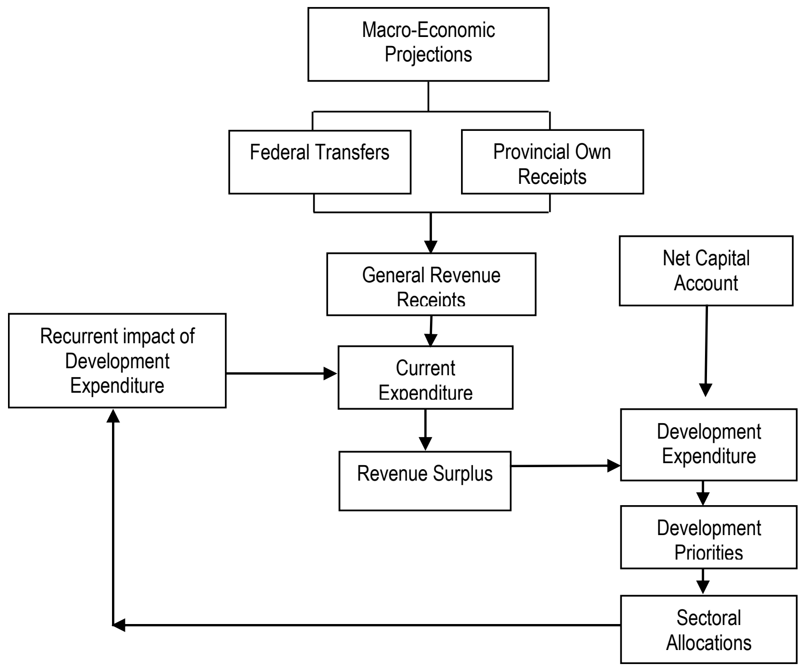
CLASSIFICATION	BE 2016-17	RE 2016-17	BE 2017-18
A. CURRENT REVENUE EXPENDITURE	**849,947.178**	**899,571.309**	**1,020,838.968**
General Public Services (including transfers to Local Governments)	437,555.747	49,4421.302	585,137.661
Public Order & Safety Affairs	132,439.638	128,344.667	145,743.738
Economic Affairs	122,505.669	109,973.979	109,709.217
Environment Protection	193.035	274.293	401.764
Housing and Community Amenities	13,986.438	11,092.951	14,463.699
Health	70,060.007	91,815.499	111,026.019
Recreational, Culture and Religion	3,180.155	2,752.502	3,073.885
Education Affairs & Services	64,566.166	53,773.551	44,339.058
Social Protection	5,460.323	7,122.565	6,943.927
B. CURRENT CAPITAL EXPENDITURE	**281,469.445**	**322,924.935**	**314,861.032**
Public Debt	0.434	0.035	0.434
Repayment of Principal	26,554.009	27,773.939	31,117.715
Investments	10,000.000	6,507.647	5000.000
Loans and Advances (Principal)	15,529.594	25,277.092	18,300.242
State Trading in Medical Stores	40.133	78.030	485.661
State Trading (Wheat) (A/C-II)	147,105.160	160,349.188	164,056.679
Repayment of Commercial Bank Loans (A/C-II)	82,240.115	102,939.004	95,900.300
C. DEVELOPMENT EXPENDITURE	**550,000.000**	**532,559.197**	**635,000.000**
Annual Development Programme	550,000.000	532,559.197	635,000.000
TOTAL EXPENDITURE	**1,681,416.623**	**1,755,055.441**	**1,970,700.000**

2.2 BUDGETARY FRAMEWORK UNDER THE CONSTITUTION

Articles 120 to 124 of the Constitution deals with the budgetary framework. The budgetary framework broadly represents the total receipts of Provincial Government, which comprises Federal Transfers and Provincial Own Receipts, and Total Expenditure. Overall expenditures of the government are classified under Provincial Consolidated Fund and Public Accounts of the province pursuant to the Article 118 of the Constitution of Islamic Republic of Pakistan.

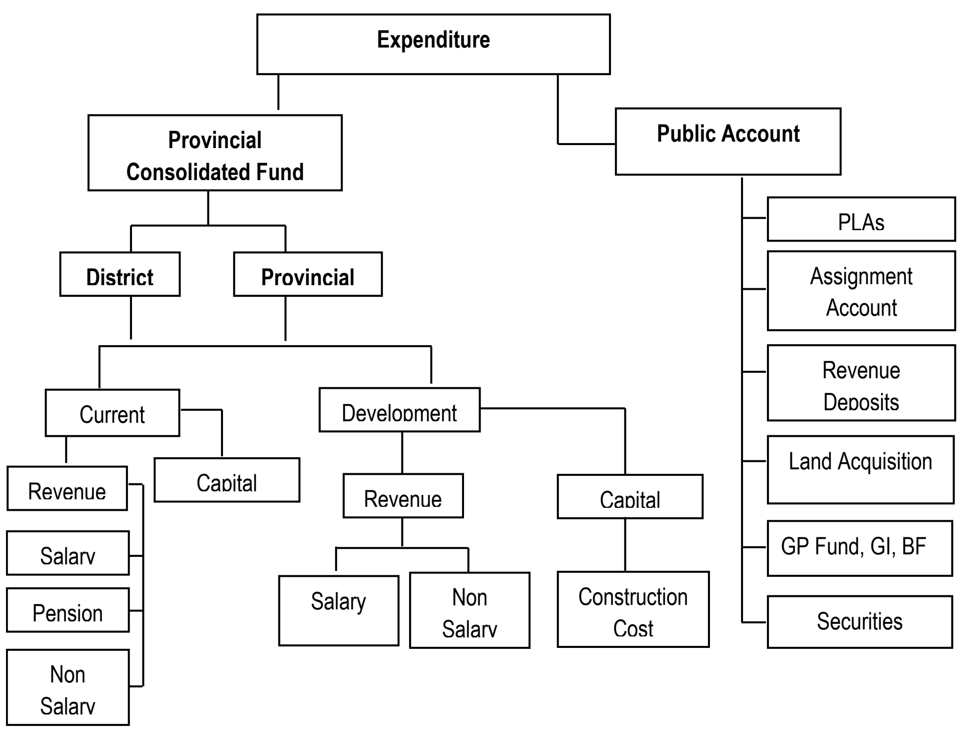
Article 121 of the Constitution relates to Expenditure incurred under Provincial Consolidated Fund. Expenditure from the Provincial Consolidated Fund can either be Developmental Expenditure or Current Expenditure. After accommodating the demands of current revenue expenditure and current capital expenditure, the net surplus is available for financing the Development Expenditure, which is also financed directly through foreign aided projects. The framework of provincial budget is depicted below at Figure 2.1.

Figure 2.1: Budgetary Framework



The budgetary allocations tend to strike a balance between the competing demands of current and development expenditure. Without compromising on essential areas of current and capital expenditure, the provincial budget bids to ensure maximum surplus for Development Expenditure. Components of provincial expenditure are represented in the Figure 2.2.

Figure 2.2: Expenditure Classification



Against the various components of expenditure, a comparison of allocations in year 2016-17 and 2017-18 is explained as under:

Table 2.2
Total Provincial Consolidated Fund

(Rs. in Million)

CLASSIFICATION	BE 2016-17	RE 2016-17	BE 2017-18
Current Revenue Expenditure	849,947.178	899,571.309	1,020,838.938
Current Capital Expenditure	281,469.445	322,924.935	314,861.032
Development Revenue Expenditure	388,498.093	361,109.290	454,714.822
Development Capital Expenditure	161,501.907	171,449.907	180,285.178
Total Provincial Consolidated Fund	**1,681,416.623**	**1,755,055.441**	**1,970,700.000**

2.3 CURRENT REVENUE EXPENDITURE

The Current Revenue Expenditure for 2017-18 has been estimated to be at Rs.1,020,838.968 million against the last year allocation of Rs. 849,947.178 million.

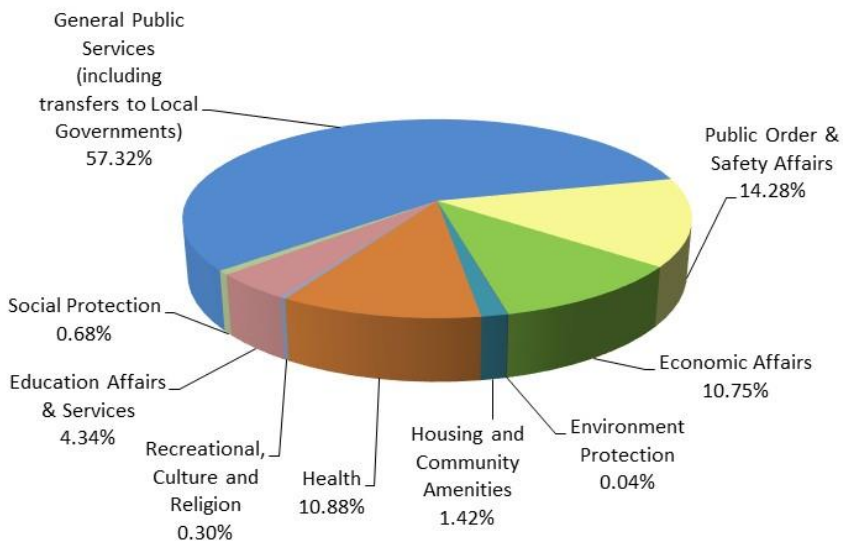
Current Revenue Expenditure is classified into 9 Functional Heads and comparison of allocation against the main Functional Heads of Expenditure in Current Revenue Expenditure is tabulated as below:

Table 2.3
Function Wise Current Revenue Expenditure

(Rs. in Million)

CLASSIFICATION	BE 2016-17	RE 2016-17	BE 2017-18
General Public Services (including Transfers to Local Governments)	437,555.747	494,421.302	585,137.661
Public Order & Safety Affairs	132,439.638	128,344.667	145,743.738
Economic Affairs	122,505.669	109,973.979	109,709.217
Environment Protection	193.035	274.293	401.764
Housing and Community Amenities	13,986.438	11,092.951	14,463.699
Health	70,060.007	91,815.499	111,026.019
Recreation, Culture and Religion	3,180.155	2,752.502	3,073.885
Education Affairs & Services	64,566.166	53,773.551	44,339.058
Social Protection	5,460.323	7,122.565	6,943.927
Total Current Expenditure	**849,947.178**	**899,571.309**	**1,020,838.968**

Figure 2.3
Current Revenue Expenditure 2017-18



Functions-wise Trend in Current Expenditure

The trend of Current Expenditure under different functions for last five years along with budgetary allocation for FY 2017-18 is reflected in the table below.

Table 2.4
Trends in Current Revenue Expenditure (Function Wise)

(Rs. in Million)

FUNCTION	Actual 2014-15	RE 2015-16	BE 2016-17	RE 2016-17	BE 2017-18
General Public Services	392,588.611	406,808.718	437,555.747	494,421.302	585,137.661
Public Order & Safety Affairs	98,008.942	108,009.631	132,439.638	128,344.667	145,743.738
Economic Affairs	59,199.075	75,991.836	122,505.669	109,973.979	109,709.217
Environment Protection	164.894	153.442	193.035	274.293	401.764
Housing and Community Amenities	13,842.970	13,319.247	13,986.438	11,092.951	14,463.699
Health	45,601.696	61,455.340	70,060.007	91,815.499	111,026.019
Recreational, Culture and Religion	2,015.915	2,703.898	3,180.155	2,752.502	3,073.885
Education Affairs & Services	36,844.644	50,419.808	64,566.166	53,773.551	44,339.058
Social Protection	21,755.509	27,993.846	5,460.323	7,122.565	6,943.927
Total Revenue Expenditure	**670,022.257**	**746,855.766**	**849,947.178**	**899,571.309**	**1,020,838.968**

The table shows an increase of Rs. 350,816.606 billion in allocation for Current Revenue Expenditure from 2014-15 to 2017-18. There has been a substantial increase in allocations for education, health, law & order and subsidies for public sector delivery in the current budget.

Salient Features of the Allocations for different Departments / Functions for FY 2017-18

For FY 2017-18, the total outlay of current expenditure is estimated at Rs1,020,838.968 million against Revised Budget Estimates of Rs. 899,571.309 million for FY 2016-17 which shows an increase of approximately 13%. Broadly, allocations in the current budget for FY 2017-18 have been made on the following principles / parameters:

- 10% increase in pay and pension for civil employees of Government of Punjab. Provincial salary budget has been estimated as Rs. 257,691.538 million and expenditure on Pension is pitched at Rs. 173,809.235 million.
- Allocations for the Health Department have increased from Rs. 70,060.007 million in FY 2016-17 to Rs. 111,026.019 million in FY 2017-18 representing an increase of 58.4% over the budget estimates of FY 2016-17. Allocation of Rs.20,4120.600 million has been made in FY 2017-18 for provision of free medicines in public sector hospitals.
- Expenditure on the Education Sector has been estimated at Rs. 44,339.058 million in FY 2017-18 at provincial level while expenditure on the Education Sector at district level has been estimated at Rs. 230,100.000 million.
- Expenditure on account of Public Order and Safety Affairs has been estimated at Rs. 145,743.738 million against the budget estimate of Rs. 132,439.638 million in FY 2016-17 showing an increase of 10%.
- To ensure proper upkeep and maintenance of infrastructure, an allocations of Rs.22,567.906 million has been made for M&R of public infrastructure compared to an allocation of Rs.18,095.927 million in outgoing financial year.
- Allocations for pro-poor initiatives like Ramzan package, Public transport and Wheat Subsidy have been budgeted at Rs. 30,404.156 million.

2.3.1 General Public Services

General Public Services include primarily the expenditure on the provision of services related to executive and legislative organs; and financial and fiscal affairs. Further, transfers to local governments under the Provincial Finance Commission (PFC) Award are also included in this category of expense. The allocation for general public services is pitched at Rs. 585,137.661 million in FY 2017-18. It includes transfers to local governments and other entities amounting to Rs. 368,132.902 million and an amount of Rs. 207,890.466 million for Executive and Legislative Organs.

Allocations under General Public Services including the transfers to Local Governments are shown in the Tables below:

Table 2.5
General Public Services

(Rs. in Million)

General Public Services	BE 2016-17	RE 2016-17	BE 2017-18
Executive & Legislative Organs, Financial & Fiscal Affairs	157,886.917	181,174.332	207,890.466
Transfers to Local Governments and other entities	274,131.802	303,505.148	368,132.902
General Services	5,535.075	9,739.869	9,112.294
General Public Services not elsewhere defined	1.953	1.953	1.999
Total	**437,555.747**	**494,421.302**	**585,137.669**

2.3.2 Public Order and Safety Affairs

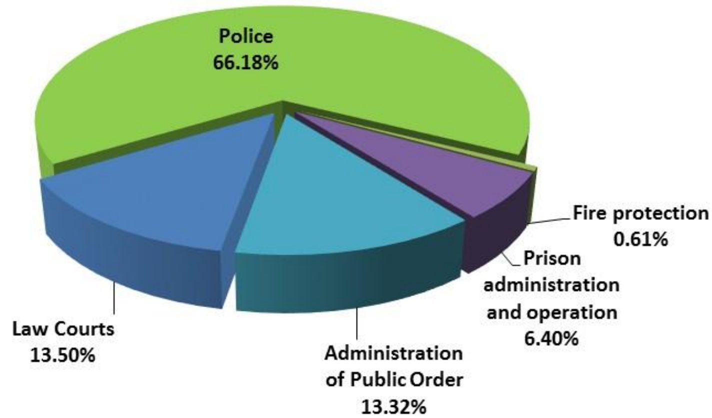
Expenditures on courts of law, police, prisons, relief and crisis management including fire protection, anticorruption establishment / economic crimes, and Civil Defence are included under this head. The allocation earmarked for Public Order and Safety Affairs for 2017-18 is Rs. 145,743.738 million as compared to the revised estimate of Rs. 128,344.667 million in FY 2016-17; showing a growth of approximately 14%. This allocation includes Rs.96,449.722 million for Punjab Police that is more than the allocation made in the last financial year. The allocations for the Counter Terrorism Department, Elite Police Force and District Police have substantially been enhanced to ensure preparedness of Police to provide better law and order to the general public. The allocations under various sub-classification are tabulated below:

Table 2.6
Public Order and Safety Affairs

(Rs. in Million)

Public Order and Safety Affairs	BE 2016-17	RE 2016-17	BE 2017-18
Law Courts (High Court & Lower Judiciary)	18,703.299	19,165.242	19,674.767
Police	89,552.014	91,105.429	96,449.722
Fire Protection (Civil Defence)	68.979	407.158	888.120
Prison Administration and Operations (Jails)	10,063.254	8,413.400	9,322.627
Administration of Public Order (including Rescue & Emergency Services)	14,052.092	9,253.438	19,408.502
TOTAL	**132,439.638**	**128,344.667**	**145,743.738**

Figure 2.4
Public Order and Safety Affairs BE 2017-18



2.3.3 Economic Affairs

Government Departments contributing to economic development fall under this classification. The departments include Agriculture, Food, Irrigation, Forestry & Fisheries, Fuel & Energy, Communication and Works, Wildlife & Fisheries, Industries, Livestock & Dairy Development, Mines & Mineral Department, etc. For Economic Affairs, an allocation of Rs.109,709.217 million has been suggested in FY 2017-18 against budgetary estimate of Rs.122,505.669 million in FY 2016-17. The allocations for these sectors have primarily been enhanced to cater for the repair & maintenance of Roads, Building Infrastructure and Canals & Drainage Network, Research, Extension and Field Services to farmers and vocational training of the labor force.

Table below shows the break-up of this expenditure across major departments.

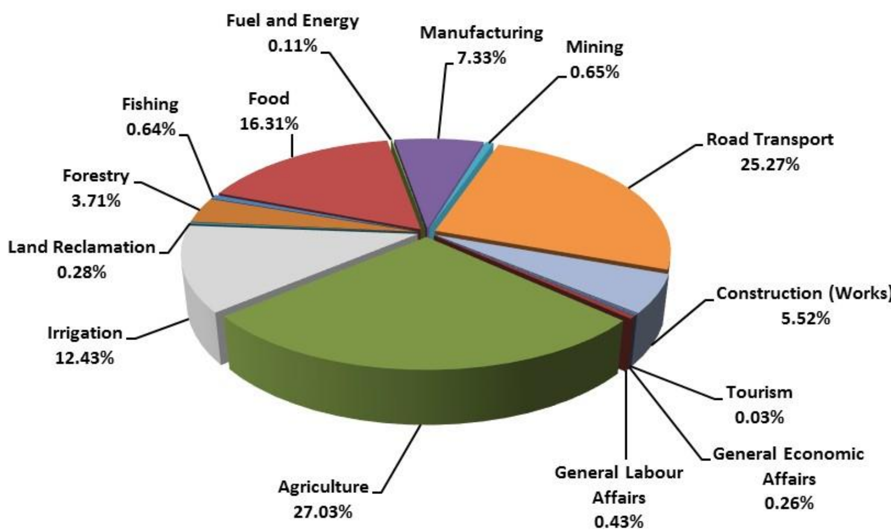
Table 2.7
Economic Affairs

(Rs. in Million)

ECONOMIC AFFAIRS	BE 2016-17	RE 2016-17	BE 2017-18
General Economic, Commercial & Labor Affairs	**557.539**	**754.901**	**760.019**
General Economic Affairs	370.219	346.231	289.827
General Labor Affairs	187.320	408.670	470.192
Agriculture, Food, Irrigation, Forestry & Fishing	**69,947.979**	**7,1043.101**	**66,258.546**
Agriculture	36,931.018	38,857.704	29,652.742
Irrigation	13,307.281	14,689.702	13,635.819
Land Reclamation	285.404	320.091	302.631
Forestry	3,434.837	3694.085	4,066.954
Fisheries	599.385	641.140	703.344
Food	15,390.054	12,840.379	17,897.056
Fuel and Energy	**118.158**	**101.713**	**121.772**
Administration	118.158	101.713	121.772

ECONOMIC AFFAIRS	BE 2016-17	RE 2016-17	BE 2017-18
Mining and Manufacturing	**8,205.651**	**8,820.802**	**8,758.749**
Manufacturing	7,428.605	8,217.793	8,041.133
Mines	777.046	603.009	717.616
Construction and Transport	**43,651.167**	**29,222.850**	**33,779.263**
Roads & Transport	39,446.322	21,978.748	27,718.306
Construction & Works	4,204.845	7,244.102	6,060.957
Other Industries	**25.175**	**30.612**	**30.868**
Tourism	25.175	30.612	30.868
Grand Total	**122,505.669**	**109,973.979**	**109,709.217**

Figure 2.5
Economic Affairs Expenditure, BE 2017-18



Agriculture

Agriculture is central to economic growth and development in Punjab. Its contribution to national agricultural economy is overwhelming. Keeping in view the problems faced by the Agriculture Sector, in the FY 2016-17 Government of Pakistan announced a comprehensive agriculture package – *Kissan Package* – to provide immediate relief to the farming community. Government of Punjab participated in the said package. An amount of Rs. 38,857.704 million was spent in Agriculture Sector in Punjab for wheat and rice growers, subsidy to make available DAP at reduced price to farmers and payment of electricity duty for agricultural tube wells.

Growth in agriculture sector improves the income of poor household groups substantially, as it is the most pro-poor sector in terms of growth. In view of the importance of the Agriculture sector, the Government of the Punjab has allocated funds Rs. 100.000 billion to be spent in two financial years. For the FY 2017-18, an amount of Rs. 15.000 billion would be spent on Agriculture Package.

Subsidies

Subsidy for Wheat, Ramzan Package and Public Transport form part of this classification. For FY 2017-18, the total extent of subsidy would be at Rs.30.404 billion.

2.3.4 Housing and Community Amenities

Cities and Towns have an important role in making Punjab competitive for investment and development by benefitting from a skilled labor force. Urban areas create jobs and attract investment that helps economic growth. Therefore, the Government accedes high priority to this sector.

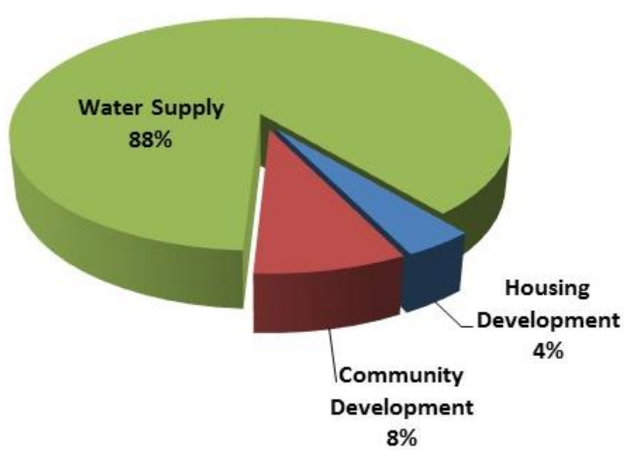
This sector includes expenditure on Housing Urban Development & Public Health Engineering Department, Environment Protection and Local Government & Community Development Department. An allocation of Rs. 14,463.699 million has been made under this classification against the last year's allocation of Rs. 13,986.438 million. Details of expenditure on Housing and Community Amenities are provided in table below:

Table 2.8
Housing and Community Amenities

(Rs. in Million)

HOUSING AND COMMUNITY AMENITIES	BE 2016-17	RE 2016-17	BE 2017-18
Housing Development	502.353	484.086	549.843
Community Development (including Ashiana Housing Scheme)	1,065.001	1,967.165	1,184.091
Water Supply & Sanitation	12,419.084	8,641.700	12,729.765
Total	**13,986.438**	**11,092.951**	**14,463.699**

Figure 2.6
Housing and Community Amenities BE 2017-18



2.3.5 Health Services

In order to improve service delivery, Government of Punjab bifurcated Health Department into two separate departments; (i) Specialized Health Care and Medical Education Department and (ii) Primary and Secondary Healthcare Department in FY 2016-17. As far as the functional classification of Health Services is concerned, it includes allocation for hospitals, healthcare Institutes, laboratories and other expenditure related to health administration, including the general administration. The overall allocation for Health Sector (in the current budget at provincial level) has increased by 58.4% from Rs. 70,060.007 million during FY 2016-17 to Rs. 111,026.019 million for 2017-18.

The major allocations related to Health Sector are for purchase of medicine, repair of machinery and equipment. In view of the importance of medical supplies, an effort has been made to provide maximum possible resources for purchase of medicines and other supplies for both the departments. Resultantly, the allocation for free medicines has been enhanced from Rs.14,741.691 million in FY 2016-17 to Rs. 20,412.600 million in FY 2017-18.

Figure 2.7
Purchase of Drugs and Medicine

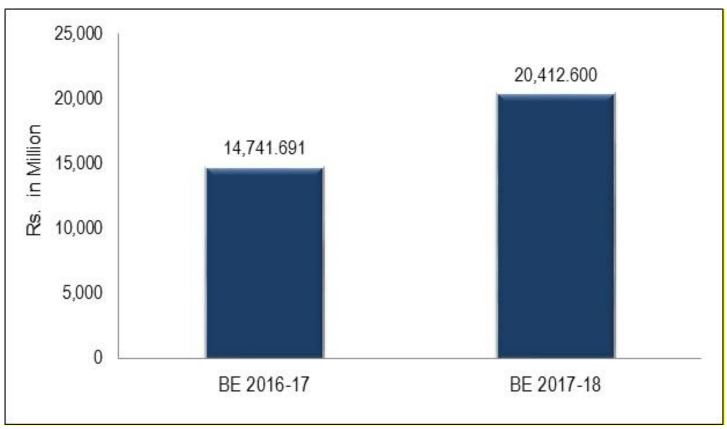
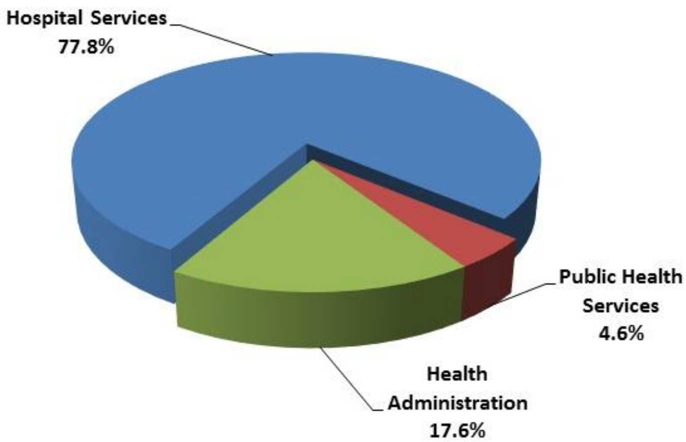


Table 2.9
Health Services

(Rs. in Million)

HEALTH	BE 2016-17	RE 2016-17	BE 2017-18
Hospital Services	64,779.772	77,297.601	86,328.087
Public Health Services	283.020	468.533	5,118.191
Health Administration	4,997.215	14,049.365	19,579.741
Total	**70,060.007**	**91,815.499**	**111,026.019**

Figure 2.8
Health Services BE 2017-18



2.3.6 Recreation, Culture and Religion

The allocation under this classification has decreased from Rs. 3,180.155 million to Rs. 3,073.885 million for the current financial year 2017-18. Rs.147.517 million have been earmarked for General Administration, whereas, Rs. 2,926.368 million has been allocated for Public Service Delivery expense with a special focus in the promotion of arts and cultural heritage.

Table below shows the breakup of different services under this functional classification and their allocations for financial year 2017-18 along with Revised Estimates for FY 2016-17.

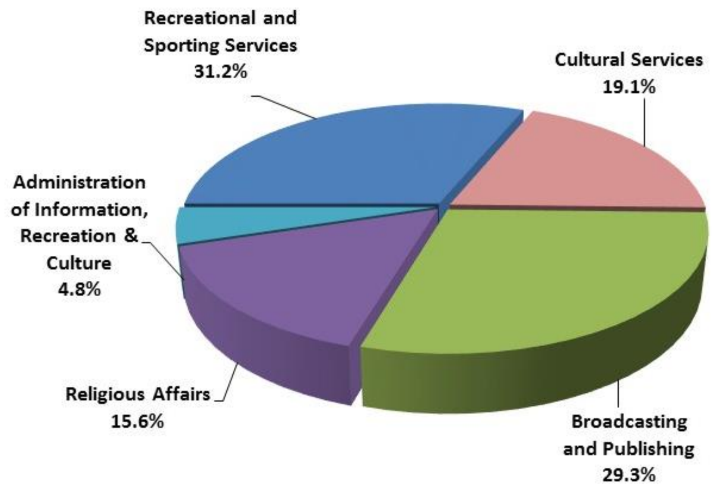
Table 2.10
Recreation, Culture and Religion

(Rs. in Million)

	BE 2016-17	RE 2016-17	BE 2017-18
Recreational and Sporting Services	216.612	403.710	960.488
Cultural Services	1,499.818	704.059	587.603
Broadcasting and Publishing	863.756	1,275.299	899.686
Religious Affairs	469.165	249.030	478.591
Administration of Information, Recreation & Culture	130.804	120.404	147.517
Total	**3,180.155**	**2,752.502**	**3,073.885**

From the above table, it is apparent that Cultural Services, Broadcasting and Publishing constitute a major expenditure under this classification. The allocation for promotion of cultural activities has been pitched at Rs. 3,073.885 Million.

Figure 2.9
Recreation, Culture and Religion BE 2017-18



2.3.7 Education Affairs and Services

Education has continued to be the top priority of the government in its overall policy framework for the socio-economic development of Punjab. A better educated workforce results in adoption of more efficient production technologies and improved labor productivity. Education is a means for economic mobility, especially for the poor and a necessity for Pakistan which has a large young population.

In view of the foregoing, the allocation for Education Affairs and Services has been increased in Provincial Finance Commission (PFC) up to Rs. 230.1 billion for District Education Authorities for the financial year 2017-18 and funds amounting to Rs. 44,339.058 million have been allocated for Education Affairs and Services at Provincial level.

Allocations under various sub sectors of Education are tabulated below:

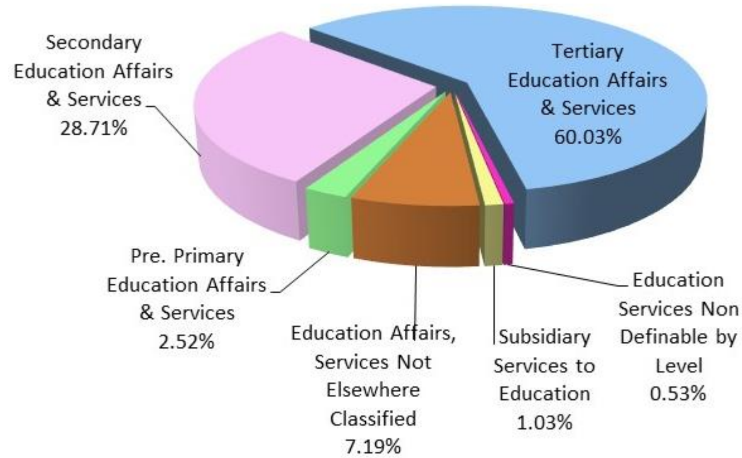
Table 2.11
Education Affairs and Services

(Rs. in Million)

Education Affairs & Services	BE 2016-17	RE 2016-17	BE 2017-18
Pre. Primary Education Affairs & Services	1,115.866	1,002.998	1,118.288
Secondary Education Affairs & Services	30,415.006	24,448.202	12,730.428
Tertiary Education Affairs & Services	28,835.169	24,029.669	26,616.562
Education Services Non Definable by Level	195.815	187.994	232.889
Subsidiary Services to Education	438.607	364.888	455.085
Education Affairs, Services Not Elsewhere Classified	3,565.703	3,739.800	3,185.608
Total	**64,566.166**	**53,773.551**	**44,339.058**

In the overall allocation of Education Affairs & Services shown in Table above, budgetary provisions relating to Universities of Education, Health and Agriculture are also included.

Figure 2.10
Education Affairs & Services BE 2017-18



2.4 CURRENT CAPITAL EXPENDITURE

Current Capital Expenditure like current capital receipt, figures both in the Account No. I and Account No. II of the Provincial Government maintained with the State Bank of Pakistan. Expenditure items under Current Capital Expenditure in Account No. I (Non Food) include the following:

(i) Principal Repayment of Domestic, Foreign and Market Debt

(ii) Loans and advances to corporate bodies of the Government of Punjab or associated with the Government of Punjab.

Expenditure in Account No.II (Food) are mainly incurred on state trading operations of the government in food grains especially procurement of wheat and repayment of loans taken from the commercial banks for trading operations of Food Department.

The details of the current capital expenditure are shown in Table below:

Table 2.12
Current Capital Expenditure

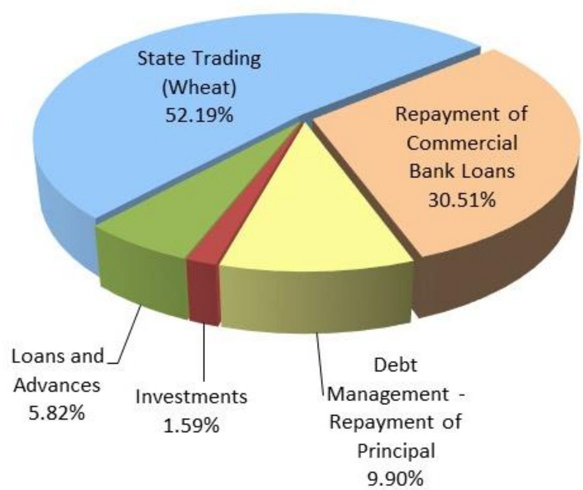
(Rs. in Million)

CURRENT CAPITAL EXPENDITURE	BE 2016-17	RE 2016-17	BE 2017-18
Public Debt	**0.434**	**0.035**	**0.434**
Permanent Debt (Market Loan)	0.434	0.035	0.434
Debt Management - Repayment of Principal	**26,554.009**	**27,773.939**	**31,117.715**
Domestic Debt Federal Government (CDL& CDL Scarp)	2,926.433	2,926.433	3,247.445
Foreign Debt (Debt Servicing)	23,527.576	24,922.481	27,770.270
Blocked Allocation for Exchange Risk Cover	100.000	25.025	100.000

CURRENT CAPITAL EXPENDITURE	BE 2016-17	RE 2016-17	BE 2017-18
Investment	**10,000.000**	**6,507.647**	**5,000.000**
Capitalization of Pension/GP Fund	10,000.000	6,507.647	5,000.000
Loans and Advances	**15,529.594**	**25,277.092**	**18,302.242**
Loans to other Non-Financial Institutions	15,529.593	25,277.092	18,300.242
Loans to Government Servants	0.001	0	0.001
State Trading in Medical Stores	**40.133**	**78.030**	**485.661**
Total Account No. I	**52,124.170**	**59,636.743**	**54,904.053**
Public Debt Account No. II	**229,345.275**	**263,288.192**	**259,956.979**
State Trading (Wheat)	147,105.160	160,349.188	164,056.679
Repayment of Commercial Bank Loans	82,240.115	102,939.004	95,900.300
Total Current Capital Expenditure	**281,469.445**	**322,924.935**	**314,861.032**

The detail of the current capital expenditure is represented in the chart below:

Figure 2.11
Current Capital Expenditure BE 2017-18



In order to fulfill the growing contingent liability of Pension and General Provident Fund an amount to the tune of Rs. 5,000.00 million has been kept for the capitalization of both the Pension Fund as well as the General Provident Fund.

Revised Estimates 2016-17 for Debt Servicing of foreign loans has been increased in comparison to Budget Estimates 2016-17 due to appreciation of US Dollar and Yen vis-à-vis Pak Rupees and the decision of the Federal Government to shift the exchange risk to Government of the Punjab in respect of ADB Loan No. 2216-Pak Punjab Resource Management Programme-II. Further, RE 2016-17 regarding loans advanced to non-financial institutions has been fixed to the tune to Rs.18,300.242 million.

DEVELOPMENT BUDGET

Development Outlay includes:

- Annual Development Programme (Core ADP) Rs. 532,444.68
- Other Development Initiatives Rs. 102,555.32

The table below shows the outlay of development budget of Punjab Government for the last nine years and allocations for FY 2017-18.

Table 2.13
Development Budget

(Rs. in billion)

Year	Development Budget	%
2009-10	178.934	
2010-11	196.015	9.7%
2011-12	220.000	12.2%
2012-13	250.000	13.6%
2013-14	290.000	16.0%
2014-15	345.000	19.0%
2015-16	400.000	15.9%
2016-17	550.000	37.9%
2017-18	635.000	15.45%

2.5 DEVELOPMENT REVENUE EXPENDITURE

Development Revenue Expenditure is part of the development budget classified under grant PC22036 (036) – Development– Revenue. The expenditure under this grant pertains to expenses other than the brick and mortar expense and includes employees' related expense, purchase of transport, machinery and equipment, operating expenses, research and development, training etc. provided under the projects during the execution of the projects. Development Expenditure on Revenue account refers to expenditure on proposed and ongoing projects/schemes which are being financed from normal government operations and financial budgetary support through foreign multilateral grants. The allocation for development revenue expenditure has been pitched Rs. 454,714.822 million for FY 2017-18 as compared to FY 2016-17 of Rs. 388,498.093 million.

2.6 DEVELOPMENT CAPITAL EXPENDITURE

Development capital expenditure is the capital investment under the development programs for roads & bridges, buildings, irrigation sector etc. that is financed through loans and borrowings from multilateral donor agencies through Federal Government for specific foreign assisted development projects. It is pertinent to point out that development portfolio is well explained in the following chapter.

Chapter 3

REVIEW OF DEVELOPMENT PROGRAMME 2016-17
&
ANNUAL DEVELOPMENT PROGRAMME 2017-18

Punjab lies at the heart of the national economy, marked as Pakistan's largest province in terms of population and economic size and is one of South Asia's most urbanized regions with approximately 40% of people living in urban centers. It is endowed with several natural resources such as fertile agricultural lands, vast irrigation networks, extensive and resource rich livestock and dairy sector, large deposits of coal and other minerals, dynamic private sector and key industrial sectors, vertical and horizontal trade corridors, efficient governance and above all a young hard working population. Punjab in comparison to other provinces offers better infrastructure, transport, logistics and connectivity and continues to invest more both in productive and social sectors. Similarly, on social indicators, Punjab's performance is stronger than the national average and ranked better to other provinces. Contributing most to the national GDP, Punjab is also a major manpower contributor and heavily industrialized province with the industrial sector making up 24% of the province's GDP. The province's economy has quadrupled since 1972 with a dominant footing in the services, agriculture and manufacturing sectors. In the current year, Punjab has made a substantial contribution of 55 percent to the country's GDP[1]. The government's progressive approach towards social issues and innovative solutions for improving governance and service delivery are among the vital contributors to this accomplishment. Whereas, Punjab has made significant progress, certain challenges still remain, with the most important one being size of population.

The population of the Punjab has been growing rapidly. According to the 1998 census, Punjab had a population of 74 million; at present, it is estimated at about 104 million. Based on projections by the Pakistan Bureau of Statistics[2], by 2025 the population of Punjab will increase beyond 125 million. It may help to get some idea of the size of the effort required if these figures are put in international perspective — in 2025 the projected population of Punjab will be about equal the combined populations of the United Kingdom and France.[3]

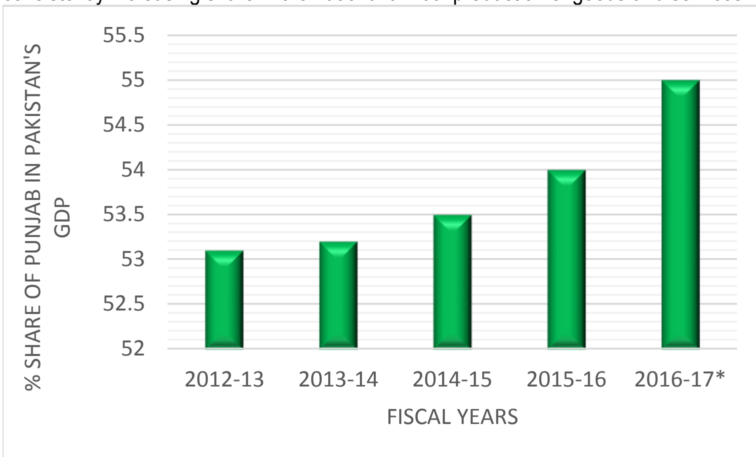
[1] Punjab Bureau of Statistics calculations.

[2] http://www.pwd.punjab.gov.pk/sites/pwd.punjab.gov.pk/files/Population%20situation%20of%20Punjab.pdf (accessed February 2017)

[3] http://www.livepopulation.com/population-projections/france-2025.html

Figure 1
Percentage of Punjab's share in the GDP of Pakistan, 2013-2017

Punjab is making a considerable impact on the country's economy through its consistently increasing share in the national annual production of goods and services.



Source: Punjab Bureau of Statistics
**July-April 2016-17*

A key element in the route to a better life is a higher income. In a modern economy, most incomes are earned through employment. For this reason the government is committed towards creating jobs for this rapidly increasing population or, more exactly, for the labour force generated by this increasing population. The private sector generates around 90 percent of Punjab's output of goods and services and is the dominant actor in the economy. Thus, the government acknowledges that if it has to meet its goals, it must move aggressively to enhance the capabilities of the private sector. The Punjab Growth Strategy 2018 aims this. The strategy states that the public-sector investment programme of around US$ 5 billion is not sufficient to meet the needs of the rapidly growing inhabitants of the Punjab. At best, it can just be used as a catalyst. The government is fulfilling its responsibility to bring about policy and regulatory reforms that will facilitate the private-sector and enhance their contribution to the provincial economy. The development of trade channels, energy corridors and associated businesses under China Pakistan Economic Corridor (CPEC), revival of historic trade routes for better regional integration, consolidating business linkages with the Chinese and Turks and enhanced export competitiveness under GSP-Plus are some of the low hanging fruits that Government is trying to materialise by providing well-articulated policies. In this regard, the government is clear that it has minimal space in development projects to promote private sector, hence, the government is increasing emphasis on policy 'space' and 'planning' within its development cycle

Box 1: Punjab Growth Strategy 2018
"Punjab's growth has to be private sector-led, employment- intensive and export-oriented while being regionally balanced and environmentally sound. A private sector-led growth strategy will ensure that the relatively modest public investment program will leverage, via public-private partnerships in a number of sectors such as the provision of infrastructure, a much larger private investment in downstream production activity (the "crowding-in effect")".

to facilitate the private sector. The Departments are being fully supported to develop their policy programmes in tandem with the development projects.

CHINA PAKISTAN ECONOMIC CORRIDOR (CPEC)

The development of trade and energy infrastructure under China Pakistan Economic Corridor (CPEC) presents remarkable opportunities for Punjab. The CPEC not only promises a massive investment in infrastructure, but also opens numerous opportunities for industrial, services and agriculture sectors. Phased out into categories of early harvest projects, Short-term projects, Medium-term projects and Long term projects, the CPEC plan is spread over a span of 15 years i.e. 2015-2030. Some of the early harvest projects have already been completed whereas the rest are due to be completed by the end of 2018. With the completion of the short term projects (2015-2020), it is expected that the corridor's construction will have begun to take shape with the major bottlenecks restraining Pakistan's economic growth and social development removed. Similarly the medium term projects (2020-2025) are aimed at transforming the region into a complete industrial and functional economic system, alongside, improving the living standards and addressing the unbalanced regional development issues. Lastly, the long term projects (2025-2030) will ensure that the corridor is fully functional and a self-generating growth momentum would have taken place by then. In order to transform this vision into realization, Government of the Punjab supported Federal Government in finalizing the Long Term Plan (LTP) for CPEC by ensuring its sectoral priorities, targeting the regional socio-economic needs.

To reap the optimal gain of CPEC, it is imperative to evaluate and realize the potential of our region in the various prioritized sectors including connectivity (construction of an integrated transport system and information network infrastructure), energy related fields, industries and industrial parks, agriculture development, tourism, cooperation in areas concerning people's livelihood, non-governmental exchanges and financial cooperation. Additionally, Government of Punjab has formulated a blueprint of provincial planning and implementation mechanism for CPEC, so that, the provincial departments concerned can put in place a robust implementation / monitoring framework to make CPEC a success story.

Punjab has a huge potential to take the lead under CPEC due to its conducive business environment in terms of suitable geography; improved and sustainable law & order situation; high Human Development Index, women empowerment, skilled labor, cultural diversity, and dynamic leadership. Most importantly, the Government is rethinking its policy options to channel investments form the CPEC in the most productive manner. The Department of Industries, Agriculture and Communication & Works are coming up with sectoral polices to gain dividends from the CPEC.

PRIVATE SECTOR DEVELOPMENT

The government is making reasonable provisions in its policies to attract private investment by providing a conducive investment climate which will reverse the declining trend of private investment over the past several years. While endeavoring to keep the field largely open for the private sector, Public-Private Partnerships (PPP) and outsourcing, the government acknowledges that provision of public goods is among its core responsibilities and it will continue to invest optimally to attain equitable social outcomes.

As mentioned above the government recognizes that the US$ 5 billion when spent equitably over a population of 104 million is strictly diluted and can only act as a catalyst to attract private sector investment. PPP is one of the key tools employed by the government to channelize this investment. We concede that historically, the realization of PPP projects has been slow in the province, however, over the last year a new momentum has been built. For this, Government of the Punjab is now providing support in all PPP initiatives in the province with the mandate to promote and facilitate partnerships with the private sector and assists in executing high quality projects. The government has set the ground for Public Private Partnerships in Punjab with number of projects worth Rs.34.38 billion have been awarded to private investors (both foreign and local) and 42 projects spanning across 23 sectors worth Rs.200 billion are in the pipeline. The government is paving way for better and affordable facilities and services by assisting in faster project implementation, leveraging public funds, a shift from public to private sector management and enhanced accountability. There are abundant opportunities available for Build-Operate-Transfer, BLT, Build-Own-Operate, Joint Ventures and many others modes of partnerships as provided in Schedule-II of PPP Act 2014 which are being explored. The PPP Cell has also been strengthened and the province's ADP strategy and guidelines makes it mandatory for each department to identify at least one major PPP project.

SUSTAINABLE DEVELOPMENT GOALS

Pakistan was among the early nations who committed to declare the SDGs 2030 Agenda as a national agenda through the National Assembly Resolution (No. 113) on 19th February 2016. The 17 Sustainable Development Goals (SDGs) have replaced the MDGs with a more comprehensive coverage. The main challenge for Pakistan now is to effectively transform the SDGs into provincial strategies, policies and budgets, i.e. localization. In an effort to learn from previous experience of the MDGs, the SDGs framework is being implemented with a different approach by localizing the agenda and increasing the stakes as well as role of Local Governments. For this reason, the Planning and Development Department and UNDP have collaborated to support the GoPb's efforts for Mainstreaming, Acceleration and Policy Support (MAPS) for SDGs which is one of the common approach to support implementation of the SDGs as laid by the UN.

The government realizes that a balanced approach is required to simultaneously trigger an inclusive private sector growth and attain social outcomes that are much beyond the historic achievements. The government observed that certain segments in the province, especially the Southern regions have been historically served less. A conscious tilt in development allocations in favour of these less developed regions has been made to reduce these imbalances which is also extremely important for the province in order to achieve its SDG targets.

S.no	District	MPI
1	Layyah	0.214
2	Lodhran	0.230
3	Mianwali	0.239
4	Bahawalnagar	0.244
5	Bhakkar	0.255
6	Bahawalpur	0.273
7	Rahim Yar Khan	0.289
8	Muzaffargarh	0.338
9	DG Khan	0.351
10	Rajanpur	0.357

The Government is also formulating a Development Framework for the less developed districts which have been most lagging behind in the Multidimensional Poverty Index in the province, in order to bring them at par with the developed regions. Over the past ten years, the Multidimensional Poverty Index (MPI) has consistently improved for Punjab with a noticeable decreasing trend of both intensity in terms of level of deprivation as well as in terms of the headcount ratio i.e. incidence of poverty. Major contributors to Punjab's MPI still remain the number of years of schooling, access to health facilities and child school attendance with overall contributions of education, health and living standards amounting to 43%, 27% and 31%, respectively. The data indicates that both income and multidimensional poverty in the province have declined in similar proportions. However, there has been regional disparities in poverty rates across Punjab, not only between districts, but also between rural and urban areas. These regional imbalances are being targeted under the effective implementation of SDGs through the development framework for the less developed districts. Proper stock taking exercises and a robust monitoring mechanism will further propagate the achievement of SDGs in the Province.

ANNUAL DEVELOPMENT PROGRAMME 2016-17

The size of the ADP 2016-17 was Rs.550 billion with a prominent increase in the share of economic and social services. The programme laid foundations for a number of flagship projects for economic growth and social development. Massive investments were made to develop human resource, attain equitable regional development, and to reduce gender inequality. In order to support the investment in industrial estates, promote industrial growth and enhance the competitiveness of production sector, the government ensured adequate provision of power generation facilities to overcome energy shortage. Following are the major milestones achieved during FY 2016-17:

i. Chief Minister's Kissan Package has been a key driver of development and growth in the sector.

ii. Khadim-e-Punjab Rural Road Programme Phase III and IV were completed under which modern transport infrastructure facilities were provided to the rural population.

iii. The construction of Khanki Barrage was completed along with the rehabilitation and modernization of Jinnah Barrage.

iv. Quaid-e- Azam Thermal power project was established for construction of 1000-1200 MW RNLG based Power Plant at Bhikki, Sheikhupura.

v. 644 schemes including: 204 Water Supply and 440 Sanitation schemes were completed, which catered to the demand of almost 4.9 million people of the province.

vi. Operation theatres, Intensive Care Units (ICUs) and several medical departments including orthopedics, neurosurgery and plastic surgery were upgraded, and modern equipment was provided to selected tertiary care hospitals in order to improve the delivery of health services.

vii. 35 new colleges were established, and missing facilities were provided in over 39 colleges, 115,000 laptops were distributed to meritorious students.

viii. 550,000 individuals were trained through Skills Development Programme/Projects of PSDF, TEVTA and PVTC.

ix. 106 schemes for urban development were completed which includes: 10 schemes of roads/bridges/underpasses/flyovers, 38 major schemes of water supply, 25 schemes of sewerage / Drainage

x. Imparted literacy to 615,996 students in NFBE Schools under Punjab Non Formal Education Project.

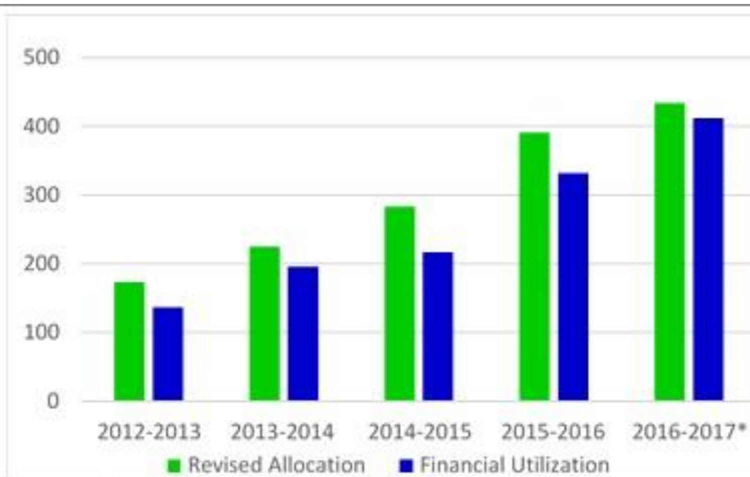
xi. Punjab Working Women Endowment Fund was established.

xii. University of Veterinary and Animal Sciences was established at Bahawalpur.

xiii. Land Records Management and Information Systems Project (Phase–I), Citizen Feedback Monitoring Program (CFMP), and Digitization / Computerization of Public Prosecution Department & Development of Monitoring & Coordination System (Phase-II) were completed.

In FY 2016-17, 60% of the total development budget was allocated to the ongoing projects. This cognizant division of financial resources for ongoing and new schemes is indicative of the optimistic prospects regarding the timely completion of the ongoing projects. Recent trends with regards to the projects demonstrates that the Government has made significant improvements with regard to timely project completions, adequate financial utilization and implementation of projects/programmes. The positive trend of financial utilization is demonstrated by Figure 2.

Figure 2
ADP Financial Utilization 2013-17 (Billion Rupees)



Source: Planning and Development Department Calculations

Evidently, the financial utilization and subsequently the implementation of development portfolio has been consistently increasing over the past years. Expected utilization will be 95% during the fiscal year. Increased allocations and higher rate of utilization depict Government of the Punjab's improved capacity to undertake and execute large scale projects with greater efficiency. Moreover, the planning of high priority projects has improved as there is a decline of block allocations in the recent years, due to which projects can be financed and reviewed under ADP.

ANNUAL DEVELOPMENT PROGRAMME 2017-18

The Planning & Development Department launched its first ADP formulation strategy titled **'Smarter Investments'** last year in April 2016. This year's strategy whereas is a continuation of last year's direction, has a greater emphasis on carefully looking at investment choices and trade-offs to optimize the return on government spending. For this purpose, the current strategy has been re-titled as **'Optimizing Investment Decisions.'** Recognizing the scarcity of resources, the government continues to bring a shift in its planning by developing an ADP portfolio containing only the approved schemes and side-stepping from block allocations against 'concept schemes' and unallocated pools. This will ensure immediate initiation of implementation of development projects with the budget cycle resulting in better utilization and smaller throw forwards. This year, the Planning and Development Department has undertaken several measures to ensure that targets set for ADP formulation are achieved effectively and within stipulated time, including provision of sector experts and project development specialists besides establishment of **Strategic Planning Units (SPU)** in 10 key departments to help them refine their strategic vision within framework of the Growth Strategy and subsequently translate it into ADP schemes.

The salient features of the ADP 2017-18 are as under:

i. Top priority has been assigned to **Social Sector Development** including Education, Health, Water Supply and Sanitation.

ii. There will be a much greater focus on **Agriculture Sector** to address ailments faced by the sector.

iii. Special focus would be given to the **Human Development** schemes regarding nutrition, population welfare and skills development.

iv. Priority has been given to schemes that ensure better performance of Punjab against key **Sustainable Development Goals** (SDG) indicators.

v. In light of **CPEC**, special focus is being placed on the production sectors, modern infrastructure development, SMEs development, devising a comprehensive industrial policy and land use policy, domestic commerce strategy, spatial planning for industry, developing a long-term engagement strategy with the Chinese and identifying industries of JVs and investment.

vi. The development schemes that create and enhance **urban clusters** and ensure provision of requisite services are prioritised.

vii. Compared to previous years the allocations for education and health sectors have been markedly increased.

viii. Several new schemes have been introduced to **empower women** and to accelerate the social inclusion of marginalised and disadvantages groups.

ix. Projects are distributed across the province to achieve inclusive and equitable development in all regions. Furthermore, regional development programme has been developed for less developed districts in Punjab.

x. Ongoing schemes that are aligned with the objectives and targets of the provincial growth strategy are prioritized for funding.

xi. Maximum financial allocation was provided to those ongoing schemes which are at an advanced stage of implementation.

xii. Completion and operationalization of under executed projects particularly in the social sector is a focal point.

xiii. Schemes that are both innovative and indulge private sector investment are prioritized to cater energy constraints.

xiv. Punjab's agrarian land is transforming into arid land due to variations in the climate conditions, thus priority is given to Agriculture and Irrigation sectors (special focus on small dams) with provision for research.

xv. Adequate funding will be provided for top priority and flagship programmes of provincial government including: Khadim-e-Punjab Rural Roads Programme (KPRRP), dualization of Khanewal–Lodhran Road and DG Khan–Muzafargarh Road. Punjab Police Integrated Command, Control & Communication (PPIC3), Lahore Knowledge Park, Punjab Kidney Liver Institute (PKLI) and Saaf Paani projects.

The size of Development Programme 2017-18 is Rs. 635 billion. The sector-wise distribution of the funds is illustrated in Figure 3. The social sector are being given the highest priority (32%) followed by infrastructure (27%), services and production sector respectively. Fulfilling the major requirement of infrastructure for the economy to function efficiently, this year agriculture, education, health, water supply, governance and service delivery will be the top priority in the development portfolio of the Punjab Government. Appropriate financial allocations to these sectors will stimulate economic activity and develop required human resource.

Prioritizing the Agriculture sector, the provincial government has earmarked Rs. 15 billion under the Khadim-e-Punjab Kissan Package this year to revive agricultural sector. Since more than 40 percent of Punjab's labour is engaged with the agriculture sector, these funds will ensure welfare of the farmers and agricultural development by increasing the yield per acre. More than Rs.201 billion have been allocated to the social sector with major focus on Education (Rs.82.61 billion, 13%), Health (Rs.51.80 billion, 8%) and clean drinking water (Rs. 52 billion, 8%). Within education sector, school education is of highest priority with the objective of enrolling the out of school children and the provision of missing facilities necessary for schools to function efficiently.

Similarly, the health sector is focused on primary and secondary sub-section with the key objective to upgrade all DHQs and 15 THQs and strengthen district health authorities. Moreover, efforts to initiate and effectively implement programmes to control infectious diseases in the form of Communicable Disease Control Program will provide access to basic hygiene hence preventing several waterborne diseases and increasing the overall well-being of several communities. The investments in health and education sectors is reflective of the Government's commitment towards providing equal opportunities to all segments of society.

Following are the major projects/programmes of ADP 2017-18:

i. Under **Khadim-e-Punjab Kissan Package,** Rs. 15 billion has been allocated for Development of agriculture sector.

ii. For **Prime Minister's SDGs Programme**, an allocation of Rs. 15 billion has been made in ADP 2017-18.

iii. For the special loan scheme under **SME Credit scheme**, an allocation of Rs. 3 billion has been made.

iv. Under the **Regional Development Programme** for less developed districts, an allocation of Rs. 5 billion has been made.

v. Assigning the highest priority to the districts falling along the **Western route of CPEC**, an allocation of Rs. 1 billion has been made for the development of these districts.

vi. In order to modernize police infrastructure and its capabilities, **Punjab Safe City Project** at the cost of Rs. 50 billion is under execution. The project was initially launched in **Lahore**, planning work has also started for similar projects in 6 major cities of Punjab namely; **Faisalabad, Gujranwala, Bahawalpur, Multan, Rawalpindi** and **Sargodha.**

vii. An allocation of Rs. 5 billion has been made for **educational scholarships,** for deserving and talented students to carry out their studies in high ranked national or international institutions.

viii. In collaboration with UNESCO, Rs.100 million has been earmarked for 'Program for **Science, Education, Technology and Innovation**'.

ix. For the improvement of **public school infrastructure**, construction of class rooms and provision of missing facilities, an allocation of Rs. 15 billion has been made.

x. School Education Developments are being made through Provision of Missing Facilities in all schools of Punjab, Provision of IT Labs in 625 Elementary/Secondary/ Higher Secondary Schools having highest enrolment, Provision of 5000 Additional Classrooms in primary schools, Reconstruction of 1500 Dangerous Buildings of schools, Provision of Buildings for Shelter less School in Punjab.

xi. Opening of 500 New schools under Punjab Education Foundation (PEF).

xii. Establishment of 50 degree colleges in Punjab.

xiii. Launch of **Khadim-e-Punjab Ujala Programme** with the aim to provide off–grid solar power to 10,000 schools all over the Punjab.

xiv. For establishing state of the art **Punjab Agriculture, Food and Drug Authority** (**PAFDA**) **Lab**, an allocation of Rs. 2 billion has been made.

xv. For the development project of other Provinces and regions including Balochistan, AJ&K and Gilgit Baltistan, an allocation of Rs. 2.5 billion has been made.

xvi. To protect the rights of women and manage operations of Violence Against Women Centers (VAWC), funds have been allocated for the establishment of **Women Protection Authority.**

xvii. An allocation of Rs. 41 billion has been made for **Irrigation Sector development**; for the construction of Intake and Allied structures on River Ravi costing over Rs.5.0 billion for augmenting / supplying drinking water to Lahore Metropolitan area, Construction of Kas Umar Khan Canal system, Papin dam, Dadoacha Dam and Greater Thal Canal Project Phase-II (Chobara Branch)

xviii. Rs. 1 billion has been allocated for development of **model graveyards** in large cities

xix. Rs. 9 billion has been allocated for provision of quality health services and revamping of all DHQ Hospitals in Punjab and 50 THQ Hospitals in Punjab.

xx. Revamping of four tertiary care hospitals in Punjab and establishment of state of the art Pakistan Kidney and Liver Institute.

xxi. Allocation of Rs.25 billion for Provision of clean drinking water under **Khadim-e-Pujab Saaf Pani Programme** for provision of safe and clean water to un-served & underserved rural areas and other water supply initiatives.

xxii. **Comprehensive rural sanitation** and solid waste management programme is being launched with an allocation of Rs. 15 billion.

xxiii. Rehabilitation of dysfunctional water supply schemes in brackish and barani areas, and Inclusion of Waste water Treatment Plants and Water Quality Survey & Sewerage Master Plan/Cities Development Plan.

xxiv. Establishment of Qasr-e-Bahbood, Shelter Homes, Old Aged Homes, Children and Survivors of Violence against Women Centers (VAWCs) in various districts of Punjab.

xxv. Development of **Greater Iqbal Park**, Lahore.

xxvi. Establishment of e-portal for business registration for ease of doing business.

xxvii. Development of **Quaid-e-Azam Apparel Park** to attract foreign investment in textile sector.

xxviii. Completion of Schemes pertaining to **Khadam-e-Punjab Rural Roads Program** Phase-V and Phase VI.

xxix. Improvement / Rehabilitation and dualization of Khanewal–Lodhran Road (Distts. Khanewal, Vehari & Lodhran), Muzaffargarh–D.G. Khan Road and Bahawalpur to Hasilpur Road (Length 77.25Km, District Bahawalpur).

xxx. An allocation of Rs.53.5 billion for **Good Governance Initiatives** & Information Technology.

xxxi. Commencement of 135 MW Taunsa Hydel Power Project, Bio Mass Power Project at Faisalabad; and Energy Resource Centre in Lahore.

xxxii. Rs. 45 billion have been allocated for provision of basic amenities in backward/leftover areas of the province under **Khadim-e-Punjab Local Development Programme**

FOREIGN FUNDED PROJECTS

Following are the major initiatives by Government of the Punjab in collaboration with the international development partners for the FY 2017-18:

i. **Strengthening Markets for Agriculture and Rural Transformation (SMART):** The purpose of this project is to remove market distortions, provide skill development opportunities, provide easy access to information and technology, and improve access to finance & tools to improve use of land, improve performance of social and institutional structures and supply of economic infrastructure and basic facilities.

ii. **Punjab Cultural Heritage and Economic Growth Project:** The World Bank Groups is providing US$ 50 million for this project to preserve religious sites of Sikhs, Bhudhists and Hindu communities and to promote cultural and religious tourism in the province. This project is expected to boost the tourism and allied industries of the province by providing the technical and financial support to Government of the Punjab.

iii. **Project for Enhancing PPP in Punjab:** The objective of the project is to encourage Public Private Partnership with the financial support of US$ 100 Million.

iv. **Jobs and Competitiveness Programme for Results**: Government is working rigorously to improve its performance against the Doing Business indicators that fall in provincial domain. World Bank Group's Doing Business Report 2017 has listed Pakistan among the top ten reformers in the world. Government of Punjab with technical and financial support of the World Bank has also launched US$ 100 million (2016-2021) Jobs & Competitiveness Program to support interventions envisaged under Ease of Doing Business Reform Agenda. The programme also supports the sustainable development of Industrial Zones and Cluster following a Provincial Economic Development Plan.

v. **Punjab Skills Development Project:** The Project Development Objective (PDO) is to improve the quality, labour market relevance of, and access to skills training programs in priority sectors in the Punjab. The project would be implemented over a five-year period, from 2015 to 2020. It would be financed through a US$ 50 million credit from the International Development Association (IDA), using an Investment Project Financing (IPF) lending instrument.

vi. **Flood Emergency Reconstruction & Resilience Project:** Asian Development Bank is providing US$ 159.93 million for the rehabilitation and reconstruction of flood damaged roads, bridges, irrigation and flood protection infrastructure in Punjab and to develop well-articulated systems to strengthen disaster risk reduction initiatives and early warning system to support ex-ante disaster risk management activities.

vii. **Punjab Intermediate Cities Improvement Investment Program:** The objectives of the project are to improve the quality of life of the residents living in the 5 cities of Punjab i.e. Sialkot, Sahiwal, Bahawalpur, Rahim Yar Khan and Sargodha and to transform the intermediate cities into more efficient and accountable urban centres.

viii. **Punjab Education Support Project III:** This project is the continuation of the Phase II of the Punjab Education Support Project. World Bank will provide US$ 300 Million in 5 years for education sector through this project. The main objective of this project is the achievement of 100% primary school enrolment of out of school children.

ix. **Sub-National Governance Programme:** This UK's DFID funded programme is into its fourth year of operation and has supported Finance Department, P&D Department, LG&CD Department, Health Department, School Education Department and other agencies to transform processes and build critical capacity to bring about key governance reforms. The programme also made a major contribution in assisting the transition to new local government structures. It also successfully introduced the element of innovation in service delivery. In its final year, the Programme will continue to provide assistance in mainstreaming these reforms.

x. **Punjab Irrigated Agricultural Productivity Improvement Programme Project:** The project will support the continuing efforts of the Punjab to promote private sector participation in irrigation and agriculture and contribute to productivity outcomes through continuing investments in high efficiency irrigation technologies; fostering agricultural value chains; and private sector participation for agribusiness. World Bank will provide US $ 130 million in 5 years for Agriculture Sector through this project.

These initiatives of Government of the Punjab focus more on economic growth, human resource development, agriculture productivity, public private partnership and social and equitable development. As a result of these initiatives and aforementioned features of the development programme, the ADP 2017-18 is more aligned with the Growth Strategy objectives and CPEC framework, and will further enable the accomplishment of Sustainable Development Goals (SDGs). Among the seventeen SDGs goals the major focus is on good health & well-being, and quality education in the ADP allocations. Moreover, this year's ADP acts as a tool for the provincial departments to develop interventions that catalyse growth from the CPEC. Government of the Punjab is fully committed to provide equal opportunities for all citizens and ensure overarching benefits to the masses. In, short the provincial economy offers solid fundamentals that are necessary to trigger inclusive economic growth. All it requires is strategic steps in the right directions that are adequately provided in ADP 2017-18.

Sector-wise summary of Annual Development Programme 2017-18 is given below:

Table 4.1
Development Programme 2017-18

(Rs. in million)

Sr. No.	Sector	Total ADP Estimates 2017-18	Other Dev. Programme 2017-18	Grand Total
Social Sectors				**201,636**
1	Education	50,611	32,000	82,611
	School Education	27,360	26,000	53,360
	Higher Education	12,034	6,000	18,034
	Special Education	1,060	-	1,060
	Literacy & NFBE	1,650	-	1,650
	Sports & Youth Affairs	8,507	-	8,507
2	Health & Family Planning	41,058	10,750	51,808
	i. Primary and Secondary Health Care	24,748	300	25,048
	ii. Specialized Health and Medical Education	15,060	10,200	25,260
	iii. Population Welfare	1,250	250	1,500
3	Water Supply & Sanitation	32,977	24,500	57,477
4	Social Welfare + VAWC	605	500	1,105
5	Women Development	335	340	675
6	LG&CD	6,960	1,000	7,960
Infrastructure Development			-	**172,164**
7	Roads	90,700	-	90,700
8	Irrigation	41,031	-	41,031
9	Energy	8,500	500	9,000
10	Public Buildings	15,000	-	15,000
11	Urban Development	15,382	1,051	16,433
Production Sectors				**51,697**
12	Agriculture	10,905	10,100	21,005
13	Cooperatives	70	-	70
15	Forestry	1,900	100	2,000
16	Wildlife	800	-	800
17	Fisheries	850	-	850
18	Food	500	-	500
19	Livestock & Dairy Development	9,142	400	9,542

20	Industries, C & I (inc. skill development)	1,036	14,014	15,050
21	Mines & Minerals	500	1,000	1,500
22	Tourism	380	-	380
Services			-	**103,350**
23	Governance & IT	3,500	-	3,500
24	Labour & HR Development	650	-	650
25	Transport & Mass Transit	97,000	-	97,000
26	Emergency Service	2,200	-	2,200
Others			-	**17,803**
27	Environment	540	-	540
28	Information & Culture	600	-	600
29	Archaeology	450	-	450
30	Auqaf & Religious Affairs	190	-	190
31	Human Rights & Minority Affairs	850	-	850
32	Planning & Development + PSDF+VGF	11,373	3,800	15,173
Special Initiatives / Programme				**88,350**
33	Special Initiative (Safe City Project)	49,850	-	49,850
34	Special Development Package	21,000	-	21,000
35	Local Government Development	15,000	-	15,000
36	Package for other Provinces	-	2,500	2,500
Total		**532,445**	**102,555**	**635,000**

SECTORAL ANALYSIS

Sectoral analysis presents an overview of each sector with regard to financial outlay, achievements during 2016-17 and major initiatives/targets for financial year 2017-18.

EDUCATION

The Punjab Government has set objectives of Education sector in the form of "Re - Launch of Chief Minister's Reforms Road Map – 2018 Goals". Priorities of the education sector include 100% enrollment of all children of school going age, retention of all enrolled students up to 5-16 years, gender parity, high standard infrastructure in schools, merit based recruitment of teachers, and incentives for good performance coupled with access to quality education. Moreover, objectives of this sector are; to achieve targets of SDGs 2030 for inclusive, equitable & quality education for all, to increase quality and frequency of teacher coaching, reform exams to better assess student learning, simplify curriculum to allow optimal learning at quality and pace, Information Communications Technology (ICT) infusion at all levels of schooling, provision of

Additional Classrooms in over-crowded schools, increase quantity and effectiveness of school leadership, engage wider community of parents and other citizens to support efforts of reform, to promote PPP mechanism and to expand the outreach of PEF to out of school children, provide and maintain basic facilities in all schools, and repair all buildings which could prove dangerous.

In 2016-17, an allocation of Rs. 41.348 billion had been made for the execution of 416 (15 On-Going & 401 New) development schemes. Moreover, 56 development schemes of School Education Department have been completed during the financial year 2016-17.

For the FY 2017-18, an allocation of Rs. 53.36 billion has been made under the development programme for School Education Department, for the completion of 352-on-going and 758-new schemes. The Major targets/new initiatives envisaged to achieve under School Education Sector for FY 2017-18 include; Provision of IT Labs in 1000 Elementary /Secondary / Higher Secondary Schools having highest enrollment, Provision of 3000 Additional Classrooms in primary schools in Punjab, Reconstruction of 1200 Dangerous Buildings of schools in Punjab, Provision of Buildings for Shelter less Schools in Punjab, Provision of security cover in schools, Teachers Training Program, Provision of 100% missing facilities in all schools in Punjab with special focus on Southern districts by providing 10% additional funds under the program, Provision of IT Labs in Secondary & Elementary Schools, Provision of Govt. Schools in leftover UCs, Provision of Experts in DEAs. Special Teachers' Training, Establishment of 5000 rooms for Early Child Education in schools, Provision of Buildings for Shelter less Schools.

Box 2: Milestone Achievements made during FY 2016-17

- Student's attendance increased from 82.8% to 91.2%
- Teacher's presence increased from 84.9% to 92.1%
- Functioning of school facilities improved from 85.2% to 94.8%
- Administrative visits enhanced from 75.1% to 94.9%
- School visits by DTEs (District Teacher Educators) for mentoring raised from 78.9% to 92.5%

HIGHER EDUCATION

A well-established Higher Education Programme is essential for the creation of a knowledge-based economy. Punjab aims to move its economy to high productivity, for which a vibrant higher education sector is critical. Vision of the Higher Education Sector is enlightened and prospering Punjab reinforcing knowledge economy and equitable quality learning at tertiary level. The aim of Higher Education Sector is not only to cater the educational needs of the target population i.e. the students, but also broaden their vision and mental horizon in order to equip them to better deal with the academic and economic challenges of the modern world and also to provide scholarships /

Box 3: Milestone Achievements made during FY 2016-17

- Establishment of 35 new colleges
- Up-gradation of 02 Colleges
- Provision of Missing facilities to 39 colleges
- Raising of boundary wall up-to 8 feet height of 119 colleges completed
- Distribution of 115,000 Laptop computers to the meritorious students
- Scholarships to 52,308 talented and needy students.

monetary assistance to talented and needy students for pursuing quality education with equal opportunities.

In FY 2016-17, Rs. 19.978 billion had been allocated for the execution of 244 (190 On-Going & 54 New) development schemes. Moreover, 82 development schemes of Higher Education Department i.e. Establishment of Colleges, Provision of Missing Facilities, Up-gradation of Colleges, Establishment of Sub Campuses / Universities, Provision of Laptops & Provision of security cover to the existing colleges have been completed during the financial year 2016-17.

For the FY 2017-18, an allocation of Rs. 18.034 billion has been made for the completion of 80-on-going schemes as well as 26-new schemes. The major targets/new initiatives envisaged to achieve under Higher Education Sector for FY 2017-18 include: Establishment of 50 degree colleges, Provision of Missing facilities to 27 colleges, Distribution of laptops to the talented students on merit basis, Completion of building of Khawaja Farid University of Engineering and Information Technology (UEIT) in R.Y. Khan, 124,000 Scholarships in Punjab and 875 Scholarships to other Provinces under PEEF, Leadership and Faculty Development Academy, Promotion of Science Education in Higher Education Institutions, Establishment of Community Colleges in Punjab, Provision of Furniture and Library Books, Strengthening of Punjab Higher Education Commission and Establishment of new universities / sub-campuses of different universities.

SPECIAL EDUCATION

The Special Education Department is working towards providing a conducive learning environment to the special children. The objectives of this sector include: Enhancement of enrolment of special children in the Institutions / Centers of Special Education through improved facilities, Skilled development & rehabilitation of disabled students; Providing required facilities to special students such as computers, furniture & teaching aids etc; Strengthening of public private partnership and Welfare betterment & well-being of children with disabilities.

In the FY 2016-17, Rs. 962 million has been allocated for the execution of 40 (16- On-Going & 24 New) development schemes of Special Education Department. Moreover, 26 development schemes of Special

Box 4: Milestone Achievements made during FY 2016-17

- Establishment of Teachers Training Institute for Special Education in Collaboration with PAF
- Inclusive Education Project (Pilot Phase at Bahawalpur & Muzaffargarh)
- Setting up Speech Therapy Unit in Govt. Training College for Teachers of Deaf Gulberg-II Lahore
- Capacity Buildings of Institutions / Centers & District Education Officer of Special Education in Punjab
- Capacity Buildings of Govt. Training College for the Teachers of Blind Lahore
- Construction of Buildings of Govt. Special Education Centers in 4 Districts of Punjab
- Establishment of Govt. Special Education Centers in 7 Districts of Punjab
- Establishment of Govt. Secondary School of Special Education for Hearing Impaired Girls at Mianwali.
- Up-gradation of Govt. Special Education Institution / Centers from Middle to Secondary Level.
- Up-gradation of Govt. Special Education Center from primary to middle at District Lahore.

Education Department i.e. Establishment of Special Education Centers, Up-gradation of Govt. Special Education Centers, Establishment of Degree College of Special Education at Multan, Establishment of Teachers Training Institute for Special Education in Collaboration with PAF & Punjab Inclusive Education Project (Pilot Phase at Bahawalpur & Muzaffargarh) etc. have been completed during the FY 2016-17.

For the FY 2017-18, an allocation of Rs. 1.06 billion has been made for 15 on-going and 37 new schemes. The major targets/new initiatives envisaged to achieve under Special Education Sector for FY 2017-18 include: Establishment of 02-Degree Colleges of Special Education at Rawalpindi and Faisalabad, Establishment of 04-Secondary Schools of Special Education for Hearing Impaired Girls at Districts Bahawalpur, Gujrat, Sahiwal and Khanewal (Bifurcation), Establishment of 13-Special Education Centers at District Lahore, Khushab, Mianwali, Sargodha, Rawalpindi, Jhelum, Chakwal, Attock, D.G. Khan, Gujranwala, Okara and Layyah., Up-Gradation of Secondary School of Special Education for Hearing Impaired Children Okara from Secondary to Higher Secondary level, Up-Gradation of 02-Institutions / Centers of Special Education from Middle to Secondary Level at Lahore and Rahim Yar Khan, Strengthening of Special Education Department, Capacity Building of Vocational Training Centre for Disabled Persons at Lahore, Provision of Library Books to Special Education Institutions in Punjab, Public Private Participation, Voucher Scheme for Inclusive Education at PEF Schools for Main Streaming of Special Needs Children (Pilot Project at Lahore, Multan & Rawalpindi). Capacity Building of Institutions/Centers and Directorate of Special Education in Punjab, Construction of Buildings of 15-Special Education Centre at District Bhakkar, Faisalabad, Gujranwala, Gujrat, Kasur, Lodhran, Vehari, Muzaffargrah, Bahawalpur, Jhelum, Rahim Yar Khan, Sialkot, Sheikhupura and Attock,.

LITERACY AND NON-FORMAL BASIC EDUCATION

Vision of the sector is “literate, learning and prosperous Punjab”. Objectives under this sector include: Impart primary education to out-of-school children via non-formal approach; Impart literacy to adult illiterates via non-formal approach; Impart life-skills (based on learning competencies of learners) to non-formal education learners; Improve the socio-economic milieu of target areas (making efforts to create linkages for mainstreaming); Provide special focus on disempowered / neglected segments of society; Affordable instant facilities to tribal area inhabitants, women and rural youth on a priority basis; Contribute towards achievement / realization of SDGs concerning education and Project objectives, to be realized via establishment of Non-formal Education Institutions (NFEI) that are in consonance with sectoral objectives.

Box 5: Milestone Achievements made during FY 2016-17

- Imparted literacy to 615,996 students in NFBE Schools and established 6326 Adult Literacy Centres under Punjab Non Formal Education Project
- 1260 NFBE Schools and 1080 Adult Literacy Centres and 180 Non Formal Education Adolescent Centres have been established under Taleem Sab Kay Liay Project
- Real-time Monitoring & Evaluation system of NFEIs introduced, Training of 19500 teachers and 975 supervisory staff imparted through NFE Human Resource Development Institute
- Material regarding 47 life skills topics prepared and distributed among 100,000 plus adults all over the province.

Interventions are being undertaken for eradication of illiteracy through non-formal means, especially adults and children of most vulnerable and neglected groups of society. It will provide them with yet another chance to benefit from educational learning and knowledge dissemination. For this purpose, an allocation of Rs.1.883 billion had been made during FY 2016-17.

For the FY 2017-18, an allocation of Rs. 1.65 billion has been made under the development programme for Literacy & Non Formal Basic Education, out of which Rs. 44 million will be utilized for new schemes and Rs. 1.606 billion for on-going projects.

SPORTS & YOUTH AFFAIRS

The vision of the department is creation of a pool of talented Pakistani youth, contributing towards economic and social development, to realize the dream of a moderate, progressive and prosperous nation and to provide sports infrastructure of international standards at all Tehsils, Districts, Divisions and serve the nation through sports and healthy activities. The department also aims to: create a critical mass of talented youth for the development of society; Engage youth in healthy activities and equip the unemployed youth with productive skills to obtain better employment opportunities.

In ADP 2016-17, Rs. 5.965 billion was allocated to this sector. Establishment of Capacity strengthening Unit in YASA&T Department for Planning, Implementation and Monitoring of Development Programme was undertaken by the department, for which Rs.36.404 million was allocated in the FY 2016-17. The objective of this Capacity Strengthening Unit includes institutional capacity building by inducting professionals, provision of consultancy services and human resource development through provision of training facilities for existing incumbents in related disciplines. Furthermore, an allocation of Rs.463.596 million was made for the Chief Minster’s E-Rozgar Training Programme for establishing co-working labs in 36 districts of Punjab as well as training of 10,000 youth. Moreover, this scheme includes hiring of trainers and several awareness campaigns for training of youth.

In ADP 2017-18, Rs. 8.507 billion has been allocated for 116 on-going and 133 new schemes for sports and youth affairs. Major targets and new initiatives for the sports and youth affairs sector are: Youth Exchange Programme, Youth Events and Publications for Youth Awareness and Development; Development of playgrounds/playfields in Punjab; Up-lifting of existing sports infrastructure of sports department; construction of sports stadium, sports complexes and playfields; Up-gradation of sports facilities in school and college grounds.

HEALTH AND POPULATION PLANNING

Government of Punjab is committed to its vision of ‘providing universal health care and building a healthy community - with easy access to affordable and quality healthcare’. Accordingly, the departments for Primary & Secondary Healthcare (P&SH), Specialized Healthcare & Medical Education (SH&ME), and Population Welfare Department (PWD) are focused towards delivering quality healthcare - through an efficient and effective service delivery system, that is equally accessible, equitable, affordable and sustainable. The guiding principles that underpin Punjab's Health policy include Universal Health Coverage, Good Governance, Efficient Allocation of Resources, and Strong Institutional Capacity.

In ADP 2016-17, a total of 373 schemes for P&SH, SH&ME and PWD were included with an allocation of Rs.52.17 billion. Of this amount, 21% was reserved for capital and 79% for the revenue portion. A specific percentage of 26% was reserved for schemes in Southern Punjab. The expected financial utilization for these schemes is 90%. In P&SH, specifically, 101 schemes have been completed out of a total of 230. Major preventive ongoing programmes like EPI, IRMNCH, HIV/AIDS and Hepatitis control would continue in next year. SH&ME department has completed a total of 36 schemes out of 129. In Other Development Programs, PKLI and Health Insurance projects have been started in full throttle, and are expected to reap great benefits next year.

Box 6: Milestone Achievements made during FY 2016-17

P&SH

- Purchase of Mobile Health Units
- Establishment of new healthcare facilities and revamping & up-gradation of new healthcare facilities including BHU, RHC, THQ and DHQ mainly serving the rural population.

SH&ME

- Purchase of CT Scan Machine for Children Hospital Lahore
- Establishment of Pediatric Cancer Unit Lahore
- Establishment of Breast Cancer Screening Facilitation Center Lahore
- Up gradation & Strengthening of Neuro Surgery & Orthopedic Departments Lahore
- Establishment of Cancer Treatment Hospital Multan
- Up gradation of Radiology Department Multan
- Construction of Cardiology and Cardiac surgery block Bahawalpur
- Establishment of ICU at B.V Hospital Bahwalpur
- Up gradation of Neonatal and Pediatric ICU RYK
- Purchase of Ventilators for Hospitals in Punjab.

PWD

- Expansion of Family Welfare Centres
- Initiation process of Clinical Services Franchising
- Establishment of Adolescent Health Education Cells.

For the FY 2017-18, an allocation of Rs. 51.808 billion is being made for the Health and Population Planning sector. For P&SH, the total development outlay for 2017-18 is Rs.25.048 billion and the total number of schemes is 161 (87 Ongoing, 73 New and 1 ODP). Out of these schemes, 86 schemes are expected to be completed. Including ODP, the revenue component of P&SH is 81%, while major targets and new initiatives include: Revamping of all DHQ Hospitals in Punjab; Revamping of all THQ Hospitals in Punjab; Molecular Base Disease Surveillance; Strengthening of District Health Authorities; Communicable Disease Control Program; Establishment of Punjab Health Information System; Purchase of Mobile Health Units; Focusing on preventive and promotive care, efforts to initiate and effectively implement programmes to control infectious diseases that have continued in ADP 2017-18.; Existing prevention and control programmes – including those for HIV/AIDS, TB, Hepatitis and other Infectious Diseases will be further strengthened; ODP scheme focused on Hepatitis Prevention and Treatment Program initiated; Addressing Non-Communicable Diseases will be implemented; Enhancement of Institutional Capacity and improvement in Regulations through the role of autonomous agencies such as Punjab Public Health Agency and Punjab Public Hospital Agency which will include developing a data repository, a strong surveillance system - particularly for communicable and infectious diseases in order to improve focus on developing better monitoring and reporting tools for the collection of accurate and complete information. Furthermore, to improve key nutritional indicators across 36 districts of Punjab, a Multi-Sectoral Nutrition centre has been established in P&DD, utilizing the capacity of existing stakeholder institutions – including Health, Education, Population, WASH, Food, Agriculture, Fisheries and Livestock. Currently, the centre is in the process of initiating and implementing the CM Stunting Reduction Strategy in 11 districts of Southern Punjab.

For SH&ME 2017-18, the total number of schemes add up to 89 (48 Ongoing, 37 New and 4 ODP). Including ODP, the Revenue portion stands at 73%, and the total development outlay stands at Rs. 25.26 billion (Rs. 15.06 billion ADP and Rs. 10.20 billion ODP). It is expected that 40 schemes will be completed next year, and the main focus would remain on Strengthening/Improvement of Emergencies of Tertiary Care Hospital in Punjab; Purchase of Ventilators & Ventilated Beds With Basic ICU Equipment; Establishment of Mother & Child Hospital Murree, Purchase of MRI for Radiology Department at Nishtar Hospital Multan and Allied Hospital Faisalabad; Revamping of Four Tertiary Hospitals and Establishment of Medical Stores for Supply chain of Medicines in Punjab; Establishment of Hepatitis Clinics & GI Departments in Tertiary Hospitals; Establishment of Medical Education Directorate in Lahore; Purchase of CMRI at RIC Rawalpindi; With regards to ODP, a new scheme of 'Establishment of Hospitals on PPP Mode' has been initiated, while Health Insurance Programme run by PHIMC and PKLI, will continue.

For PWD, the total number of schemes add up to 8 (3 Ongoing, 4 New, 1 ODP), and the total development outlay stands at Rs.1.5 billion (Rs. 1.25 billion ADP and Rs. 0.25 billion ODP). New initiatives include: The Multi-Sectoral Programme; Construction of RTI in Sahiwal; Strengthening of RTI Faisalabad; Construction of Population Welfare House, Punjab (2017-2020). Additionally, with the set-up of Punjab Population Innovation Fund (PPIF) completed, PWD will be focused in 2017-18, on incubating and propelling population curtailing initiatives, through the established entity.

WATER SUPPLY & SANITATION

Provision of adequate, safe drinking water and sanitation facilities to the entire rural and urban communities of Punjab through equitable, efficient and sustainable services is vision of the sector. The goal of the sector is to ensure that entire population of Punjab has access to safe and affordable water supply & sanitation for a quality life. The objectives of the sector include: To improve the standards of public health through provision of improved services backed up by a legal, regulatory and binding framework; Laying down a

Box 7: Milestone Achievements made during FY 2016-17

- 701 schemes including: 225 Water Supply and 476 Sanitation schemes were completed, which catered the demand of almost 4.9 million people of the province.
- Further alignment of investments in Water Supply and Sanitation sector with Sustainable Development Goals (SDGs) and Punjab Growth Strategy.

roadmap for mobilization of the resources required to ensure provision of drinking water & sanitation to all by the target timeline, assigning a priority to un-served and under-served areas of Punjab; To raise living standard of the community by providing quality drinking water and improved sanitation services; To reduce spread of water borne diseases.

An allocation of Rs. 4.5 billion was made to Water Supply & Sanitation for the FY 2016-2017. This allocation was revised to Rs. 32.922 billion due to diversion of PSPC funds to other Sectors. 1245 schemes were included in FY ADP 2016-2017 that comprised of 696 on-going and 549 new schemes. During the year 340 supplementary grant schemes were added in Sectoral ADP. Out of these schemes, 701 schemes will be completed by the end of June 2017 with an estimated cost of Rs. 15.729 billion, which constitute almost 44% of completion. During the year Rehabilitation of 274 Water supply schemes costing to Rs.1.146 billion. Multi Sectoral Nutrition Strategy for WASH Including Water Supply, Sanitation and Hygiene (WASH) was given priority by launching a project costing to Rs. 900 million besides initiation of mega sewerage and drainage schemes in Districts Liaqat Pur and Bhakkar.

Annual Development Program 2017-18 for Water Supply and Sanitation has been formulated by allocating ample resources, Total allocation of 57.477 billion has been made, Rs. 9.187 billion has been allocated to the on-going schemes, which is 28% of total size. Rs.23.789 billion has been reserved for new schemes, which constitute 72% of the total size. In addition, under Local Development Program, Rs. 17.382 billion are allocated and Rs. 5.462 billion are reserved for Prime Minister's SDGs Programme in ADP 2017-18. Moreover, Rs. 24.5 billion is proposed for Punjab Saaf Pani Program. The objective of this initiative is to provide safe and clean water to un-served & underserved rural areas particularly those of southern Punjab. This will lead to the reduction of water borne maladies, which ultimately will lead to lower direct and indirect healthcare costs. Targets and Major Initiatives fixed for 2017-2018 include: Access to safe and clean drinking water, Improving sanitation and environment sustainability, Ensuring priority in resource distribution for water supply & sanitation sector, Rehabilitation of dysfunctional water supply schemes in brackish and barani areas, and Inclusion of Waste water Treatment Plants and Water Quality Survey & Sewerage Master Plan/Cities Development Plan.

SOCIAL PROTECTION

SOCIAL WELFARE & BAIT-UL-MAAL DEPARTMENT

Social Welfare Department is working with the vision to achieve the ultimate goal of Welfare State through socio-economic uplift of the society and to improve the living conditions of the vulnerable/marginalized segments of society through institutional care. Objectives of Social Welfare Department include: Creation of institutional care services and healthy living opportunities for vulnerable segments of population including destitute, old aged women and children, Establishment of industrial homes (Sanatzars) to improve the skills of women and to increase the socio-economic empowerment of women, Providing protection, institutional care, educational and vocational training to destitute women, children, disabled and old aged by constructing industrial homes shelter homes and Qasar e Behboods in Punjab.

In ADP 2016-17, an allocation of Rs. 584 million was made for 10 on-going and 19 new schemes, which was revised to Rs.507 million. More than 90% of allocation has been utilized during the FY 2016-17. Out of total 29 on-going and new schemes, 13 schemes are to be completed up to 30th June, 2017. During 2016-17, state of the art Violence against Women Centre (VAWC) was established and inaugurated by the Chief Minister Punjab in Multan. Moreover, Social Welfare Department has provided and improved its facilities like shelter homes for the neglected women, old age homes for aged, children homes, beggar homes, and District Industrial Homes (Sanatzars) during FY 2016-17. Achievements made during FY 2016-17 include: Establishment of Qasar-e-Behbood at Sialkot; Construction of building of Industrial Home at Vehari; Remodeling of existing Shelter Homes (Dar-ul-Amans) in 36 districts of Punjab; Construction of Shelter Homes in 5 districts of Punjab (Phase-III); Chakwal, Okara, Jehlum, Attock, Mandi Bahuddin.

For the FY 2017-18, core allocation of Rs. 605 million has been made to this sector and Rs. 500 million has been allocated as Other Development Programme (ODP) for establishment of Violence against Women Centres (VAWC) at divisional headquarters under proposed VAWC Authority. The major part of the proposed allocation for FY 2017-18 will be utilized for the establishment of Qasr-e-Bahboods, Shelter Homes, Old Aged Homes, Children and Survivors of Violence against Women Centers (VAWCs) in various districts of Punjab. During FY 2017-18, the department will implement 10 new schemes. These schemes include Disabled Persons Management Information System, Establishment of Old Age Homes and Centres for Disabled, Establishment of Socio-Economic Centres in Jails of Punjab, Research Studies on Shelter Homes, Situational Analysis of Third Gender and Sustainable Model of Centres for Mentally retarded Children in Punjab.

Targets and Major Initiatives of the department fixed for 2017-2018 include: Disabled Persons Management Information System, Establishment of Centre for disabled (Nasheman) at Faisalabad and Bahawalpur, Research study on the Situational Analysis/ Rehabilitation Mechanism of Third Gender, Establishment of socio economic rehabilitation centers in jails of Punjab and Establishment of VAWC at divisional headquarters under proposed VAWC Authority.

WOMEN DEVELOPMENT DEPARTMENT

The Women Development Department was established on 8th March, 2012 (International Women's Day) to materialize the goal of women's empowerment and to implement the pragmatic vision of Quaid-e-Azam i.e. "Make female substantive segment of society to play vital role in the economic uplift of the society". The Department not only ensures the practical interpretation of safeguarding women's rights within the constitutional and legal framework, but also promotes gender mainstreaming in public and uplift of the social and economic status of women in the society. The department also works towards facilitating women by establishing Working Women Hostels and Day Care Centers.

In ADP 2016-17, an amount of Rs.629 million was allocated for the Women Development Sector, which was revised to Rs. 498 million. The allocation was made for 1 on-going and 6 new schemes during the FY 2016-17. More than 95% of allocation has been utilized during the FY 2016-17 and out of total 7 on-going and new schemes, 3 schemes are to be completed up to 30th June, 2017. Moreover, out of the total allocation, Rs. 100 million were allocated as Other Development Program (ODP) to the Punjab Commission on the Status of Women (PCSW). Achievements made during FY 2016-17 are: Awareness Campaign on Punjab Women Empowerment Initiatives 2014, Establishment of Punjab Working Women Endowment Fund and Launching of Punjab Gender Parity Report 2017.

For the FY 2017-18, an amount of Rs. 675 million has been earmarked to this sector. Out of this allocation, Rs. 210 million has been allocated for Punjab Working Women Endowment Fund as Other Development Program (ODP) and Rs. 100 million allocated for Punjab Commission on the Status of Women (PCSW) for Research and Surveys pertaining to Gender Issues as Other Development Program (ODP). Major part of the allocation for 2017-18 will be utilized in Training of Domestic Workers, Monitoring and Tracking of Women Empowerment Initiatives, Establishment of Working Women Hostels and Development of IT based Portal to track Development in the Field of Gender Parity. The major targets/new initiatives which will be implemented during 2017-18 are: Awareness of Public at large on Women Rights through Mass Media, Capacity Building of Newly elected Lady Councilors under new PLGO 2016 and Monitoring and Tracking of Implementation of Women Empowerment Initiatives (PWEIs) announced by Chief Minister.

LOCAL GOVERNMENT & COMMUNITY DEVELOPMENT

Vision of Local Government and Community development is to strengthen the Local Government system in improving their financial and institutional capacity for effective and efficient delivery of municipal services. Objectives of the department are: Improvement of general sanitation / environment conditions of villages through elimination of ponds from major villages of Punjab, Establishment of Model Cattle Markets on modern lines to ensure compliance with health and hygiene standards, Improvement of condition of graveyards, Improvement of condition of the solid waste management in rural and urban area through infrastructure support and capacity building and Rehabilitation of dangerous buildings within Walled City of

Box 8: Milestone Achievements made during FY 2016-17

- Elimination of Ponds from the Major Villages of Punjab to Improve Sanitation
- Launching of 45 “Multipurpose parks and grounds on the reclaimed land of ponds in Punjab
- Construction of Canal Expressway from Gattwala Bridge to Sahianwala (M3) Interchange, Faisalabad
- Improvement of Jhal Khanuana Chowk Faisalabad
- Pilot Urban Rehabilitation & Infrastructure Improvement Project (Phase-II) WCLA was carried out
- Establishment of Model Cattle Markets in Lahore, Pakpattan, Attock, Multan & Khushab.
- Model Graveyard Sheher-e-Khamoshan in Lahore, Rawalpindi, Multan & Faisalabad to provide model facilities in graveyards.

Lahore. In the ADP 2016-17, an amount of Rs. 4.5 billion was allocated for the 95 Nos. schemes of Local Government & Community Development Sector.

For the FY 2017-18, an allocation of Rs. 7.960 billion has been made in the development programme for LG&CD Sector. Targets and Major Initiatives fixed for 2017-2018 include: Punjab Intermediate Cities Improvement Investment Program, Establishment of Shehr-e-Khamoshan Authority, Elimination of Ponds from major villages of the Punjab, Construction of Union Council office buildings in Punjab, Establishment of Model Cattle Markets in Punjab i.e. Lahore, Bahawalpur, D.G.Khan, Multan, Sargodha, Pakpattan, Rehabilitation of Dangerous Buildings inside Walled City of Lahore, Preservation & Restoration of Wazir Khan Mosque and Construction / Development of land fill sites at Gujranwala, Bahawalpur and Faisalabad.

ROADS

Roads are the predominant mode of transport in the country commuting more than 90% of the passengers and freight traffic with an average yearly growth rate of 4.5% and 10.5 % respectively. Strategies for road sector development in the province have been focusing on consolidation and maintenance of the existing assets, which include a vast network of provincial highways, intra & inter district roads, and the communication links comprising rural access and farm-to-market roads. In addition, the province's road sector development portfolio also includes major urban and intra city road projects.

Box 9: Milestone Achievements made during FY 2016-17

- Khadam-e-Punjab Rural Roads Program, Ph-III & Ph-IV.
- Establishment of Flyover across Railway Track in Raiwind City District Lahore.
- W/I of road from Bunga Hayat - Pakpattan - Arifwala, Length 54.27 Km, District Pakpattan.
- W/I of Gujrat-Sargodha road Section Bhalwal to Jhal Chakkian, Length =38.50Km.
- Construction of road from Narowal to Lahore via Baddomalhi, Narang, Shahdara L=42.71 km.
- Lahore Ring Road Construction of underpass at Karol Ghati.

For the FY 2016-17, an amount of Rs. 104 billion was allocated. The total number of schemes was 1481, out of which 720 were on going, 457 new schemes and 304 non-ADP schemes. Overall the progress of road sector is good with 95% utilization against released amount.

During FY 2017-18, an amount of Rs.90.7 billion is being allocated for the Road Sector. The total number of schemes in the FY 2017-18 is 2651 out of which the roads sector intends to complete 519 ongoing schemes. Targets and major initiatives fixed for 2017-18 include:

- Completion of Schemes pertaining to Khadam-e-Punjab Rural roads Program Phase-V and Phase VI.
- Up-gradation of road research and material testing institute and building research stations
- Construction of:

  - Bridge over River Indus Near Miran Pur on Linking N-55 at Arbi Tiba with R.Y.Khan L=4000 RFT
  - High level bridge over river Jehlum at Langarwal Pattan, District Sargodha

- Improvement / Rehabilitation of:
  - Dualization Of Khanewal Lodhran Road L=94.00 KM Distts. Khanewal, Vehari & Lodhran
  - Dualization of Road from Bahawalpur to Hasilpur Length 77.25Km, District Bahawalpur
  - W/I of Hasilpur-Bahawalnagar-road, Length 80.00 Km, District Bahawalnagar
  - W/I of road from Bahawalnagar-Haroonabad road, Length 53.00 Km, District Bahawalnagar

IRRIGATION

Punjab's irrigation system, constituting major part of the world's largest contiguous irrigation network in the Indus basin, serves as linchpin to country's economy, which is predominantly dependent on irrigated agriculture. Programs and initiatives in irrigation sector rank high in the Province's medium term development priorities and cover projects in irrigation, drainage, groundwater, flood protection, small dams development and energy sub-sectors. Long term vision for the Irrigation sector is to provide adequate, equitable and reliable irrigation supplies to the cultivable lands of the province aiming at enhanced agricultural productivity with focus on broad based institutional reforms.

Box 10: Milestone Achievements made during FY 2016-17

- New Khanki Barrage Construction works completed
- Punjab Barrages Improvement Phase-II Project (PBIP-II) - Jinnah Barrage completed
- Lower Bari Doab Canal Improvement works completed
- Construction works of Arrar Mughlan Dam in District Chakwal completed
- Remodelling and Extension of Tayyab Drain works completed
- Channelization work of Aik Nullah and Improving Drainage System in District Sialkot completed.

Irrigated agriculture is the major determinant of the province's economic growth potential as it accounts for 26 percent of the GDP and caters for over 40 percent of the available work force. The colossal irrigation conveyance network in Punjab is serving 21 million acre of cultivable command area (CCA) in 24 canal commands. Systems' integrity, however, faces major sustainability challenges associating serious environmental, social and economic implications. Deteriorated irrigation and drainage infrastructure with large O&M deficits has led to sub-optimal service delivery levels characterized by low water conveyance efficiencies and inequitable water deliveries indicating huge investment needs to address deferred rehabilitation and maintenance backlogs currently estimated as Rs. 170 billion. Development in the sector consequently needs to embed cost-effective rehabilitation and modernization of the infrastructure with holistic reforms aiming at improved management and service delivery levels.

To cope with the above-mentioned challenges, the Government of Punjab had allocated Rs.41 billion in ADP 2016-17 including Khadim-e-Punjab Kissan Package programme amounting to Rs. 5 billion. Rs.32.04 billion were proposed for ongoing schemes (81 Nos.) and Rs. 806 million were allocated for new schemes (57 Nos.) These schemes cover the water conservation, drainage, enhancing physical resilience by providing sustainable risk mitigation measures for better flood management, interventions along with programmes envisaging irrigation system rehabilitation and development along with institutional reforms.

Irrigation sector's total outlay for the year 2017-18 is planned as Rs.41.031 billion. This allocation shows no increase from ADP 2016-17 and constitutes about 6.83% of the core ADP (2017-18) budget under the MTDF 2017-20. 173 Nos. schemes included in MTDF 2017-18 (out of which 96 Nos. are on-going and 77 Nos. are new schemes) have been targeted to be executed during 2017-18 with an allocation of Rs. 28.3 billion (69%) for on-going and Rs. 12.731 billion (31%) to new schemes. 45 Nos. on-going and 24 Nos. new schemes will be completed during 2017-18.

Targets & major initiatives fixed for 2017-2018 include Jabalpur Irrigation Project, costing Rs. 26 billion assisted by Asian Development Bank, Construction of Intake and Allied structures on River Ravi costing over Rs.5.0 billion for augmenting / supplying drinking water to Lahore Metropolitan area, Construction of Kas Umar Khan Canal system costing Rs. 2.5 billion in Tehsil Isa Khel District Mianwali, Management of Flood Protection of Deg Nullah (Channelization and enhancing capacity of Basantar Nullah) costing Rs. 7.772 billion, Construction of Papin dam (land acquisition component) costing Rs. 1.22 billion, Construction of Dadoacha Dam costing Rs. 4 billion, Remodelling of SMB Link Canal and Enhancing Capacity of Mailsi Syphon costing Rs.4 billion, Greater Thal Canal Project Phase-II (Chobara Branch) costing Rs. 6.261 billion

ENERGY

Energy is lifeline of an economy and most vital instrument of socioeconomic development of a country. Pakistan is facing huge crises of shortage of electricity and Punjab is not an exception. Government of Punjab is working along with the Federal Government within the constitutional framework to deal with the crises. Our priorities are to invest public money optimally to increase the generation capacity, enable and facilitate the private sector to invest in this area, promote the energy conservation culture so that the electricity is provided to all consumers including domestic, industrial and

Box 11: Milestone Achievements made during FY 2016-17

- Establishment of Quaid-e- Azam Thermal Pvt Ltd for construction of 1000~1200 MW RNLG based Power Plant at Bhikki Sheikhupura.
- Installation of 1698 AMI meters in Government billing meters.
- Completion of feasibility study for Bio Mass Power Project.
- Completion of feasibility study for 5-Mini Hydel Power Project.
- Commencement of Energy Efficiency & Conservation Programme.
- Establishment of Project Management Unit in Energy Department.
- Commencement of feasibility study for energy solution using indigence resources in villages.

commercial users at the best affordable rates.

In conjugation to federal efforts to bridge the current shortfall of electricity and to support tremendously growing future demand, Government of Punjab has taken multiple initiatives both in public and private sectors to promote and strengthen power industry in the province. The Government has also succeeded to attract private investment in Energy Sector and several power projects are started. These projects are scheduled on fast track completion within 2 to 3 years and over 8000 MW will be added to the National Grid by these private sector projects. In addition to public sector spending the provincial energy department has established one window service and fast track & transparent processing to streamline the private investment in the area of Energy Sector.

During the FY 2016-17, Rs. 9 billion was allocated in this sector. Major programmes included; development of Hydel power project under REDSIP (Rs. 4.63 billion), Energy Development Fund (Rs. 2 billion), Energy Efficiency & Conservation Programme (Rs. 950 million) construction of spur line for Sahiwal Power Project (Rs. 250 million) and construction of Energy Resource Centre, (Rs. 250 million).

For the FY 2017-18, an allocation of Rs. 9 billion is being made to this sector. Energy Department has launched Khadim-e-Punjab Ujala Programme throughout the Punjab. The aim of the project is to solarize 10,000 schools all over the Punjab. Therefore Rs. 3 billion is being proposed for this mega project. The said amount will be reimbursed by the foreign donors i.e. ADB & AFD under DLIs.

The major Targets and Initiatives for 2017-18 include: Completion of Renewable Energy Development Sector Investment Programme hydel power generation project at Marala, Pakpattan, Chianwali, & Degout fall for adding 20 MW Energy to the National Grid; Installation of AMI Meters in Government Electricity billing; Provide enabling environment for private investment to develop Small, Mini & Micro Hydel Power Projects; Commencement of 135 MW Taunsa Hydel Power Project; Commencement of Bio Mass Power Project at Faisalabad; Commencement of Energy Resource Centre in Lahore; Execution of Khadim-e-Punjab Ujala Programme to Solarize 20,000 schools in Punjab; Establishment of 15-20 MW Bio Mass Thermal Power Plant near Chak Jhumra, Faisalabad; Establishment of Mini Hydro Power Sites; Up gradation of Centre for Energy Research & and development at UET Lahore; Installation of Net Meters at Public Buildings having installed solar panels; Consultancy services on Oil & Gas Sector after 18th Amendment scenario.

PUBLIC BUILDINGS

Public Buildings sector contributes to economy in manifold manners. It provides basic and essential infrastructure to the government for its working. Government requires the public offices & official residences as essential physical resources to carry out its functions/operations. Adequate building infrastructure ensures the proper functioning of the government functionaries and service delivery to general public. Moreover, spending on public buildings/construction sector also triggers demand and contribute towards economic growth and revival. Its multiple effects on the economy are demonstrated through the wide-ranging potential of the construction activities in generating industrial production, developing small and medium enterprises, creating self-employment opportunities, flourishing business, commerce and trade activities and at the same time enhancing utilization of indigenous natural and man-made resources. The Public Building (Housing & Offices) sector caters for the residential and office accommodation requirements of nearly all-administrative departments, mainly, Police, Prisons, Home, Judiciary, S&GAD, Provincial Assembly, Board of Revenue and Communication & Works etc.

An allocation of Rs.11.8 billion was made to Public Buildings Sector for the FY 2016-2017. This allocation was revised to Rs. 17.4 billion. 411 schemes were included in FY ADP 2016-2017, which comprised of 347 on-going and 64 new schemes. During the year 56 supplementary grant schemes were added in sectoral ADP. Out of these schemes, 161 schemes will be completed by the end of June 2017, which constitute almost 34% of completion. Provision of adequate office infrastructure and family accommodation to Judiciary, Police, Jails, Home, S&GAD and Board of Revenue Departments is main objectives of the sector.

Annual Development Program 2017-18 for Public Buildings Sector has been formulated with an effort to minimize throw forward of on-going schemes by allocating maximum resources. Rs. 11.51 billion has been allocated to the on-going schemes, which is 76% of total size. Rs.3.5 billion has been reserved for new schemes, which constitute 24% of the total size. Targets and Major Initiatives fixed for 2017-2018 include: Completion of 60 Police schemes with full funding and 40 with partial funding, Capacity strengthening and Project Development/Management of Police Department, 20 Nos. schemes of Counter Terrorism Department, 06 Nos. schemes of Dolphin Police Lines centres, Construction of courts along with allied facilities for judicial officers in Punjab, Construction of residences of judicial officers in Punjab, Construction work of Family/Guardian courts, Construction of Judicial Complex , Construction of Arazi record centres, Construction of Jails, Construction of Child Protection Institutes, Construction of Border Military Police Stations, Schemes related to Punjab Forensic Science Agency and New Schemes related to Anti Corruption Department, Public Prosecution Department, and Management and Professional Development Department.

URBAN DEVELOPMENT

With around 40% of the population living in urban areas, Punjab is among the most urbanized regions of South Asia and is experiencing a consistent and increasing migration of its residents from rural to the urban areas. This demographic transition in urban landscape is inter-alia due to increasing proportion of urban based manufacturing and service sector in

Box 12: Milestone Achievements made during FY 2016-17

106 schemes are completing in FY 2016-17 with combined allocation of Rs. 14.02 billion, which include:

- 38 schemes of water supply
- 28 schemes of PHA
- 24 schemes of sewerage / Drainage
- 10 schemes of roads/bridges/ underpasses/ flyovers
- 05 schemes of urban renewal
- 01 scheme of WASA Master Planning

the developing economy of Punjab which attracts migration. The urban population in Punjab is likely to increase to 52 million by 2025 and 59 million by 2030, which amounts to an addition of one million urban residents every year.

An allocation of Rs.17.7 billion was made for Urban Development in the FY 2016-17 which was revised to Rs. 22.5 billion. A total 219 schemes were included in FY ADP 2016-17 that comprised 60 on-going and 74 new schemes. Later, 85 supplementary schemes were also added. Out of these, 106 schemes will be completed by the end of June 2017. The performance of Urban Development Sector has significantly increased over the last five years, with the ratio of completed schemes has increased up to 109%.

Annual Development Program 2017-18 for Urban Development has been formulated with an effort to minimize throw forward and allocating maximum resources to complete schemes. Rs. 8.01 billion has been allocated to the on-going schemes and Rs.7.37 billion has been reserved for new schemes. Rs. 1.05 billion block is allocated for Other Development Programme, which includes Green Development Funds (Rs. 500 million) and Low Income Housing Schemes (Rs. 450 million). It is further added that out of total 181 schemes, 87 schemes (52 On-going & 35 New) with cost of Rs.19.66 billion would be completed during 2017-18.

Targets and Major Initiatives fixed for 2017-2018 include: Replacement of outlived, deeper and inadequate Water Supply Lines with HDPE Pipes, Lahore (Gastro Phase-II), Lahore; Replacement of Tubewells in WASA, Lahore (45 Nos); Rehabilitaion of Airport Road from Ammar Chowk to Karal Chowk, Rawalpindi; Construction of road along Qila Mian Singh Minor from Alam Chowk to Gondlanwala road to Samanabad Chungi, Gujranwala; Widening and improvement of road from MDA Chowk to Dera Adda Chowk, Multan (Dual Carriageway); Faisalabad Link Roads Development Programme Links No. 1,5,6,7,13,14,15.

PRODUCTION SECTOR

AGRICULTURE

Agriculture is the mainstay of our economy. Although, Punjab economy has witnessed a considerable diversification over the years, however, agriculture still remains an important sector of the economy and a driving force for growth and development. It provides employment to 43.5% of the people in the province, and to more than 61% in rural areas. It provides food, shelter, and livelihoods to the inhabitants and raw material to the industry. The vision of Agriculture Department is to transform Agriculture Sector into a diversified, sustainable, modern and market-driven sector through knowledge based empowerment, efficient resource utilization and revamping existing practices.

During the FY 2016-17, Rs 20 billion were allocated for the development programme of this sector, which also include an allocation of Rs. 10 billion, for schemes identified under Chief Minister's Kissan Package. During the FY 2016-17, 25 on-going schemes with allocation of Rs. 8 billion and 15 new schemes including Khadim-e-Punjab Kissan Package schemes, with allocation of Rs. 12 billion had been included in ADP 2016-17. Under Khadim-e-Punjab Kissan Package, Department had identified 10 schemes, out of which 7 schemes were approved during 2016-17.

For the FY 2017-18, it has been planned to execute 34 on-going and 25 new schemes for which provision of Rs 21 billion is being made for this sector. This also includes Rs. 10 billion for Khadim-e-Punjab Kissan Package and Rs. 2 billion for Establishment of PAFDA Science Enclave. Major Initiatives of 2017-18 are: Punjab Irrigated-Agriculture Productivity Improvement Project (PIPIP)-World Bank Assisted; Optimizing Watercourse Conveyance Efficiency through enhancing Lining Length; Provision of Laser Land Levelers to the Farmers/Service Providers on Subsidized Costs; Establishment of Muhammad Nawaz Shareef University of Agriculture, Multan; Establishment of Model Farms linked with improved Supply Chain and Value Addition; Extension Service 2.0 – Farmers Facilitation through Modernized Extension; Promotion of High Value Agriculture through Provision of Climate Smart Technology Package; Establishment of Hi-Tech Mechanization Service Centre in Punjab; Development of hybrid and OPVs in horticulture crops resilient to climate change; Rehabilitation of Salt affected soil through Gypsum application; Cotton seed reform project; Establishment of PAFDA Science Enclave Main Building Premises, Lahore.

Box 13: Milestone Achievements made during FY 2016-17

- Up-gradation of Main Library, Ayub Agriculture Research Institute, Faisalabad through IT Interventions
- Additional Facilities for Improvement in Fruit Yield and Quality of Guava, Date and Pomegranate
- Introduction and Adaptation of Advanced Technologies to Mechanize Various Farm Operations for Enhancing Crop Production.
- Sustainable development and management of ground water with Electric Resistivity Sounding Survey in Punjab (Phase II).
- Enhancing Vegetable Production in Punjab.
- Promotion of Agriculture Mechanization in Punjab.
- Establishment of Export Oriented Floriculture Centre at Pattoki.
- Rehabilitation & Improvement of Khadija-tul-kubra Female Hostel Complex alongwith construction of sports facility at UAF.

COOPERATIVES

Cooperatives Department has the potential to alleviate poverty through the principles of cooperation and to promote self-help and mutual aid, thrift and resource building, equality and democracy to safeguard the interest of members and to ensure democratic and participatory growth. Rs. 208 million were allocated during year 2016-17 for 02 ongoing and 01 new development scheme and Rs. 184 million were released.

The schemes of the Department completed during 2016-17 are: Upgradation of the cooperative training college Faisalabad and Upgradation of the cooperative training college Bahawalpur. During 2017-18, it has been planned to execute 01 on-going scheme for which provision of Rs 70 million is being made.

FORESTRY

The vision of Forest Department is to develop, maintain and maximize forest resources in a scientific, environmentally sustainable, ecologically stable and socially acceptable manner.

During FY 2016-2017, original allocation was Rs 2.2 billion& revised allocation was Rs 1.554 billion, for 27 ongoing and 13 new schemes. Forest Department has only utilized Rs. 0.916 billion against released amount of Rs. 1.560 billion and surrendered Rs. 0.618 billion. Under Federal Government initiative Green Pakistan Programme-Revival of Forestry Resources in Punjab on matching grant basis at the cost of Rs. 1.263 billion, was included as Non-ADP project during 2016-17.

Following 16 Nos schemes of Forest Department were completed during FY 2016-17 at the total cost of Rs 1.594 billion with 2016-17 allocation of Rs. 0.664 million: Establishment of Sahrif Forest Park near Dongi Dam Tehsil Gujar Khan Rawalpindi; Rehabilitation of Kamalia Irrigated plantation; Afforestation and landscaping of shahdra reserve forests land bank near Mehmood Booti landfill; Development of Changa Manga Forest Park; Afforestation of blank areas in Changa Manga; Environmental Afforestation of Degraded Land in Depalpur Plantation; Establishment of Shahbaz Sharif Forest Park Depalpur Plantation; Establishment of Punjab Forest Academy for in-service and post graduate training; Rehabilitation of Existing Forest Parks in Punjab; Development of Lake at RD-50 Rest House in Lal Sohanra National Park Bahawalpur; Revival of Patisar Lake at Lal Sohanra National Park Bahawalpur; Development of Patisar Lake and additional Recreational Facilities in Lal Suhanra National Park; Promotion of Social Forestry; Khadam-e-Punjab Rural Roads Programme (Phase-1); Mechanization of Forestry Operations and Fire Fighting Techniques; Chief Ministers special initiative for mass afforestation in Punjab.

During 2017-18, it has been planned to execute 24 ongoing and 14 new schemes, for which provision of Rs. 2.0 billion is planned for this sector. New Initiatives to be undertaken during 2017-18 are: Khamdam-e-Punjab Rural Roads Project (KPRRP) Phase-III; Strengthening of Forest Services Academy Ghoragali, Murree; Improvement and Rehabilitation of Forests Parks in Punjab; Improvement and Rehabilitation of Irrigated Plantations in Central Zone, Northern and Southern Zones.

WILDLIFE

The vision of Wildlife Department is to protect, conserve, manage and sustain diversified species and their natural habitat. Goals and objectives of the department are to: Protect and conserve endangered wildlife species; Improve and sustain existing wildlife parks / zoos; Establish wildlife parks, breeding centers and zoos for ex-situ conservation and public recreation; Engage Community Based organizations (CBOs) for Wildlife conservation and sport hunting; Facilitate and regulate private wildlife breeding farms & game reserves.

For the FY 2016-17, Original allocation was Rs 0.735 billion & revised allocation was Rs 0.560 billion for 03 on-going and 07 new development schemes. During the financial year, Wildlife Department has utilized Rs.0.170 billion against released amount of Rs. 0.420 billion and surrendered Rs. 0.175 billion. Under Federal Government initiative Green Pakistan Programme-Revival of Wildlife Resources in Punjab on matching grant basis at the cost of Rs. 0.284 billion was included as Non-ADP project during 2016-17.

Following 1 No. scheme of Wildlife Department was completed during FY 2016-17at the total cost of Rs. 0. 247 billion with 2016-17 allocation of Rs. 0.160 billion: Establishment of Wildlife Park at Joharabad, District Khushab.

During 2017-18, it has been planned to execute 10 on-going and 6 new schemes with provision of Rs 0.80 billion. Major targets and new initiatives fixed for the FY 2017-18 are: Improvement / Rehabilitation of Wildlife Park Bansra Gali, Murree; Establishment of Mini Zoo at Bhakhar; Development of Animal Safaris and Improvement of Existing facilities at Safari Zoo, Lahore (Phase-II); Improvement & Development of Jallo Safari, Lahore; & Development of Chashma Barrage Wetland Biodiversity; Establishment of Zoo at Sargodha, District Sargodha.

FISHERIES

The vision of Fisheries Department is to Conserve, manage and develop aquatic resources in public and private sector to meet the protein requirements of growing population and livelihood to the rural folk. Goals and objectives of the department are: Conservation and management of Natural Fisheries Resources; Increase in Fish production through better exploitation of natural aquatic resources; Promotion of Aquaculture & Fish farming in private sector through institutional and logistic support; Research & Development program focusing on disease control, genetics, protection of vulnerable species and productivity enhancement.

For the FY 2016-17, Original allocation was Rs 0.755 billion & revised allocation was Rs 0.568 billion for 11 on-going and 04 new development schemes. During the financial year, Fisheries Department has utilized Rs. 0.359 billion against released amount of Rs. 0.617 billion and surrendered Rs.0.213 billion. Under Khadim-e-Punjab Kissan Package a scheme titled "Increase in Fish Seed Production to support Private Fish Farmers" at the total cost of Rs.0.160 billion although included under Forest sector but its execution is being carried out through Fisheries Department.

Following 6 Nos. scheme of Fisheries Department was completed during FY 2016-17 at the total cost of Rs. 0. 592 billion with 2016-17 allocation of Rs. 0.218 billion: Establishment of fish seed rearing farm for production of large size fish seed and biological diversification in Chashma District Mianwali; Human Resources Development through Research and Training in Fisheries Department; Propagation of Monosex Tilapia (Pilot project); Promotion of Intensive Culture System of High Value Fish Species; Development of Fisheries of Small Dams of Northern Region; Capacity Building of Existing fish seed hatchery and N/Unit for productivity enhancement.

During 2017-18, it has been planned to execute 9 on-going and 5 new schemes with provision of Rs 0.850 billion. Major Targets and new initiatives fixed for 2017-18 are: Establishment of Tilapia Research Centre at Fisheries Research & Training Institute, Lahore; Studies on Economic Analysis of Cage Fish Culture in Potohar Region; Establishment of Tilapia Hatchery and Shrimp Culture Farms at Muzaffargarh; Establishment of Biodiversity Hatchery at Trimmu Head Works for Sustainability of Riverine Fisheries Resources; Establishment of Aquaculture Export Processing Zone under PPP Mode.

FOOD

The vision of Food Department is to ensure food security & safety for the inhabitants of the Punjab through provision of essential foodstuff at affordable prices & safeguarding interest of wheat & sugarcane growers through support price. Food sector is passing through process of change in accordance with the changing dynamics regarding procurement of wheat, its storage and releases and to cope with the food security challenges. The challenging scenario also needs paradigm shift according to global dynamics coupled with enhancing storage capacity of wheat.

During FY 2016-17, an allocation of Rs 865 million was made to this sector for 05 on-going and 04 new development schemes. However, 3 ADP schemes (1 on-going and 2 new) were dropped from ADP as these were merged into newly constructed Punjab Agriculture, Food and Drug Authority (PAFDA) Lab. For the remaining schemes, Rs. 358 million were released. Major interventions have been Construction of concrete silos 30,000 M. Tonnes capacity one each at Bahawalnagar and Bahawalpur, Installation of 28 weigh bridges at different PR centres in Punjab, Construction of office complex of Food Directorate, Divisional Food Office and DFC Offices, Lahore, Mobile Food Sampling and inspection Infrastructure for strengthening anti-adulteration campaign. The schemes of Food Department completed during 2016-17 include Installation of 28 weigh bridges at different PR Centres in Punjab, Mobile food sampling and inspection infrastructure for strengthening anti adulteration campaign

During 2017-18, it has been planned to execute 04 on-going and 04 new schemes for which provision of Rs 500 million is being made to this sector. Targets/ major initiatives fixed for 2017-18 are: Construction of concrete silos 30,000 M. Tonnes capacity at Ahmadpur East, Distt. Bahawalpur; Mobile food sampling & inspection infrastructure for strengthening anti adulteration campaign in Lahore, Gujranwala, Multan, Faisalabad & Rawalpindi; Establishment of Strategic Planning Unit in Food Department.

LIVESTOCK

Livestock is an emerging sub-sector of agriculture with high potential in terms of economic returns. Farmers earn about 30-40% of their income from livestock and it is source of livelihood especially for landless and marginalized farmers. The vision of livestock department is sustainable livestock sector development to ensure food security, enhanced competitiveness and quality life of stakeholders with exportable surplus.

For the FY 2016-17, Rs 9.227 billion were allocated to Livestock sector including Rs. 4 billion for schemes identified under Chief Minister's Kissan Package. Livestock Department utilized Rs. 8.603 billion and surrendered Rs. 0.624 billion during 2016-17. Under Khadim e Punjab Kissan Package 15 schemes were approved at total cost of Rs. 10.753 billion whereas, 3 schemes completed during 2016-17. Other major initiatives were establishment of University of Veterinary & Animal Sciences at Bahawalpur; Enhancing beef production in Punjab – Phase II; Poverty alleviation of poor women through provision of heifers and sheep/goats in Punjab; Productivity enhancement through genetic improvement in small ruminants, provision of missing facilities renovation and mechanization of LPRI, LES Bahadurnagar, LES Qadirabad and Sahiwal. Overall performance of the sector remained satisfactory.

During FY 2017-18, it has been planned to execute 25 on-going and 25 new schemes for which provision of Rs. 9.542 billion has been made. The proposed ADP includes projects to promote export surplus and to create market pull, improve supply chain, production, processing, value addition and certification to link with the international markets. Major Initiatives to be undertaken during 2017-18 are Improving productivity and fertility of small and large ruminants through encouragement of bull keeping for natural mating; Enhancing livestock production and productivity through strategic deworming and vaccination; Establishment of University of Veterinary and Animal Sciences at Bahawalpur; Livestock & access to market project; Establishment of training centre for biologics at UVAS, RAVI Campus Lahore; Improving the production performance of livestock in Punjab through manipulation of different minerals and feed supplements; Establishment of suspension culture plant at F&MDRC Lahore; Quality assurance of semen supply to enhance fertility; Establishment of state of the art labs at Veterinary Research Institute and Foot & Mouth Disease Research Center to meet the International standards of biologics production and research & development; Value addition of milk cheese and other dairy byproducts (PPP mode); and establishment of model livestock farms linked with improved supply chain and value addition based on feasibility study.

Box 14: Milestone achievements made during FY 2016-17

- Strengthening of Buffalo Research Institute, Pattoki, District Kasur
- Establishment of para veterinary hospital at Galawal Tehsil & District Lodhran.
- Conservation, development and propagation of Dhanni, Lohani and Dajal breed of cattle in Punjab.
- Strengthening of performance management system and capacity building of staff of L&DD
- Prophylactic measures and sero-surveillance of camel and camel milk processing in Punjab.
- Provision of effective veterinary & extension services at livestock farmer's doorstep
- Commercialization of value added meat from fattened young buffalo calves, young camel and male goats/sheep reared under extensive organic production system
- Reactivation of redundant livestock services training centers in Punjab.

INDUSTRIES, COMMERCE & INVESTMENT

Industries, Commerce & Investment Sector is one of the main pillars of Punjab Growth Strategy that envisages promotions of industry, commerce and investment for technological up-gradation, employment generation in industrial & services sector. Moreover, it focuses on attracting private sector

Box 15: Milestone Achievements made during FY 2016-17

- Completion of Infrastructural work in Small Industries Estate, Faisalabad
- Development of Infrastructure in Small Industries Estates of Sialkot (SIE-Phase I), Small Industries Estate Phase I & II Gujranwala and Small Industries Estate Bahawalpur
- Research and Publication of Books on Crafts and Life of Craftsmen/Artesian of five Districts of Punjab (Lahore, Gujranwala, Sheikhupura, Gujrat and Chakwal)
- Construction of new hall in Government printing press Lahore/Bahawalpur
- Training of 591,000 individuals through Skills Development Programme/Projects of PSDF, TEVTA and PVTC.

investment as well as increasing exports. The department has also focused on facilitating the Skill sector for meeting the requirement of industrial sector. During the Financial Year 2016-17, Rs.14.587 billion were allocated to this sector which included: Rs. 3 billion for Chief Minister's Self-employment scheme, Rs. 2.1 billion for PIEDMC/FIEDMC for establishment of Industrial Estates and Rs. 8.515 billion for Skill Enhancement Programmes in Punjab.

For the FY 2017-18, Rs.15.05 billion have been allocated to Industries, Commerce & Investment Sector which also includes an allocation of Rs. 2 billion for Chief Minister's Self Employment Scheme, Rs.4 billion for PIEDMC, Rs. 3 billion for SME Credit scheme and Rs.4.6 billion for Skill Development Sector in Punjab.

Major Targets for 2017-18 include: Provision of infrastructure for establishment of new industries; Establishment of e-portal for business registration; Development of Quaid-e-Azam Apparel Park; Provision of need based technical and vocational training; Customized lending and empowerment of artisans; Promotion of handicrafts industry and preservation of regional crafts; Cluster development to enhance colonization; Skills training of 645,000 individuals under Punjab Skills Development, TEVTA, PVTC, PSDF etc.

MINES & MINERALS

Mines and Minerals Department, Government of the Punjab is the responsible instrument of the state for mineral resource wealth mapping, its development and exploration. Punjab is lavishly blessed with mineral wealth that needs to be exploited systematically. Currently, 20 minerals are being excavated out of 35 known. Punjab has almost one billion tons of coal and 900 million tons of iron ore reserves. Under the dynamic leadership of Chief Minister Punjab, Mines & Minerals Department is leaving no stone unturned to promote and facilitate Mines & Minerals Exploration in Punjab to attract local and foreign investment, thereby ensuring a positive thrust in the provincial GDP.

Box 16: Milestone Achieved during FY 2016-17

- Completion of Feasibility Study of Chiniot Rajoa
- Mineral resource mapping & exploration at Regional level
- Completion and operationalization of Mines Rescue & Safety Sub Station, Ara Basharat

During the year 2016-17, funds amounting to Rs.1.893 billion were allocated to Mines & Minerals Department for implementation of six on-going and six new schemes. It includes an allocation of Rs.1.5 billion for Punjab Mineral Company (PMC). The PMC is presently working on exploration and resource estimation of Iron Ore and associated metallic minerals in Chiniot Rajoa and coal mines survey in Punjab. Major initiatives of the company are: Feasibility study and selection of concessionaire / investor(s) for iron & associated minerals mining and establishment of steel mill in Punjab is in progress; Underground coal mines survey in Punjab is near completion; Mineral resource mapping, estimation, exploration and data cataloguing is in progress; Study of establishment of model mine based on semi mechanized mining techniques in salt Range Khushab / Chakwal; and Development & implementation of coal pricing framework in Punjab.

For the FY 2017-18, an amount of Rs1.5 billion has been allocated to Mines & Minerals sector, which includes Rs.500 million for regular program and Rs.1.0 billion for Punjab Minerals Company (PMC). Seven projects would be completed during the year out of 13 projects. Major targets for 2017-18 include: Short term Skill Development Project (Chief Minister Skill Development Initiative); Study of Semi Mechanized Mining Techniques in Salt Range; Capacity Building & Strengthening of Directorate General Mines & Minerals, Punjab; Strengthening of Mines Sample Testing Laboratory, Khushab; Upgradation of Punjab School of Mines in Katas, District Chakwal; Establishment of Strategic Planning Unit to capacitate the department; Construction of Offices and Residences in Lahore, Mianwali, Khushab & Chiniot; Establishment of Rescue Squad at Pull No.111 District Sargodha.

TOURISM

The department has a vision to preserve, develop and beautify the existing and potential tourist locations to attract tourists from within as well as outside the province / country.

In ADP 2016-17, Rs.800 million was allocated to execute 12 schemes. Out of this allocation an allocation Rs.209.850 million was allocated to 05 Nos of on-going schemes and Rs.590.150 million for 07 new schemes. The revised allocation upto April, 2016-17 was Rs.270.406 million. Milestone Achievement made during FY 2016-17 was the Launching of "Sightseeing Lahore", Pakistan's first double-decker bus service to see spectacular historic and famous sites of Lahore.

For ADP 2017-18, an allocation of Rs. 380 million has been made for the development programme of Tourism Department. Major targets/new initiatives fixed for FY 2017-18 are: Construction of Resort at Derawar Fort Cholistan, Up-gradation of Chairlift and Construction of Missing Facilities, Fence and Staff Residences at Patriata, Development of Tourist Resort, Entertainment Park & Parking Area at Kala Bagh District Mianwali (PC-II) and Development of Tourist Resort / Entertainment Park at Uchali Lake Soon Valley District Khushab (PPP Mode).

GOVERNANCE & INFORMATION TECHNOLOGY

Worldwide information and Communication Technology (ICT) is proving instrumental in modernizing governance, increasing transparency and reducing information costs along the value chain for businesses. The Government of Punjab aims to leverage upon the revolution in Information and Communication Technology (ICT) to modernize governance and keep Punjab abreast with global proficiencies in service delivery. It continues to play a pivotal role in introducing strategic interventions that increase the digital literacy of citizens; nurture venture capitalists and mature businesses; implement smart monitoring that increase transparency; and reduce the turnaround time (TAT) in public service delivery.

During FY 2016-17, an amount of Rs. 13.95 billion was allocated to the Governance and IT Sector, including Rs.11.132 billion for establishment of Punjab Police Integrated Communication, Command and Control Center, Lahore. Major milestones achieved during

FY2016-17 are: Completion of Land Records Management and Information Systems Project (Phase–I), Completion of Citizen Feedback Monitoring Program (CFMP), Completion of project Establishment of Video Conferencing Facility for Punjab Government and Completion of Digitization / Computerization of Public Prosecution Department & Development of Monitoring & Coordination System (Phase-II).

For the FY 2017-18 Rs.3.5 billion has been earmarked for Governance & IT Sector for implementation of projects sponsored mainly by Punjab Information Technology Board, Home Department, Police Department, Lahore High Court, Excise, Taxation & Narcotics Control Department. However, allocation of Rs.50.00 billion for establishment of Punjab Police Integrated Communication, Command and Control (PPIC3) Center in Lahore and six major cities is in addition, which is being separately reflected under the head of Special Initiatives.

Targets and major initiatives fixed for FY 2017-18 include expansion of the project titled "Computerization of Police Stations in Punjab" which would improve law & order situation in the province through comprehensive automation of police station; case flow management system in Lahore High Court and District Courts through ongoing project titled 'New IT Initiatives at Lahore High Court, Lahore and District Courts (Phase I)' and a new project titled 'Automation of Case and Courts Management System at District Courts Lahore' to help improve service delivery of justice to general public; the 'Local Government Automated Financial Management and Monitoring System' in order to increase transparency and visibility of the financial accounts of the Punjab Government; the 'GIS Integrated Computerization of Urban Immovable Property Tax (UIPT) in Thirty Districts of Punjab' to enhance Government revenue and tax payer facilitation and the "Invoice Monitoring System (IMS) for Services Sector" to achieve the sectorial objectives by increasing the tax collection from Restaurants, Hotels and Salons etc. pertaining to service sector. In addition funds have also been allocated for expansion of ongoing project of e-stamping and expansion of another major initiative "Establishment of Citizen Facilitation Center i.e. (e-Khidmat Markaz)" to 27 districts. In addition initiatives related to mapping of development in IT & Governance Sector in the province in order to integrate the systems with finical procedures has also been planned for FY 2017-18.

LABOUR & HUMAN RESOURCE DEVELOPMENT

Labour and human resource development sector endeavors to facilitate and support the labour force in meeting modern day challenges through improvement of working conditions and workplace environment. The department is cognizant of the fact that augmentation of skills and provision of an enabling and a secure work environment move in tandem to increase labour productivity and enhance workers' efficiency. The department is striving to raise awareness regarding rights and responsibilities under labour laws, assist the industry by holding internationally accredited trainings on labour related standards and establishment of modern labour market information system.

During 2016-17 Rs. 650 million were allocated for development schemes of Labour & HR Department. During the year, a development scheme namely "Establishment of labour market and information and resource center" has been completed at a cost of Rs. 45.027 million, Efficient utilization of funds have been made for five on-going development schemes and Recruitment of integrated project staff has been made for all districts of Punjab.

For the FY 2017-18 Rs. 650 million has been allocated for development schemes of Labour & HR Department. Targets and Major Initiatives fixed for 2017-18 include: Integrated project of Child Labour; Combating Worst Forms of Child Labour in 4 districts of Punjab; Elimination of bonded labour in 4 Districts of Punjab; Provincial Child Labour Survey; Launching of Bhakkar Job Bureau scheme in district Bhakkar.

TRANSPORT & BRTS

Transport Department is responsible for provision of efficient, economical, comfortable and safe transport facility for the public. It is need of the hour that Urban mass transit including metro-bus and metro-train as well as other forms of public transport needs to be strengthened, especially in underserved urban centers, and should take into account the specific mobility, accessibility, safety, frequency, timing and cost concerns of the poor, women and vulnerable groups (the elderly, people with disabilities, and children). At the same time, low accessibility to roads and transport services are associated with lower human development outcomes. Public transport can play a vital role in increasing the size of the labour market by providing greater access to employment opportunities for those who cannot afford private transport. This impact is especially pronounced in the case of women who can have a safer and more reliable mode of transport, allowing them to enhance their participation in development authorities.

Box 17: Milestone Achieved during FY 2016-17

- Execution of Lahore Orange Line Metro Train Project
- Execution of Metro Bus Multan Project
- Establishment of two Vehicle Inspection and Certification System (VICS) station in Lahore
- Execution of Axle Load Management Regime
- Execution of Pilot Project for provision of 3026 Motorcycles to working women and students in major five districts
- Operation of Lahore and Multan Feeder Bus Services.

During 2016-17 Rs. 92.273 billion were allocated for development schemes of Transport sector. Strategic interventions of the sector are:-

- Improved transport services of Metro Bus System (Lahore, Rawalpindi and Multan); Lahore Orange Line Metro Train; Feeder Bus Services for Lahore Metro Bus System; Feeder Bus Services for Multan Metro Bus System; Realignment of HOV and LOV routes in post Metro Train Scenario; Construction of Sheds of Bus stops in Lahore; Provision of Motorcycles to empower women under Women on Wheels initiatives.
- Road Safety projects including: Establishment of Punjab Road Safety Authority; Establishment of Vehicle Inspection & Certification System (VICS) in Punjab; Establishment of Axle Load Management Regime in Punjab; Modernized Driver's training, testing and licensing regime

- Public Private Partnership Projects including: Establishment of Multi-Model Intercity Bus Terminals (MIBT); Establishment of Bus Terminal cum Commercial Complex at Railway Station, Lahore; Establishment of Vehicle Inspection & Certification System (VICS) in Punjab.
- Institutional Efficiency enhanced by Reforming the structure of District Regional Transport Authorities (DRTAs) into the Regional Transport Authorities (RTAs); Redefining the role of Motor Vehicle Examiner (MVE) through the Vehicle Inspection and Certification System (VICS); Strengthening enforcement staff under axle load management.
- Gender Base Allocation projects include: Pilot Project for provision of Motorcycles to working women and girl students under Women on Wheels (WoW) initiatives; Driving Training for the female applicants.

For the FY 2017-18, funds amounting Rs.97 billion have been allocated for the Transport sector. Targets and major Initiatives fixed for 2017-18 include: Completion of Lahore Orange Line Metro Train Project; Completion of Multan Metro Bus Project; Establishment of 12 permanent and 36 mobile Axle Load Weigh Stations; Land Acquisition for Multi-Modal Intercity Bus Terminals (MIBT); Establishment of Multi-Modal Intercity Bus Terminals in Lahore.

EMERGENCY SERVICES

Emergency services play an extremely critical role in saving lives of numerous accident victims by providing them timely care. Government of Punjab believes that it is every individual's basic right to receive timely and quality medical attention in the case of an emergency.

During the FY 2016-17, an allocation of Rs. 2.15 billion was made for development schemes of Emergency Service (Rescue 1122). Major achievements of the sector during FY 2016-17 include: Civil works of 40-Tehsils near completion under the Project titled "Establishment of Emergency Service in remaining 62 Tehsil (Phase-III); Service made operational in 18-Tehsils under scheme namely "Expansion of Emergency Service to Tehsils (Phase-II); "Establishment of New Rescue 1122 Stations at Maraka, Bedian Road and Nazir Garden (Wagha), Lahore completed; Construction of Mosque started in the premises of Punjab Emergency Services Academy, Lahore; Construction of approach Road to Punjab Emergency Services Academy, Lahore started.

For the FY 2017-18, an allocation of Rs.2.2 billion has been provided for this sector. A new scheme for Construction of Parking Sheds for Snorkels at Lahore has been included in ADP 2017-18 at a cost of Rs. 30 billion. Schemes to be completed during FY 2017-18 include: Capacity Building for Managing Emergencies in High Rise Buildings Lahore; Establishment of Emergency Services 1122 in Khokharan Multan; Establishment of Rescue 1122 Service at sub-Tehsil Headquarter, Vehova (Tanusa Sharif), D.G Khan; Establishment of Emergency Service to Tehsils (Phase-II). In addition to this, special focus will be given to the major scheme of this sector "Establishment of Emergency Service in 62 remaining Tehsils".

ENVIRONMENT

Environment Protection Department, Government of the Punjab, is committed towards promotion of sustainable development in the province by taking cognizance of environmental considerations while trying to achieve the objective of economic growth and development. Environment Protection Department is responsible for administration of the provincial laws and rules related to environment in order to ensure protection, conservation, rehabilitation and improvement of environment. It pursues to achieve this objective through promotion of environmental awareness, monitoring and reviewing Environmental Quality Standards (EQS), exercising regulatory control, promoting research & development, devising ways and means for pollution preventions, assisting private sector in adopting environment friendly technologies in the industrial processes etc.

An allocation of Rs. 185 million was made for development schemes of Environment Protection Department in the ADP 2016-17. In order to strengthen the professional capacity of Environmental Protection Agency, a flagship project Capacity Building of EPA Punjab for Enforcement of Environmental Standards in Punjab including Combined Effluent Treatment Plants (CETPs) and Industrial Estates (IEs) under J&C Program was initiated. Controlling air pollution has been one of the prime considerations and in line with this concern the Department procured five Ambient Air Quality Monitoring Stations and one Calibrator under ADP Scheme titled "Installation of Ambient Air Quality Monitoring Stations in 4 Cities in the Punjab". Development of Biodiversity Parks in Collaboration with City District Governments and Business Communities are the major achievements in FY 2016-17.

Keeping in view, the increasing global emphasis on addressing the environmental challenges, the allocation for FY 2017-18 has been increased to Rs. 540 million. In line with Punjab Growth Strategy & Sustainable Development Goals the Environment Protection Department has planned 07 new schemes in FY 2017-18 for achieving the targets. The major initiatives to be implemented during 2017-18 include: Commercialization Opportunities for Fly Ash Utilization Produced in the Punjab; Enhanced Environmental Quality Monitoring System for Punjab Air, Surface and Ground Water Resources; Strengthening of Strategic Planning and Implementation Unit Phase II of Capacity Building of EPA Punjab for Enforcement of Environmental Standards in Punjab; Establishment of Environmental Technology Centre (PC-II); Pollution Control and Resource Conservation in Foundries; Rice Husk Units and Stone Crushers and Revitalization of River Ravi.

INFORMATION & CULTURE

The Information & Culture Department is linked with the activities and plan of Government Departments and Offices with regard to dissemination of information and promotion of cultural history of the Punjab and upgrading art councils and museums. In ADP 2016-17, an amount of Rs.400 million was allocated to Information & Culture Department. These funds were utilized to upgrade Art Councils, Museums; and, to promote language, art & culture of the Punjab. Milestone achievements made during FY 2016-17 include: Re-construction of Murree Arts Council;

Construction of Auditorium for Sargodha Arts Council; Construction of Auditorium for Gujranwala Arts Council.

For the FY 2017-18, an amount of Rs.600 million has been allocated to Information & Culture Department. Targets and Major Initiatives fixed for 2017-18 include: Construction of Auditorium for Bahawalpur Arts Council, Bahawalpur, Development of Arts Councils at District Level Bhakkar and Nankana Sahib District Phase-I, Provision of Missing Facilities in the Existing Arts Councils in the Punjab (PUCAR), Strengthening of Performing Art Academy and Face lifting & interior work of Information & Cultural Complex, Rawalpindi, Establishment of Media City in Lahore (PPP Mode) and Establishment of Punjab Rung FM Radio Stations at Multan & Rawalpindi (PILAC).

ARCHAEOLOGY

The Vision of Archeology sector is ''to protect built heritage of Pakistan located in Punjab through archeological explorations, documentation, analysis, interpretation, conservation, preservation, restoration and exhibition of material and artifacts. Objectives of the sector are: Retention and conservation of cultural values of the built heritage as per international standards, Conservation and preservation of archaeological assets with special attention towards the archaeological assets which are located nearby metro projects, Upgradation of archaeological sites and monuments, Preservations of antiquities and establishment of archaeological museums, Capacity building by engaging human resource through employment opportunities and Collaboration with educational institutes for research on archaeology.

During the FY 2016-17, Rs.400 million was allocated to this sector and till end of April, 2017 funds of Rs.385.393 million have been released and transferred against which Rs.289.758 million have been utilized. All released funds are expected to be fully utilized by 30.06.17. Despite of slow nature of conservation work due to special type of material and craftsman, the Archaeology Sector achieved maximum of targets. In this financial year 12 schemes have been targeted to be completed i.e. 9 ongoing scheme and 3 new schemes. Milestone achievements made during FY 2016-17 include: Conservation and Development of Mughal Gardens Wah; Conservation and Up gradation of Allama Iqbal Museum (Javed Manzil), Lahore; Development of Archeological site of Harrapa, district Sahiwal; Improvement and Up-gradation of Taxila Museum.

For the FY 2017-18, Rs.450 million has been allocated to this sector. Twelve ongoing schemes have been proposed to continue with allocation of Rs.209.315 million and 12 new schemes have been proposed with the allocation of Rs.240.685 million. Special focus has been placed for: Conservation and development of monuments / sites on World Heritage List and tentative list of World Heritage i.e Shalamar Gardens, Rohtas Fort, Taxila, Jhangir's Tomb Lahore, Noor Jahan's Tomb Lahore, Hiran Minar Sheikhupura, Harappa Sahiwal, Tomb of Bibi Jiwindi Bahawalpur, Derawar Fort Bahawalpur

Major targets/new initiatives fixed for FY 2017-18 are: Conservation of Bahadur Khan's Tomb, Lahore, Conservation of Asif Jah's Tomb Shahdara, Lahore, Development and Provision of Public Facilities at Harappa Museum Sahiwal, Development of Rothas Fort, Jhelum, Revitalization of Pakistan Institute of Archaeological Training and Research, Old Fort, Lahore, Conservation /

Restoration of Sheikhupura Fort, Preservation and Restoration of Derawar Fort, Bahawalpur, Archaeological Excavations and Preservation of Mound Dillu Roy at Jampur District Dera Ghazi Khan and Preservation and Restoration of Suri Mosque, Bhera, Sargodha.

HUMAN RIGHTS & MINORITY AFFAIRS

Minorities constitute an integral part of any society and play a vital role in the socio-economic progress of the community. Vision of the Human Rights & Minority Affairs sector is Protection of Human Rights & Minority Affairs in the Punjab. Foster equality, unity, peace and harmony amongst the masses with compassion and care for the oppressed and impoverished men, women and children.

In ADP 2016-17 Rs. 800 million were allocated for the various schemes of Minorities. During 2016-17, amount of Rs. 25 million kept for Educational Scholarships was distributed to deserving Minority Students all over the Punjab; Rs. 180 million was equally distributed for the development schemes proposed by minority MPAs including minority women MPAs; Rs. 108.320 million had been transferred as grant-in-aid to the SDA of the Director General Health Services Punjab for missionary Hospitals of the Minorities; Scheme titled “Awareness of Human Rights” all over Punjab was successfully completed.

For the FY 2017-18 Rs. 850 million has been allocated for HR & MA Department. Funds amounting to Rs.850 million will be utilized efficiently for different schemes; Educational Scholarship would be distributed to deserving Minority Students; The funds of the scheme titled “Public Awareness of Human Rights” will be utilized for raising awareness of Human Rights through Mass Media and targeted awareness of orientation like seminars / conferences; The scheme “Human Rights sensitization among the Public servants through Trainings” will focus on training programs for public servants; Block allocation amounting to Rs. 600 million has been provided for the development schemes of minorities.

AUQAF & RELIGIOUS AFFAIRS

In the wake of growing religious intolerance and heightening sectarian violence, there is an added responsibility on the Auqaf department to promote religious and sectarian peace, harmony and brotherhood. In addition to that, Auqaf department is striving to provide improved standards of religious services and facilities at mosques and shrines and is doing its best to ensure the existence of a peaceful environment for devotees. The department is also endeavoring to standardize the publication of Holy Quran. Repairing, re-habilitating and reconstructing shrines and mosques in neglected and far-flung areas also features on the department’s agenda.

During the FY 2016-17, a total of Rs. 100 million was allocated for development schemes of Auqaf Department. Extension of Mosque attached to Shrine Hazrat Shah DaulaWali, Gujrat and Establishment of Quran Museum/Library in Punjab Institute of Quranic and Seerat Studies for researchers, scholars and academicians were completed during 2016-17, having a cost of Rs. 67 million. In addition to above, a scheme for security arrangements at Shrines /

Mosques under Punjab Auqaf Organization has also been approved and provided to Rs. 30.000 million during 2016-17.

The total allocation for this sector for the fiscal year 2017-18 has been fixed to Rs. 190 million. Funds amounting to Rs.190 million will be utilized efficiently for different schemes; The major focus will be: To complete on-going schemes, Completion of the Civil works regarding Security Arrangements, Public Amenities, Conservation of historical shrines / mosques, re-construction of the Shrines / Mosques in dangerous condition and completion of the development schemes to facilitate the zaireen, safety of devotees, establishment of Quran Mahal at divisional level.

PLANNING & DEVELOPMENT

The mandate of Planning & Development Sector includes provision of technical support and coordination to various Government Departments to devise strategies for employment generation and sustainable development for improving the living standards of Rural & Urban population of the Punjab. It also deals with less developed regions of Punjab consisting of Barani tracts, sandy deserts of Cholistan, Tribal areas of D.G. Khan and Rajanpur and 11 districts of Southern Punjab. Government assigns high priority to the removal of regional disparities in the Province. This objective is being achieved through direct investment in less developed areas to enhance rural household income and employment opportunities, improving infrastructure and providing financial support to enhance production and skill development of the target groups through participatory approach.

Box 18: Milestone Achievements made during FY 2016-17

- Around 20 Provincial Government servants awarded scholarship for Master Degree Programme under Punjab Capacity Building Programme–*IV* for Policy Makers and Civil Servants.
- Around 42000 trainees (including 40% females) provided skills development training under DFID Assisted "Skill Development Programme".
- Under IFAD assisted Southern Punjab Poverty Alleviation Project (SPPAP), 750 low cost houses constructed and distributed among the poorest widows of the project area; small ruminant (2 goats package) to 5500 poor people; vocational and entrepreneurship training to 3000 unskilled people provided.
- Through TDAP, 150 Community Physical Infrastructure (CPI) schemes initiated and completed in Tribal Area of Punjab; 7,000 solar systems of 50 watts were provided to the people of the tribal area; Construction of 6 new roads completed.
- 29 afforestation, 134 soil conservation, 69 vegetable/fodder growing schemes, 102 solar water pumps and 34 water storage tanks were constructed by ABAD in Barani areas.
- Under CDA portfolio, 11Nos. water supply schemes, 11 Nos. of roads rehabilitation schemes, 40 Nos. of kunds were completed and 02 Nos. mega water supply schemes under CM Package are under process.
- Under Khadam-e- Punjab rural road programme (Phase I & II) TPV of 425 schemes has been conducted.
- Under Punjab Social Protection Authority (PSPA): About 75,000 poor households have been enlisted in Khidmat Card data and beneficiaries have been receiving 3600/- quarterly for their livelihoods; Rs. 16000 is being provided to pregnant and lactating poor mothers for the period of 20 months for healthy growth of their newborns and to avoid malnutrition issues in neonates under the project "Health & Nutrition CCT; 174 buffaloes and 229 cows were provided to 400 Khidmat Card women disabled beneficiaries of age (35-55).

In ADP 2016-17 an allocation amounting to Rs. 13.125 billion was made to the Planning and Development Sector. Strategic interventions of the department include: DFID assisted "Skill

Development Program (SDP)" initiated in 2016-17 in 36 districts of Punjab. Under this program, 330,000 youth including 132,000 female trainees would be provided skills/technical training. During CFY, 26,000 female youth would be trained; IFAD assisted Southern Punjab Poverty Alleviation Project (SPPAP) for Bahawalnagar, Bahawalpur, Muzaffargarh and Rajanpur for Livelihood enhancement through assets creation and Agricultural & Livestock Development; High priority to Development of Cholistan desert with special focus on provision of water, both for humans and animals, as well as provision of roads under Cholistan Development Authority; Provision of necessary infrastructure in Tribal Area of Punjab through Tribal Area Development Project (TADP); Capacity Building of Bureau of Statistics Punjab ensuring evidence based planning; Capacity Development of P&DD for improved policy planning and monitoring of development process in Punjab; Sustainable Land Management Program-UNDP Assisted; Capacity building of Directorate General of M&E for improved project planning, monitoring and evaluation of projects in Punjab; Preparation of integrated development plan for Arid Area of Punjab; Preparation of integrated development plan for Tribal Area of Punjab; Flood emergency reconstruction and resilience; Restructuring / revamping and strengthening of PERI; Retainership of top level Consultancies & TPVs of Development Projects; MICS 2017, Punjab Health Survey and Hepatitis Prevalence Survey; Introduction of GIS & RS Techniques for identification of potential sites for construction of Mini Dam in Potohar Area.

The Government of the Punjab has allocated Rs15.173 billion for P&D Sector for the FY 2017-18. New Initiatives fixed for 2017-18 include: Establishment of Investment Climate Reforms Unit in Pⅅ Preparation of Integrated Development Plan for arid areas of Punjab; Retainership of top level Consultancies & TPVs of Development Projects; Capacity Building of Bureau of Statistics Punjab ensuring evidence based planning; Provision of water reservoirs and roads under Cholistan Development Authority; Capacity Building of Agency for Barani Area Development; Restructuring of Directorate General (M&E) for improved monitoring and evaluation of development projects in Punjab; World Bank assisted Punjab Tourism for Economic Growth Project to promote tourism in Punjab. Major Targets for FY 2017-18 include: Around 20-25 Provincial Government Servants would be awarded scholarship for Master Degree Programme and 100-150 officials would also be provided short trainings for capacity building of Policy Makers and Civil Servants; 65,000 youth (including 40% female) would be trained under Skill Development Program; Around 188 Community Physical Infrastructure units would be constructed for livelihood enhancement under Southern Punjab Poverty Alleviation Project (SPPAP); 6 Nos. new mega linking roads and community development facilities under Tribal Area Development Project (TADP); Completion of 2 Mega Water Supply Schemes initiated under CM Package, rehabilitation and construction of Cholistan linkage roads and construction of Water Ponds i.e. Tobas & kunds; 150 TPVs of Development Projects would be conducted by DG M&E; Around 146 solar powered water pumping system would be provided to famers in Potohar under ABAD; Artist Khidmat Card Scheme would be launched to provide financial assistance to poor, deserving & needy artists through Khidmat Card; In collaboration with UNESCO, Rs. 100 million has been earmarked for 'Program for Science, Education, Technology and Innovation'; Punjab Youth Employability Pilot (PYEP) project would improve labour market outcomes for vulnerable youth between the age group 18-29 years of age with limited educational background.

Chapter 4

PUBLIC ACCOUNT OF THE PROVINCE

4.1 INTRODUCTION

Article 118(2) of the Constitution of Islamic Republic of Pakistan defines 'Public Account' as all monies, which do not form part of the Provincial Consolidated Fund (PCF) but are:

(a) Received by or on behalf of the Provincial Government; or

(b) Received by or deposited with the High Court or any other Court established under the authority of the Province.

It consists of monies for which the Provincial Government has a statutory or other such obligation and are in the form of trust monies for which the Government has a fiduciary responsibility. These transactions are outside the Provincial Consolidated Fund on both the receipt as well as expenditure side but with a common cash balance in State Bank of Pakistan, and are categorized as:

i. Unfunded Debt (deferred liabilities, including GP Fund);
ii. Deposits and Reserves;
iii. Remittances.

It also consists of series of accounts, each of which is separately governed under specific rules framed for the said purpose or deposited or disbursed under the court orders. Main elements of the Public Account in the Annual Budget Statement are summarised as follows:

A. Assets

- Cash of the Government with Bank
- Receivables

B. Deposits and Reserves / Liabilities

- Control Account
- Trust Account–Fund
- Trust Accounts–Others
- Special Deposit–Investments
- Special Deposit Fund

Annual Budget Statement (ABS) summarises its main elements as per following table:

Table 4.1
Public Account of the Province

(Rs. in Million)

RECEIPTS AND DISBURSEMENTS	BE 2016-17	RE 2016-17	BE 2017-18
A: RECEIPTS	**(732,080.657)**	**(1,313,596.392)**	**(1,379,276.212)**
Assets	**(1,079.215)**	**(1,429.595)**	**(1,501.074)**
Receivable	(1,079.215)	(1,429.595)	(1,501.074)
Deposits and Reserves	**(731,001.441)**	**(1,312,166.798)**	**(1,377,775.138)**
Other Liabilities	(410,294.122)	(596,592.879)	(626,422.428)
Control Account	(4,748.978)	(334,710.884)	(351,446.428)
Trust Account Fund	(15,882.810)	(23,566.412)	(24,744.732)
Trust Accounts-others	(128,158.431)	(196,539.999)	(206,366.998)
Special Deposit – Investments	(168,366.815)	(156,984.077)	(164,833.281)
Special Deposit Fund	(3,550.285)	(3,772.549)	(3,961.176)
B: DISBURSEMENTS	**732,080.657**	**1,254,972.943**	**1,317,721.590**
Current Assets	**-**	**-**	**-**
Cash and Bank Balances	-	-	-
Receivables	-	-	-
Liability	**732,080.657**	**1,254,972.943**	**1,317,721.590**
Current / Other Liabilities	409,305.191	567,497.010	595,871.861
Control Account	2,753.277	339,826.411	356,817.732
Trust Account Fund	22,384.260	26,736.963	28,073.811
Trust Account Others	124,826.947	172,068.714	180,671.625
Special Deposit – Investments	161,604.892	143,824.134	151,015.341
Special Deposit Fund	11,206.090	5,020.211	5,271.221
Net Public Account (A-B)	**--**	**(58,623.450)**	**(61,554.622)**

4.2 RECEIPTS

4.2.1 ASSETS

'Assets' as Public Account receipts consist of Cash and bank balances, Investments, Loans and advances, Imprest monies, Advances to employees, Returns from investments and loans etc.

4.2.2 DEPOSITS AND RESERVES

Larger part of receipts of the Public Account consist of deposits and reserves. These include intergovernmental adjustments, remittances, Suspense funds, Special Deposit Fund, Welfare fund, Development fund, Education & training fund, Income Tax deductions from salaries, Personal Ledger Accounts (PLAs) and Trust Account–Fund comprising of Provident, Benevolent and Group Insurance Fund.

Various items of misclassified receipts and expenditure are also part of deposits and reserves but do not follow any particular pattern, especially receipts, deposited or disbursement under court orders and expenditures relating to PLAs, of autonomous and local bodies of the provincial government are kept with government treasuries. The same is also true in the case of suspense accounts. Whether the net receipts from suspense or deposits is positive or negative, depends entirely on financial transaction or court decisions / orders and misclassification in respect of receipts. While the cash available is automatically consumed for discharging liabilities, the balance (net effect of receipts and expenditure) is not assumed to be a resource available to the provincial government.

This year effort has been made to bring budgeting and accounting in line with the international best practices and make them more transparent. An in-depth review indicated need for more focus on reporting assets and liabilities under the Public Account, hence departure from previous years' practice. The earlier practice was based on the assumption that since the province is not consuming the cash accrued from Public Account surplus, therefore the account of the assets and liabilities may be considered as balanced. This year the actual figures from the civil accounts have been reflected in the above table and the surplus cash represents the extent of payable liabilities and not the resource to provincial government.

4.3 DISBURSEMENTS

4.3.1 CURRENT ASSETS

Cash, bank balances and receivable are included under the category of current assets.

4.3.2 LIABILITY

Major part of the Liabilities is indicated as disbursements as deferred liabilities, to be made from deposits & reserves and is also shown as contra item to the deposits and the reserves.

4.4 NET PUBLIC ACCOUNT

Net Public Account shown in Table 4.1 provides that the revised estimate 2016-17 of Government's liability on account of Public Account is Rs.58,623 million which is estimated to increase to Rs.61,554 million in FY 2017-18. The resources to meet this liability are available in the Account No.1 of the Government. In the past, this cash was used as a financing item for Government's budget. However, as a prudent financial management practice, the present Government discontinued this practice in 2008-09. As a result, now these liabilities are not unfunded and cash is available in the bank account of the Government for their discharge.

Chapter 5

LOCAL GOVERNMENT FINANCE

5.1 INTRODUCTION - ESTABLISHMENT OF NEW LOCAL GOVERNMENT SYSTEM IN PUNJAB

Article 140A of the Constitution of Islamic Republic of Pakistan requires devolution of political, administrative and financial responsibility and authority to the local governments. Decentralization of certain functions is critical to strengthen grass roots democracy and to ensure greater political ownership of service delivery. The local representatives work directly with the communities and can respond better to their needs. Accordingly, the new local government system was established in Punjab through Punjab Local Government Act 2013 and the new system was made functional w.e.f. January 01, 2017.

The new LG system represents a major departure from the previous decentralization system under Punjab Local Government Ordinance, 2001, mainly because among other local government structures, the new system has also created District Health and Education Authorities. The District Health Authorities (DHAs) are mandated to establish, manage, and supervise the primary and secondary healthcare facilities and services in the districts. Similarly, the District Education Authorities (DEAs) are responsible for the establishment, management and supervision of primary, elementary, secondary, higher secondary facilities and services in the district. The system restored urban rural divide for provision of municipal services. District Councils have been created comprising the rural areas of each district except Lahore. Three different categories of local councils namely Municipal Committees, Municipal Corporations and Metropolitan Corporation have been created in the urban areas of the province. Union Councils remain the lowest tier of local governments as under the previous system. However, their number has been significantly increased under the new system.

Under Pakistan's fiscal federalism, most revenue productive taxes are assigned to the federation with sharing arrangements with the provinces. The local government revenue sources mostly comprise of taxes with small yields requiring high administrative costs but are responsible for major service delivery programs, including education and health. These two sectors constitute a major share of the total public outlay in the province. The local governments, especially the DEAs and DHAs, therefore require predictable, transparent and credible mechanism for intergovernmental funds transfers to address the vertical imbalance and to provide adequate revenues for local services. Accordingly, Punjab Local Government Act, 2013 provides for establishment of fiscal transfer system for distribution of provincial resources between the provincial government and the local governments. Under section 153 (3) (a) of the Act, it is stated that 'where a local government assumes the office under this Act for the first time – the

Government shall transfer grants to the local government on the basis of an interim Punjab Finance Commission Award announced by an interim committee constituted by the Government'.

5.2 INTERIM PUNJAB FINANCE COMMISSION (PFC) AWARD, 2017

The Interim Punjab Finance Commission (PFC) Award, 2017 was approved by Government of the Punjab on December 30, 2016. The Award, designed with the technical assistance of UK's DFID assisted Sub-National Governance (SNG) Programme, is considered critical in ensuring improved service delivery by local governments in Punjab and is a big step forward in accurate needs assessment at the grassroots level. The government has expressed its desire to empower LGs with the devolution of 44% of Net Provincial Consolidated Fund to LGs. The award extends to the whole of the Punjab. The Interim Finance Committee that made recommendations for the award was headed by Dr. Aisha G. Pasha, Finance Minister, Government of the Punjab and comprised Minister for Law, Malik Muhammad Waris Kallu, MPA, Makhdoom Hashim Jawan Bakht, MPA, Malik Muhammad Ahmad Khan, MPA, Secretary Finance, Secretary P & D, Secretary Law, Secretary LG&CD, Secretary Health, Secretary Health Education, Dr. Amjad Saqib, Dr. Zafar Iqbal Qureshi and Dr. Ali Cheema as members. The key features of the award are described in the following sections.

(i) Vertical Distribution

The provincial retained amount is 62.5 per cent of the net proceeds of the Provincial Consolidated Fund. The Provincial Allocable amount to districts is equal to 37.5 per cent of the net proceeds of the Provincial Consolidated Fund (NPCF). Special grants up to 6.5% of the net proceeds of Provincial Consolidated Fund have been earmarked for local government functions. In this way the total share of local governments under the Interim Award works out to 44% of NPCF.

(ii) Shares of local governments

The share of DEAs, DHAs, Metropolitan Corporation, Municipal Corporation, Municipal Committees and District Council in the formula based component of provincial allocable amount is as follows:

Local Government	Share
District Education Authorities	**66.9%**
District Health Authorities	**16.0%**
Metropolitan corporation, municipal corporation, municipal committees, and district councils	**12.8%**
Union Councils	**4.3%**[1]

(iii) Types of grants

The Award provides for four different types of grants to local governments:

[1] Each Union Council will be provided Rs 3.60 million annually. The total amount is equivalent of 4.3%.

General Purpose Grants

General Purpose Grants are transfers from the Provincial Allocable Amount to Local Governments to meet their current expenditure needs.

Transition Grants

Transition grants are transfers from the Provincial Allocable amount that are intended to meet shortfalls between the baseline expenditure of local governments and the share allocated to them under the General Purpose Grant.

Development grants

Development grants are one-line transfers from the Provincial Allocable Amount to local governments to meet the development expenditure needs. These grants can only be utilized for development purposes.

Special Purpose Grants

This grant is intended to support specific local government functions as envisioned in the provincial policy.

(iv) Horizontal distribution

The award aims to achieve the objective of fiscal equalization through equitable horizontal distribution and by reducing the gap in the provision of comparable level of public services for citizens between similar types of local governments. Expenditure needs vary across local government jurisdictions. These differences arise from variations in cost of service provision. In addition to differential expenditure needs, differences in capacity to raise revenue also impact horizontal equity. However, due to limited availability of data it was not possible take into account revenue potential of local governments. Therefore, formulae for the different types of grants are described as follows:

(i) General Purpose Grant will be calculated on the basis of the following formula:

$$G_i = P_i\,(E_s/P_s)\,V_i$$

Where G_i=Grant for respective local government in a district

P_i=District Population in 2016 extrapolated on the basis of the 1998 census and the district wise population growth rate computed on the basis of the Punjab Development Statistics 1999 and 2014.

Es/Ps=Per capita expenditure by the respective local governments in the province in the financial year 2015-16 in discharge of relevant functions assigned to Local Governments

In order to compute V_i, the expenditure needs of the local government are estimated using the following parameters:

(a) The formula for distribution between DEAs is based on the ratio of district variables of inverse population density, school-going-age children in the population, poverty rate, girls' middle-class enrolment, and out-of-school children to the respective provincial figures.

(b) The formula for distribution to DHAs is based on the ratio of district variables of inverse population density, share of population less than 9 year olds and greater than 65 years old, share of women population aged between 15 to 49 and poverty rate to the provincial averages.

The formula to compute district share for distribution between metropolitan corporation, municipal corporation, municipal committee and district council is based on the ratio of district figures of inverse population density, poverty rate, and share of population without access to improved drinking water sources on premises to the provincial figures. The share of district council in General Purpose Grant for Municipal Corporations, Municipal Committees, and District Council of a district was decided to be equal to half of the share of rural population in the district. The balance of the General Purpose Grant is divided among the Municipal Committees and Municipal Corporations on the basis of their share in the number of Union Councils/Wards in the district.

(ii) **Transition grant** for all local governments except union council addresses the shortfall between the baseline expenditure and respective share allocated under the General Purpose Grant.

(iii) **Development grant** for all local governments except union council is distributed on the basis of the formula for the general purpose grant. This can only be used for development expenditure.

(iv) **Union councils** will receive a fixed grant of Rs. 300,000 per month as their General Purpose Grant and Development Grant share.

The award has resulted in allocative increases of 19% for education, 37% for health and 164% for local councils compared to previous years' allocations.

5.3 DESIGN OF THE REGULAR PFC AWARD

At the time of finalization of the interim PFC Award 2017 the data on establishment costs was not available as their schedule of establishments were still being finalized and a number of other transitional issues were being resolved. Furthermore, there was uncertainty regarding the revenue of local councils as a result of changes in their boundaries and creation of greater number of local governments. Accordingly, the Finance Department is engaged in collecting these vital pieces of information. For this purpose, civil accounts of local councils are being prepared every month and reviewed by the Finance Department.

It is planned that the PFC award will be revised and restructured to account for the new information available on the establishment costs of local councils and the revenue raised by the local governments.

5.4 FMIS FOR FINANCIAL REPORTING BY LOCAL COUNCILS

To encourage e-governance through automation of systems and business processes, and support system strengthening in all local governments, Government of the Punjab has launched an ambitious plan to implement automated Financial Management Information System (FMIS) that is compliant with a similar financial reporting system being followed at the Federal / Provincial level. The FMIS system will be user-friendly, robust and secure. It will focus on capturing budget, expenditures and revenue collection and will result in real time financial reporting to provincial government.

Finance Department will act as the sponsoring agency of the project whereas an inter-departmental task force will be responsible to monitor and support the implementation phases and activities under the overall supervision of a provincial steering committee comprising Finance Department, Local Fund Audit and LG&CD Department. Dedicated capacity building centres/labs equipped with necessary facilities will be established in the provincial directorate of Local Fund Audit and in its nine divisional directorates that will furnish continuous capacity building services to the concerned officers/officials of all the local governments. The FMIS will provide a system with adequate audit trails to identify administrative accountability in processing transactions. Improved timeliness and accuracy of transaction processing together with comprehensiveness of financial reports with the adoption of customised Chart of Accounts will help achieve greater transparency and accountability across local governments by making key fiscal data available in real time to the provincial government entities and public to hold local governments accountable for the use of public funds. Besides this, the FMIS will also help in producing better information to support management decision making process particularly deciding on the design and award of performance based grants in order to create an incentive structure that incentivises the local governments which translate funds into service delivery improvements. The full project life cycle from definition of objectives, to system specifications, to system procurement, configuration, testing, and rollout is planned to be completed by 30th June 2019.

5.5 ESTABLISHMENT OF INTERNAL AUDIT AUTHORITY

While approving the Punjab Finance Commission (PFC) award, the Provincial Cabinet also advised to devise a mechanism for strengthening internal controls and internal audit in the local governments. In line with these recommendations, Finance Department is working on institutional and legal framework for establishing an Internal Audit Authority. The authority will implement an internal audit framework for purposes of securing efficiency, financial discipline, transparency and good governance through instilling an accountability mechanism across the local governments, which are entrusted with efficient utilization of significant portion of funds i.e. 44% of the Net Provincial Consolidated Fund. Besides instilling an excellent control environment across the newly formed local governments the authority will help the government and provincial finance commission in design and implementation of a transparent and equitable award and distribution of performance grants through provision of evidence of performance and ensuring production of reliable financial data on local governments receipts and expenditures.

Chapter 6

PUBLIC FINANCIAL MANAGEMENT REFORMS

INTRODUCTION

Public Financial Management (PFM) is the composite name for processes and systems through which governments translate public resources into public services. It is extremely important that Governments reform these systems / processes to make them transparent, efficient and effective. Due to their significance, PFM reforms enjoy a high priority on reforms agenda of the Government. Accordingly, the Government has embarked on an elaborate Public Financial Management (PFM) strategy to improve its systems, processes and HR capacity. In this connection, several measures have been implemented in the last couple of years. Some have already reached fruition whereas others are still under implementation. The government has also taken some new initiatives to build on the momentum of reforms and ascertain sustainability of the ongoing initiatives. Some of the major implemented/ongoing reforms have been explained in the following paragraphs:

6.1 INSTITUTIONAL DEVELOPMENT OF FINANCE DEPARTMENT

A detailed institutional review of Finance Department was carried out in FY 2015-16 as a result of which a major restructuring exercise was conducted in the department. During the review it was identified that the department had capacity constraints in the areas of taxation policy, debt management and financial management of public sector enterprises. It was felt that taxation policy needed to be more evidence based. Similarly, due to lack of capacity for debt management, the Government could not make effective use of borrowing powers vested in it by National Economic Council (NEC) in the recent past. Likewise, the department lacked sufficient capacity to represent its viewpoint on governing bodies (Board of Directors) of corporate entities as their decisions / commitments resulted into substantial financial liabilities for the Government. Accordingly, as part of the PFM reforms, Finance Department has established three specialized units namely Tax Policy Unit (TPU), Debt Management Unit (DMU) and Corporate Finance Unit (CFU). All three units have been staffed with experts from private sector.

DMU is developing Punjab's Debt Management Act and Debt Management Strategy for the analysis of existing debts. In addition, DMU is in the process of launching provincial bonds for the Government. The unit identified options for swapping existing expensive debt with cheaper and more viable debt. TPU has undertaken a study on tax potential in Punjab with technical assistance of development partners. The CFU has also started to represent Finance Department on boards of corporate entities of the Government. CFU is also developing a financial database of public-sector companies in Punjab.

6.2 FISCAL RESPONSIBILITY AND DEBT LIMITATION LEGISLATION

Article 167 of the Constitution of Islamic Republic of Pakistan, 1973 allows provinces to borrow against the guarantee of the Provincial Consolidated Fund within the limit set by the National Economic Council (NEC). NEC has also allowed provinces to borrow within a ceiling of 0.5 percent of GDP from domestic market. The ceiling has been shared among provinces in accordance with their horizontal share in 7th NFC Award. Accordingly, Government can initiate domestic borrowing for its fiscal needs. However, the fundamental canons of financial propriety warrant a responsible fiscal behaviour with respect to government borrowings. In consonance with principles, the Government has undertaken to legislate a framework for prudent debt management. The preparatory work has advanced to the level of final draft of the bill after due consultations with the Law Department. The proposed title for the law is Punjab Fiscal Responsibility and Debt Management Act (PFRDMA). The Government would like to get this draft bill approved from Provincial Assembly before accessing capital market.

6.3 REVISION OF FINANCIAL RULES

With the objective of aligning rules with modern PFM practices, reducing transaction costs by devolving greater authority and simplifying systems/processes, wherever possible, Finance Department has initiated revision of 6 sets of financial rules. During the process, previously announced amendments have been incorporated to rules and redundant provisions are proposed to be removed. Further, provisions for e-transactions, modified accrual-based & commitment-based accounting for the reinforcement of internal controls have been added to the accounts. A list of the reviewed/revised rules includes: i) Treasury and Subsidiary Treasury Rules; ii) Punjab Financial Rules Vol-I; iii) Punjab Financial Rules Vol-II; iv) Departmental Financial Rules (DFR); v) Punjab Budget Manual; and vi) Punjab Delegation of Financial Powers Rules. The revised version of Delegation of Financial Powers Rules has been notified by the Government. Remaining rules are being discussed before finalization and adoption. The department has constituted technical/thematic groups comprising relevant officials to finalise the drafts.

6.4 BUDGET TRANSPARENCY REFORMS

For last three years the Government, with the technical assistance of SNG programme, has been implementing a number of initiatives to improve budget transparency, public participation in budget making and accountability in Punjab. Details of such initiatives are:

6.4.1 Pre-budget consultations:

Finance Department supported a structured approach to pre-budget consultations with Members of the Provincial Assembly (MPAs) for identification of high-level priorities such as education, health and law & order for the budget 2016-17. These priorities were shared with all departments for guidance in the process of preparing their respective budgets.

6.4.2 Citizens' Budget 2016-17:

FD has been developing and disseminating Punjab Citizens' Budget for last four years. The document has helped present complex budgetary information in a manner that is easy for a common man to understand. The document been appreciated by parliamentarians, policymakers, government officials, academicians, media and other sections of the society as a document that helps them better understand budgetary information.

6.4.3 Output-based budgeting (OBB):

Output-based budget statements for FY 2016-17 were developed for the School Education Department (SED) Lahore Waste Management Company and Punjab Saaf Paani Company. The process involved facilitating SED and public sector enterprises (PSEs) in strategic planning and prioritisation, identification of core outputs and improved budget preparation and performance monitoring processes. Government is now planning to support scale up and adoption of OBB in the remaining key provincial departments and PSEs through operationalisation of the Medium-Term Budget Framework (MTBF) Cell in the Finance Department.

6.4.4 Debt Bulletin

A debt bulletin has been developed and published by the Finance Department to communicate to public important information on Government's debt. The bulletin would be a biannual feature. The format of the bulletin has been developed to use internationally recognized indicators for monitoring of public debt.

6.4.5 National Action Plan for Open Government Partnership (OGP)

OGP was launched in 2011 to provide an international platform for domestic reformers committed to making their governments more open, accountable, and responsive to citizens. Government of Pakistan has recently joined OGP to benefit from the objectives of the programme by learning from the relevant examples of other successful / advance nations. Finance Department is closely working with P&D Department to lead the process for development of a National Action Plan for Open Government Partnership. The plan will be implemented over a period of next two year after development / finalization of the plan.

6.5 CAPACITY BUILDING OF FINANCE DEPARTMENT

According to Rules of Business, 2011 of the Government, Finance Department has an important role to play in all matters involving financial implication. In order to enable the department perform its central role of providing support to all departments in financial matters, it is extremely important to significantly invest in the capacity of the Department. In this regard, following important initiatives were implemented during last financial year:

6.5.1 TNA of Finance Department

A TNA of the staff of the Finance Department was completed during the outgoing financial year with the technical assistance of Sub-National Governance Programme. The TNA was part of a structured approach for human resource development. Accordingly, a training needs assessment of a representative sample 70 officials of Finance Department was conducted in technical as well as core competencies. The TNA exercise identified specific training needs of all wings/components of Finance Department, including its Budget & Resource Wing, Expenditure & Investment Wing, Monitoring Unit, Regulation & Establishment Wing and Social & Economic Services Wings. The TNA exercise also identified areas for training. In addition, it identified several areas of institutional strengthening to improve performance of human resource in FD. A training plan has also been developed to implement the findings of the TNA.

One of the main recommendations of the TNA was establish an HR management cell in Finance Department that continues to take forward department's initiatives in the areas. Similarly, the TNA recommended designing of an 'Induction Training' for new officers of the Finance Department. Accordingly, the department plans to develop the Induction Training Manual which during FY 2017-18. The manual would be institutionalized in Management & Professional Development Department of the Government to run the course on period basis for the benefit of new entrants to Finance Department.

6.5.2 Handbook for officers of FD:

Finance department is the most important regulatory department of the Provincial Government. Due to importance of its work and its cross-cutting & regulatory role, it is imperative that officials of Finance Department are well aware of overall policies of the provincial government so that they are able to provide necessary guidance to other departments. Accordingly, Finance Department has prepared a handbook to help its officers in effectively representing the department at different forums and accordingly ensure compliance of rules / regulations. The Guidelines will serve the purpose of a checklist and highlight significant aspects that require special attention while participating in meetings. In addition, it also includes important information on certain other areas relevant to Finance Department's day to day working. The technical areas covered in the Guidelines are:

- Departmental Development Sub Committee (DDSC)
- Evaluation Committee Meeting in the P&D Department
- Consultant Selection Committee (CSC)
- Release of Funds in respect of Development Schemes
- Release of Funds Under Non-Development Budget through Supplementary Grant
- Policy regulating the opening of bank accounts, sanctioning of Advance Drawl of Funds (SADFs) and Sanctioning of Special Drawing
- Accounts (SDAs).

Chapter 7

TAXATION REFORMS

Taxes are the primary source of revenue for any government. The Constitution of Islamic Republic of Pakistan allows federal and provincial governments to levy certain taxes. Despite the fact that most of the buoyant taxes are in the Federal domain, the Punjab government has been making consistent effort to improve tax administration as well as initiate policy reforms. The efforts of the Government to reform its taxation system have already started to bear fruit in the form of a healthy growth rate in revenue collection during the last two years.

The provincial taxes are estimated to yield Rs. 175.2 billion in FY 2016-17 and the target for FY 2017-18 has been pitched at Rs. 230.9 billion, which is 31.8% higher than the preceding year. Major tax reforms undertaken by the Government are as follows:

7.1 TAX REFORM UNIT (TRU)

In order to support the tax reform agenda of the Government and to strengthen provincial capacity for tax policy analysis, a dedicated Tax Reforms Unit (TRU) has been established in the Finance Department. TRU is tasked with producing evidence-based revenue analysis and studies for all provincial tax and non-tax revenues, as well as analysing the relationship between the federal-provincial tax systems and making recommendations for creating synergies thereof. These analyses will promote evidence-based decision-making in order to increase fiscal space and provide for a more efficient, effective and equitable taxation system in Punjab.

7.2 SALES TAX ON SERVICES REFORMS

In Punjab, collection of Sales Tax on Services and Punjab Infrastructure Development Cess (PIDC) has been assigned to Punjab Revenue Authority (PRA). PRA has implemented a number of reforms to streamline provincial sales tax and PIDC through adopting a number of tax policy and reform measures including exploring and tapping new taxable services which increased from 12 taxable services in 2011-12 to 62 in 2016-17; transforming the tax registration, assessment and collection regime through automation; improving & ensuring tax compliance; conducting tax surveys to identify new taxpayers; and promoting tax culture by holding tax awareness workshops & seminars. Similarly, to highlight the importance of taxation in the overall policy framework and to popularize the tax payment culture, April 10 has been declared as the ‘Tax Day’. After its celebration in 2016, under the directions of the Chief Minister Punjab, it has now been made a regular annual event. By doing so, Punjab became the first province to recognize the importance of tax payment as an instrument of social cohesion and nation building. Due to these interventions, only in its fifth year of its creation, PRA now stands out as the premier tax-collecting agency of the Province. In FY 2016-17, upto April 2017, PRA's tax collection had reached Rs.64.15 billion against a collection of Rs.47.92 billion in the corresponding period of preceding year registering an increase of 34%. Similarly, PRA has registered 35,339 taxpayers upto April 30, 2017 compared with only 615 registrations transferred to it in 2012 from FBR.

Key reforms implemented by the PRA in connection with Sales Tax on Services are as follows:

7.2.1 Institutional Development

PRA with the cooperation of the World Bank envisaged and implemented a number of initiatives for institutional development of the authority. These involved a 'Functional Review' of the organization, development of Human Resource Manual, conducting an IT diagnostic assessment, conducting of tax audit training for PRA's officers and most importantly a full-scale review of Punjab Sales Tax on Services Act, 2012. These initiatives contributed to formulation of new tax proposals and technical amendments in the said law and resulted in significant enhancement of the tax base by bringing into tax net a number of new services and also simplified implementation of enforcement measures.

7.2.2 Survey for Identification of Taxpayers

A key initiative of PRA during FY 2016-17 was conduct of a survey of potential taxpayers. With the technical and financial assistance of UK's Department for International Development (DFID) funded Sub-National Governance Programme (SNG), PRA designed and implemented a province-wide detailed survey through a third party. The survey was designed to gather information about potential taxpayers in selected services sectors in high potential areas/districts of the Punjab. The survey identified 25,000 small and medium enterprises engaged in one or more of the 58 services liable to be brought into the tax net. This survey has substantially increased the number of potential taxpayers in PRA's directory and is expected to lead to broadening of tax base on sustainable basis.

7.2.3 Punjab Tax Management System (PTMS)

PRA is availing the PTMS system provided by PRAL. PRA has signed a revised agreement with PRAL, in FY 2016-17, to further secure its interests by adding explicit service level provisions to make PTMS system more responsive and efficient. This has helped in facilitation of taxpayers in registration and filing of tax returns.

7.2.4 Electronic Courts for Appellate Tribunal and Commissioner Appeals

Since its creation, PRA has been expanding its outreach in most of the areas of the Punjab Province by establishing Divisional Commissionerates. These Commissionerates provide regional focus and allow greater accessibility to the taxpayers and enable improved enforcement as well as grievance redressal. In discharge of the enforcement & assessment function of the field offices of a tax administration such as PRA, it is expected that the taxpayers feeling aggrieved of orders of the tax authorities will enter into different rounds of litigation. This may inter-alia entail filing of appeal before the Appeals Commissioner and thereafter before the Appellate Tribunal. The manual system of filing of appeals generally requires a lot of time, effort and energy. Further, with the increase in the number of appeals at different levels, the manual system may not be able to respond efficiently & effectively to the needs of the litigants. Accordingly, to facilitate the taxpayers and to improve the efficiency of the existing systems, PRA has come up with an initiative of establishing E-Courts, the first of its kind in the entire country. The functioning of E-Courts will involve the online filing of appeals, issuance of hearing notices, request for adjournments, video hearing of appeals, and finally online issuance of order.

7.2.5 Notice Management System (NMS)

PRA is actively working on avenues for IT-based solutions for compliance. In this regard, PRA is in the process of developing effective IT-based solutions resulting in reduced human involvement. In FY 2016-17, PRA initiated pilot/trial run of NMS to automate the process of notice issuance to taxpayers by PRA officers. A dashboard has been developed for advanced level reporting for supervisory officers and senior management of the authority. To ensure transparency, the taxpayers shall be able to ascertain the genuineness of the notice by verifying the notice barcode on NMS portal.

7.2.6 PRA Training Academy

Since its creation, PRA has been endeavouring to engage and develop a professionally trained workforce to achieve its intended objectives. As part of this programme, PRA has developed a comprehensive human resource development strategy including the establishment of PRA Training Academy. The aim is to attain professional excellence through capacity building and training. The first batch of recently recruited officers has been trained at this newly established training academy. This facility will also be utilized for training of the officers and staff of other tax collecting departments and agencies of the Punjab Government. The academy would also conduct research on issues of tax policy, administration and management. In addition to exposing the trainees to the conceptual dimensions of tax regime, training content includes practical dimensions of tax collection and administration. PRA has developed **Virtual Learning Environment (VLE)** platform for the training academy, with the capacity for content management; class administration and organization; creation and assignment of lesson plans; self-assessment and compliance; communication and collaboration. The VLE will result in saving time and resources and allow flexible schedule for learning and self-discipline of trainees.

7.2.7 Restaurant Invoice Monitoring System (RIMS)

Restaurant Invoice Monitoring System (RIMS) is a flagship initiative of PRA, which was launched in July 2015. The system inter-alia aimed at monitoring the sales tax collection system at restaurants on real time basis with a view to ensure the deposit of the charged sales tax in the government exchequer besides identifying any concealment or tax leakages at the restaurant level. However, the introduction of “Amanat Scheme” in March 2016 gave the necessary impetus to its adaption by restaurants and general public. Under the system, through real-time internet based connectivity, the invoice data of restaurants is captured by PRA into its system and propriety of monthly declarations of restaurants are checked by the system on the basis of online -retrieved invoice data. RIMS has contributed Rs. 500 million in FY 2016-17. RIMS has been extended to Faisalabad in March 2017 and will be rolled out to other cities and sectors in FY 2017-2018.

7.3 PROPERTY TAX REFORMS

The provincial government initiated automation of urban property records through a GIS based survey in six major cities of the province with an aim to brining in transparency in calculation of tax, through self-assessment, and its collection. In the 1st Phase, Property Tax record of 18 districts, which contribute almost 85%, has been computerized. The remaining 18 districts are also being computerized. The system generates unique pin codes for each taxpayer with description and assessment of his property. Taxpayers can themselves verify/calculate their tax liability using calculator, available both in Urdu and English, on the official website of the Excise & Taxation Department (http://www.excise-punjab.gov.pk). The government expects 100% increase in revenue receipts in 3 years coming out of these reforms.

7.4 MOTOR VEHICLES TAX REFORMS

Punjab government has successfully launched Dealers Vehicle Registration System (DVRS) throughout the province to facilitate citizens and getting rid of agent mafia, eliminating corruption, minimize malpractices of staff and for providing facility of registration of motor vehicles at sale point. Database of all motor vehicles has been centralized. Automated registration card and Personalised Vanity Number Plates are being introduced for generating revenue and countering the preparation of bogus/fake Registration Booklets and Number Plates. Instant provision of data to Law Enforcing Agencies (LEAs) has been ensured to remove the disconnect among government agencies for improving security situation.

Chapter 8

DEBT AND LIABILITIES

Debt management is a specialized function focused on managing provincial government's debt, loans and liabilities. Since the provincial governments were not authorised to raise debt without the Federal Government's consent, this area received less attention until a couple of years ago. The National Economic Council (NEC) allowed the provinces to raise domestic debt equivalent to 0.5%[1] of the national GDP in 2015. This limit is divided amongst the provinces according to their share in the NFC formula. Punjab, under this formula, is authorised to raise debt up to Rs. 61.74 billion.

Finance Department has established Debt Management Unit (DMU) to professionally manage the provincial debt and liabilities. DMU has embarked upon developing a Debt Management Strategy to provide a framework for management of debt, loans and liabilities. The aim is to use the recently allowed additional fiscal space effectively through borrowing for projects promising real economic growth. The World Bank is providing technical assistance in this area.

8.1 DEBT STOCK

At present, Government of the Punjab has a relatively small debt liability compared to the size of its Gross Regional Product (GRP). At present, the debt stock comprises debt contracted from, or through, the Federal Government. At the end of the financial year 2016-17, the Government's total debt is estimated to be Rs.568.12 billion (Table 8.1), or 3.24 % of GRP[2]. This ratio appears even smaller relative to national GDP, i.e. 1.78%[3]. Bifurcation of Punjab's total debt is:

Table 8.1
Punjab Total Debt Stock as on June 30, 2017
PKR (in billion)

Type of Loan	Outstanding as at Jun '16	Outstanding as at Jun '17	% Growth	% of total as at Jun '17
Domestic Loans	**17.07**	**14.15**	**-17.1%**	**2.5%**
External Loans	**510.28**	**553.98**	**8.6%**	**97.5%**
Total	**527.35**	**568.12**	**7.7%**	**100%**

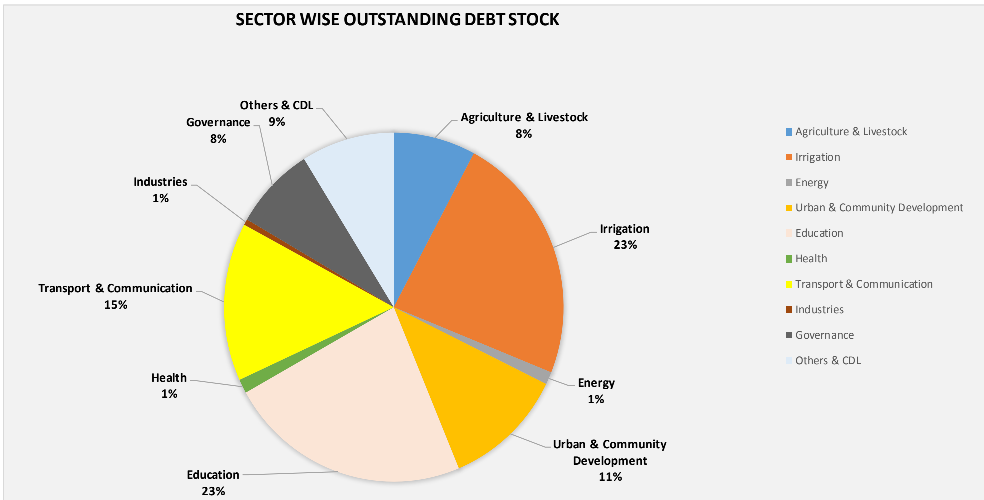
Note: Currency conversion rates are based on numbers provided by Federal Government this year for budget exercise.

1The recent NEC meeting, held in May 2017, decided to further enhance this limit to 0.85%.
2There are no official provincial GDP estimates in Pakistan. Nominal gross provincial value added (GSDP) used for Punjab is Rs.17,524 billion i.e. 55% of the Estimated GDP of Pakistan for FY 2016-17
3 This ratio is calculated using the nominal GDP of Pakistan in 2016-17 at factor cost that approximates to Rs.31,862 billion

8.1.1 Sector Wise Composition of Debt Stock

Sector wise composition of the debt stock shows that loans were obtained to support development and improvement in Education, Irrigation, Transport & Communication, Urban & Community Development and other sectors as shown in Figure 8.1.

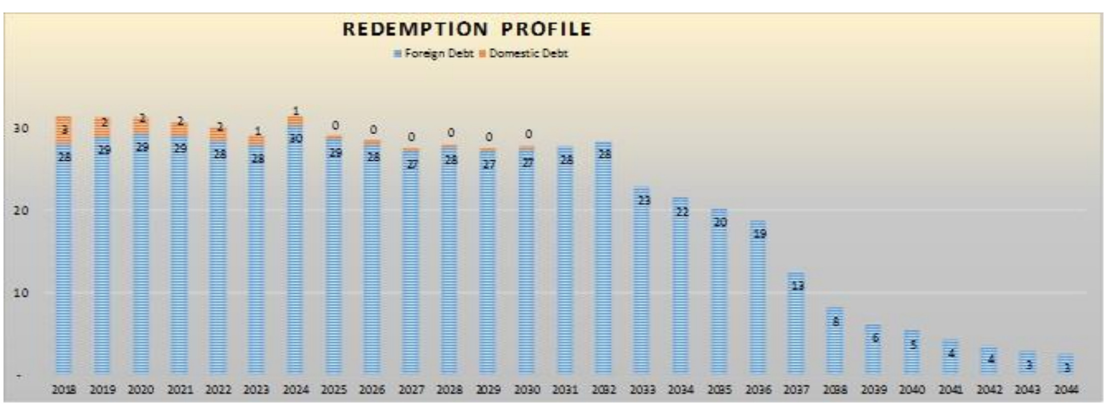
Figure 8.1
Punjab Total Debt Stock as on June 30, 2017



8.1.2 Redemption Profile

The redemption profile refers to the amount of annual debt repayment over a given period of time according to amortization schedules of individual loans. It helps identify periods in which large principal repayments will be due. The information helps decide the amortization scheme of new loans to smoothen Government's redemption profile. Redemption profile of Government of the Punjab's debt is quite smooth and is spread over a period of 26 years as shown in Figure 8.2.

Figure 8.2
Redemption Profile as on June 30, 2017
PKR (billion)



8.1.3 Domestic Debt

Domestic liability of the Government consists of a series of Cash Development Loans (CDLs) from the Federal Government. All of these loans were obtained at fixed interest rate with original maturity of 25 years. Many of these loans have already been repaid. As of June 30, 2017, a principal amount of only Rs.14.14 billion would be outstanding. A large portion of this outstanding balance will be repaid over the next five years but complete repayment will be made by FY 2029-30. Average Time to maturity of the Domestic Debt portfolio stands at 3.7 Years.

Table 8.2
Punjab Outstanding Domestic Debt as of June 30, 2017

	Stock *Rs. Billion*	Avg. Interest Rate	Avg. time to Maturity (Yrs)	Percent of Total
CDL (Normal)	7.89	14.03%		56%
CDL (SCARP)	6.25	13.23%		44%
TOTAL	***14.14***	***13.49%***	***3.7***	***100%***

8.1.4 Foreign Debt

Punjab's foreign debt portfolio is highly concessionary with an average maturity of 10.3 years as of June '17. The World Bank (including IBRD and IDA) is the leading creditor with 45% share of the total outstanding debt followed by ADB with 36% share in foreign debt stock of the Government. Foreign Debt stock also includes a few bilateral loans from China and France; having a share of 15% of the total outstanding debt. Other lenders include IFAD, JICA and IDB. Creditor wise composition is provided in Table 8.3 below.

Table 8.3
Foreign Debt Creditor wise as of June 30, 2017
PKR (in Billion)

Creditor wise Composition of Foreign outstanding debt		
Creditor	**Outstanding (PKR)**	**% of Total**
ADB	199.34	36%
IBRD	43.60	8%
IDA	204.76	37%
JICA	21.66	4%
France	3.30	1%
IFAD	4.87	1%
IDB	0.18	0%
China	76.27	14%
TOTAL	***553.98***	***100%***

With respect to currency wise composition, US Dollar denominated debt accounts for 84% of the total foreign debt followed by Japanese Yen (JPY) with a share of 12%. Table 8.4 explains the currency wise composition of the debt stock.

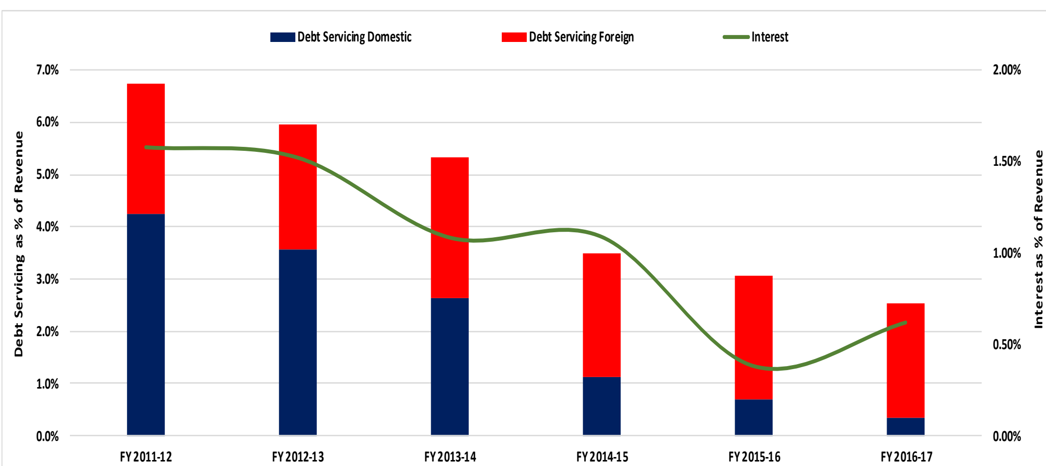
Table 8.4
Foreign Debt Currency Composition as of June 30, 2017
(In Billion)

Currency	Outstanding Original Currency	Outstanding PKR
USD	4.42	466.02
JPY	70.90	66.05
Euro	0.03	3.30
RMB	1.20	18.43
ID	0.001	0.18
TOTAL		**553.98**

8.1.5 Debt Servicing

Punjab's total debt service in FY 2016-17 stood at Rs.36.0 billion (2.52% of total provincial revenues). Interest payments on total debt are Rs.8.8 billion for FY 2016-17. It is evident that annual Debt Service is a small proportion of annual Revenues which is an indication of strong creditworthiness of the Province.

Figure 8.3
Debt Servicing as % of Revenue

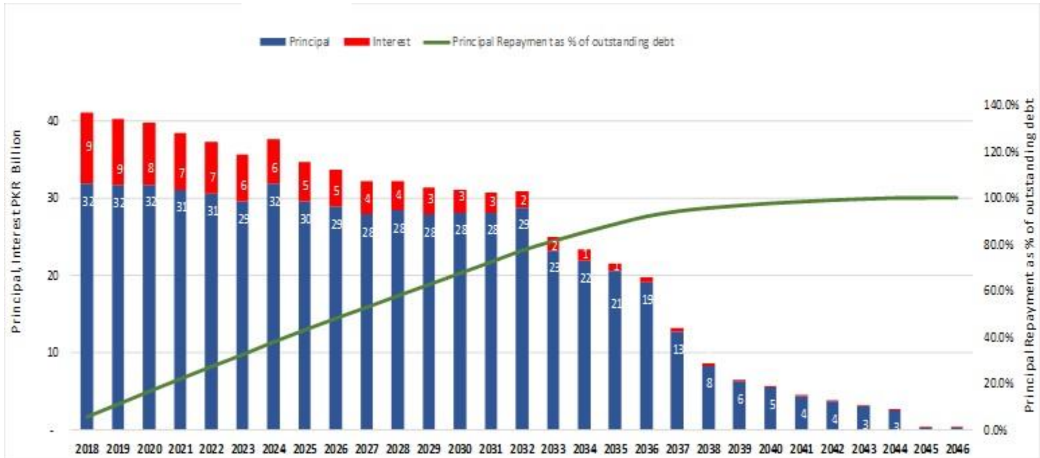


Based on total outstanding debt as of June 2017, the projected debt servicing for FY 2017-18 is 3.64% of the Average Revenue of the last 3 financial years. Projected debt servicing of

FY 2017-18 is Rs. 40.9 billion as compared to Rs. 36 billion in FY 2016-17. An annual projection in the Figure 8.4 explains that 80% of the current outstanding debt shall be repaid till FY 2032.

Figure 8.4

Projected Debt Servicing FY 2017-18 onward



Assumptions of debt servicing projections:

1. Rate of 10th May 2017 is considered as base rate for LIBOR based loans.
2. Currency conversion rates of 10th May `17 are considered with assumption of rupee depreciation at 2% p.a.
3. Weighted average exchange rates are considered for conversion of loan receipts into original currency of loan commitment.

Projected Interest expense for FY 2017-18 is estimated at Rs.9.2 billion which is 0.05% of the GRP of FY 2016-17 and 0.82% of the Average revenue of the last three financial years. Interest expense for FY 2016-17 stood at Rs.8.8 billion which was 0.79% of the Average revenue of the last three financial years.

8.1.6 Sensitivity Analysis

A number of indicators are used to monitor and control risks associated with government's debt. The challenge is to achieve a debt structure that balances the cost with an appropriate level of risk. Key risk indicators explain the sensitivity of the debt stock with respect to maturity, interest rate and currency risk and act as a guideline to devise future borrowing strategies. For this analysis, exposure of the debt portfolio to risk is captured using the following risk indicators.

- ✓ Refinancing/ Rollover Risk
- ✓ Interest Rate Risk
- ✓ Foreign Exchange Risk

(i) **Refinancing/Rollover Risk** is the risk of having to roll over debt at a higher interest rate. Debt maturing in a year and Average Time to Maturity (ATM) are the two measures used to measure this risk. ATM shows average time to repayment of entire debt stock. Larger the ATM, longer the time available with the borrower to settle its outstanding debt obligations.

ATM of the Government's total debt portfolio is 10.13 years compared to 10.5 years on June 16. The Average Time to Maturity of 10.13 years is quite reasonable and indicates low exposure to refinancing risk.

Table 8.5
Refinancing Risks

Refinancing Risk Indicator on Outstanding Debt Stock		
Refinancing Risk	Debt maturing in 1yr (% of total)	5.53%
	Debt maturing in 1yr (% of GSDP)	0.20%
	Avg. Time to Maturity (ATM) Foreign Portfolio (years)	10.30
	Avg. Time to Maturity (ATM) Domestic Portfolio (years)	3.70
	ATM Total Portfolio (years)	**10.13**

(ii) **Interest Rate Risk** refers to the exposure of debt portfolio to changes in interest rate. A number of measures can be used to assess exposure of debt portfolio to interest rate risk e.g. share of Fixed Rate Debt, Average Time to Re-fixing and share of debt stock exposed to interest rate re-fixing in one year. Average Time to Re-fixing (ATR) indicates the average time after which the interest rate on the entire debt portfolio is reset. High ATR indicates low risk as it implies that a relatively low share of the debt will require interest rates reset in a short period of time. ATR of the Government's total debt is 8.77 years as of June 17 which indicates that debt stock is, on average, exposed to interest rate re-fixing after 8.77 years. The share of Fixed Rate Debt of the Government is 78.1% which means that 21.9% of the debt stock is affected by interest rate risk.

Table 8.6
Interest Rate Risk

Interest Rate Risk Indicator on Outstanding Debt Stock		
Refinancing Risk	Fixed rate debt (% of total)	78.1%
	Avg. Time to Refixing Portfolio (years)	8.77
	Debt Refixing in 1yr (% of total)	24.9%

(iii) **Foreign Exchange Risk:** Exchange risk refers to the exposure of the debt portfolio to changes in exchange rate or the mismatch between the repayment obligations and the sources of foreign exchange. Share of foreign debt as a percentage of total is a measure used to reflect this risk. Table 8.7 shows that 97.5% of the Government's debt comprises of foreign loans and is subject to exchange risk.

Table 8.7
Foreign Exchange Risk

Foreign Exchange Risk Indicator on Outstanding Debt Stock		
Foreign Exchange Risk	Share of Foreign Debt (as % of total)	97.5%

8.2 DEBT MANAGEMENT REFORMS & INITIATIVES

The Government has been working on various initiatives to improve its debt management. These initiatives include developing a legal framework such as Fiscal Responsibility and Debt Management legislation for Punjab, setting up systems / processes for issuance of Government securities, undertaking credit rating of the Government in order to provide the financial markets with an independent assessment of the Government's creditworthiness, development of a database of Government loans, conducting Debt Sustainability Analysis on a regular basis and preparation of a Medium-Term Debt Management Strategy for the Province.

A. Debt Sustainability Analysis

A team of experts from the World Bank undertook a debt sustainability analysis (DSA) for the Punjab Government in November 2016. The objective of DSA was to develop a set of realistic medium-term macro-fiscal projections and assess the sustainability of current debt levels. The DSA concluded that Punjab`s debt levels are currently quite low and the province has a strong ability to pay its debt.

B. Domestic Borrowing Proposals for Punjab

Government of the Punjab has approved a plan to raise domestic debt through issuance of provincial government securities to be utilized primarily for development projects & programmes promising long term economic growth. No borrowing has been made so far through issuance of government securities. Issuance of Government Securities will have several additional benefits including the following:

- Access to potential lenders/investors in addition to domestic banks.
- Development of secondary market for provincial debt.
- Market based pricing of GoPb`s debt.

C. Debt Bulletin of Government of the Punjab

Finance Department has decided to issue bi-annual Debt Bulletin on regular basis. The bulletin shall be available on website of Finance Department.

8.3 PENSION

Government has a Defined-Benefit (DB) Pension Scheme for its permanent employees. The pension scheme is being managed on 'pay-as-you-go' basis, i.e. pension payment during a year is made out of that year's revenues regardless of the time of accrual of the liability. Considering the rising burden of pension expenditure, Government has, over the last few years, been following a more systematic approach towards valuation, reporting and funding of pension liability.

8.3.1 Valuation of Pension Liability and Contribution Rate

Actuarial valuation is the most significant aspect of managing pension liability. Government of the Punjab carried out actuarial valuation of its pension liability in 2007, 2009, 2010 and 2015. The increase in pension liability over the years can be seen below:

Period	Liability (Rs. in billion)	Contribution Rate
• June 2007	425	29.3%
• June 2009	598	24.4%
• June 2010	688	23.5%
• June 2015	3,866	60.7%

Actuarial valuation assumes certain economic and demographic assumptions. Assumptions used for each of the above valuation are as under:

Valuation Period	Rate of Return on Assets	Salary Increase	Pension Increase	New Hires
• June 2007	10%	9%	6%	-
• June 2009	12%	11%	8%	1%
• June 2010	12%	11%	8%	1%
• June 2015	10%	9%	8%	1%

Major causes resulting in increase in pension liability from June 2010 to June 2015 are as under:

a) Pensionable salary has increased at the rate of 12% per annum during the last 14 years compared to the assumed rate of 9% to 11%.

b) Pension also increased at the rate of 12% per annum during the last 14 years compared to assumed rate of 6% to 8% per annum.

c) 96,583 contract employees have been regularized until FY2014-15. 173,741 employees are still on contract at June 30, 2015.

d) Increase in rate of Family Pension from 50% to 70% of gross and net pension w.e.f. July 1, 2010.

e) Increase in minimum pension from Rs. 2,000 per month to Rs.3,000 per month w.e.f. July 1, 2010. Similarly, minimum family pension has been increased from Rs. 1,000 per month to Rs. 2,250 per month w.e.f. July 1, 2010.

f) Increase in liability due to changes in economic assumptions, which are primarily the reduction in differential between the discount rate and future pension increase rate from 4% to 2%, works out to Rs.367 billion.

g) Change in demographic assumptions has increased the liability by Rs.393 billion. It is evident from review of past retirement patterns that almost one-third of new retirees are aged below the age of superannuation (i.e. 60 years). This factor cannot be ignored especially since it substantively increases pension liability. In addition, there is worldwide recognition that pension systems must take into account future improvements in mortality otherwise the underlying liability will be underestimated.

h) Impact of increasing future net pensions by 72%, at the time the first pension is calculated, has increased the liability by Rs.666 billion. This factor was not taken into account in the previous valuation. It increases the liability of active employees and future contribution rate. This policy distorts the basic structure of the pension scheme by breaking the relationship between pensionable pay and the pension amount at retirement/death.

i) GoPb has allowed the restoration of commuted portion of gross pension under salary package 2001 in 2014 with retrospective effect. This factor has increased the past service liability by Rs. 686 billion.

Changes in benefits, changes in assumptions and policy of continuing pension increases to future new pensioners have dramatically increased the accrued liability and resulted in high contribution rate of 60.7%.

8.3.2 Pension Expenditure

Having discussed accrued pension liability and contribution rate, it is pertinent to see increase in pension expenditure over the years. Following table gives year wise pension expenditure and its ratio to Current Revenue Expenditure:

(Rs. In billion)

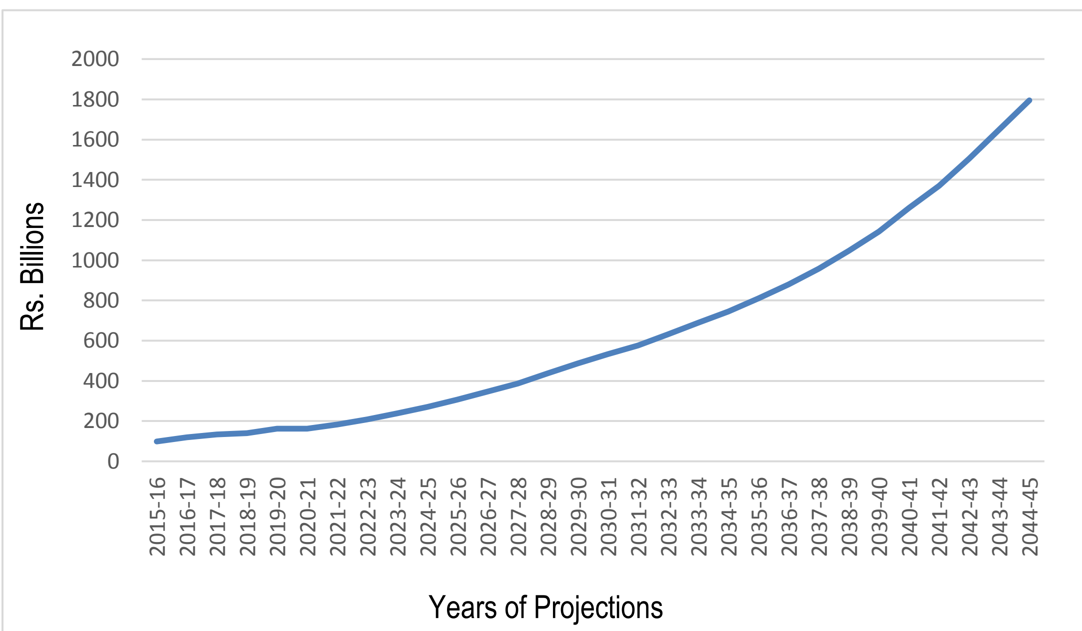
Period	Pension Expenditure	Current Revenue Expenditure	Ratio of Pension Exp. to Current Revenue Expenditure
• FY2010-11	36	370	9.7%
• FY2011-12	50	444	11.3%
• FY2012-13	67	536	12.5%
• FY2013-14	76	569	13.4%
• FY2014-15	90	670	13.4%
• FY2015-16	114	747	15.3%
• FY2016-17 (RE)	142	850	16.7%

It is evident from the above that the ratio of pension expenditure to total Current Revenue Expenditure has risen from almost 10% to 17% in last seven years which is a cause of concern. It also suggests that pension and salary raises every year must be tied to inflation so that these expenditures remain manageable.

Increase in pension payments over 30 years' time scale is illustrated in Annex-I.

Graphical representation of expected pension payments over 30 years is as under:

Figure 8.5
Expected Pension Payments



8.3.3 Funding Strategy and Government's Contribution

Punjab Pension Fund has been created to invest funds set aside by the Government for meeting, at least partially, its future pension liability in accordance with the investment policy approved by the Management Committee of the Fund.

In order to keep the capitalization of Pension Fund on course, it is important that a funding strategy is adopted which is regularly reviewed and updated. Previous funding strategy was adopted in 2010. A new funding strategy is being contemplated after the actuarial valuation for 2015 to cater to the needs of funding growing pension liabilities.

In FY 2017-18, Punjab Government has budgeted an amount of Rs. 4 billion for capitalization of Punjab Pension Fund.

8.3.4 Punjab Pension Fund's Performance

As of Apr 30, 2017, Punjab Pension Fund has total assets worth Rs. 41,928 million. The Fund's exposure to different investment types is summarized as under:

(Amounts in millions)

	30 June 2015		30 June 2016		30 Apr 2017	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Pakistan Investment Bonds	7,788	23.2	7,511	19.7	7,523	17.9
Term Finance Certificates	559	1.7	393	1.0	321	0.8
Long Term Bank Deposits	1,000	3.0	1,000	2.6	1,000	2.4
National Saving Schemes	16,286	48.4	17,600	46.1	18,471	44.1
Short term Bank Deposits	7,100	21.1	9,800	25.7	12,500	29.8
Cash at bank	183	0.5	1,165	3.0	249	0.6
Accrued Mark-up	660	2.0	675	1.8	967	2.3
Other assets*	42	0.1	60	0.1	56	0.1
Fund Size	**33,618**	**100.0**	**38,204**	**100.0**	**41,928**	**100.0**

*Other assets include prepaid expenses for management and book value of fixed assets of the Fund

Long-term investments consist of Pakistan Investment Bonds (PIBs) and Term Finance Certificates, medium-term investments consist of National Saving Scheme (NSS) products and short-term investments consist of Treasury Bills and short term bank deposits.

PROFIT / RETURNS

Time Weighted Return (TWR) earned by the Fund is summarized as under:

Period	Annualized Return for the period		Year End Discount Rate	YoY CPI Inflation	Long-term Benchmark
	Gross Return	Net Return*			CPI Inflation + 3%
FY 2008-09	15.21%	15.00%	14.00%	13.14%	16.14%
FY 2009-10	13.79%	13.61%	12.50%	12.69%	15.69%
FY 2010-11	13.48%	13.32%	14.00%	13.13%	16.13%
FY 2011-12	13.96%	13.79%	12.00%	11.26%	14.26%
FY 2012-13	12.85%	12.69%	10.00%	5.85%	8.85%
FY 2013-14	12.05%	11.90%	10.00%	8.22%	11.22%
FY 2014-15	15.88%	15.71%	7.00%	3.16%	6.16%
FY 2015-16	10.79%	10.63%	6.25%	3.19%	6.19%
FY 2016-17 (10 Month)	10.26%	10.13%	6.25%	4.78%	7.78%
Jul 2008-Apr 2017 (CAGR)	13.18%	13.01%	10.50%	8.41%	11.41%

*Net Return means the return after deducting expenses incurred on management of PPF
** CAGR means Compound Annualized Growth Rate

In order to lock-in fixed nature high yields for a longer period of time, the Fund has invested a large proportion of its assets in medium to long-term fixed-rate instruments consisting mainly of PIBs and NSS. At the end of Apr-17, around 65% of total portfolio is invested in fixed rate PIBs, NSS and long term Bank TDRs.

The investment strategy followed over the past few years i.e. investment in long-term fixed-rate instruments at attractive yields has worked well. Although inflation and interest rates have declined, Pension Fund continues to earn an attractive real rate of return over CPI Inflation because of its high yielding portfolio of PIBs and NSS.

8.4 GENERAL PROVIDENT FUND

In addition to the Pension Scheme, Government requires its permanent employees to subscribe to the General Provident (GP) Fund, which is a Defined Contribution Scheme. General Provident Fund contributions are deducted from salaries of Government employees and credited to GP Fund Account, which is part of the Public Account of the Province. Government has a fiduciary responsibility for these contributions. To avert the possibility of using Public Account balances as a borrowing window for Government expenditures, there was a need to create a separate GP Investment Fund. There was also a need to replenish the amounts earlier utilized from GP Fund Account as the Government maintained a common cash balance for both Provincial Consolidated Fund and Public Account. Based on these considerations, Government of the Punjab passed

Punjab General Provident Investment Fund Act 2009 to establish an investment fund for management of GP Fund liabilities of the government.

8.4.1 General Provident Fund Liability

The amount of GP Fund payment of a Government employee is the accumulated contribution deducted from his/her salary during service plus interest announced by the Government on such contributions on annual basis.

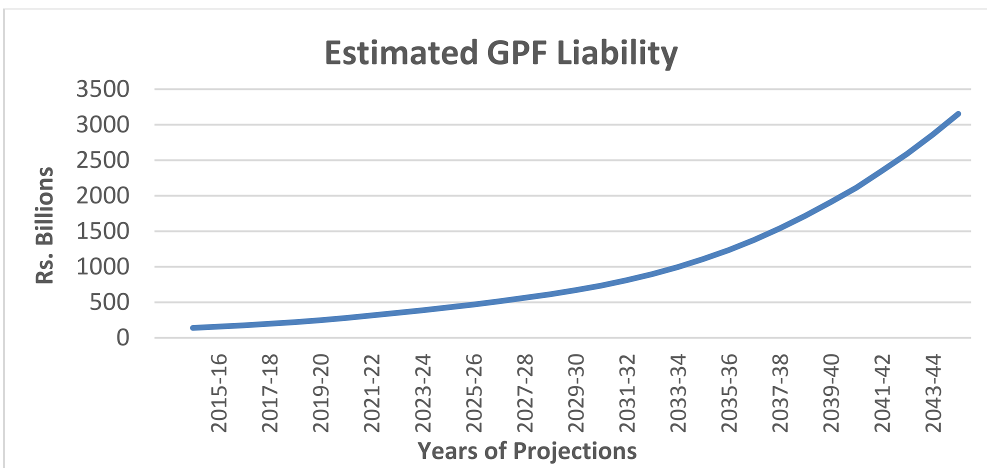
Based on the recent actuarial valuation, accrued GP Fund liability at June 30, 2015 is estimated at Rs. 138.870 billion.

The growth in GP Fund liability, assuming interest credited to GP Fund balances at the rate of 12% per annum, for 30 years' period, is illustrated in Annex-II.

8.4.2 General Provident Fund Payments

Graphical representation of expected GP Fund payments over 30 years' is as under:

Figure 8.6



8.4.3 Funding Strategy

An amount of Rs. 4.0 billion is already placed in the Public Account of the province for transfer to Punjab General Provident Investment Fund. In budget for FY2017-18 an amount of Rs. 1.0 billion has also been allocated for this purpose.

GLOSSARY

A

Ad Valorem Taxes: Taxes levied as a percentage of the price of a good or service.

B

Bridge Financing: It is a method of financing used to maintain liquidity while waiting for an anticipated inflow of cash.

Budget: A financial statement of government's estimated revenues and expenditures for the fiscal year.

Budget Outlay: Total estimate of receipts and expenditures from the sources and for the purposes indicated in the budget.

Budget Deficit: Excess of government expenditures over revenues raised by taxes, fees and charges levied by governmental authorities.

C

Cash Development Loans: The CDLs were raised by the Federal Government to cover its foreign currency deficits on very high mark up rates in most of the cases and transferred to provincial governments from time to time.

Capital Gains: Increases in the value of assets over a given accounting period.

Current Capital Expenditure: Current Capital Expenditure like current capital receipt figures both in the Account No.I and Account No. II of the Provincial Government maintained with the State Bank of Pakistan. The expenditures under this head in Account No.I consist of the following:

I. Principal Repayment of Domestic, Foreign and Market Debt. It also includes repayment on account of Ways and Means Advances availed by the Government of the Punjab from the State Bank of Pakistan during the financial year.
II. Loans and advances to corporate bodies of the Government of Punjab or associated with the Government of Punjab.

Expenditures in Account No. II are mainly incurred on state trading operations of the government in food grains especially procurement of wheat and repayment of loans taken from the commercial banks for trading operations of Food Department.

Current Revenue Expenditure: Current Revenue Expenditure includes expenditures on government's regulatory, administrative and other such functions including provision of social and economic services.

D

Debt Finance: Use of borrowed funds to finance government expenditures.

Development Expenditure: As per the classification in the Annual Budget Statement, development expenditure is divided into two distinct parts:

a) Revenue Expenditure
b) Capital Expenditure

Development revenue expenditure is classified under grant PC22036 (036) – Development – Revenue. The expenditure under this grant pertains to most of the expenses other than the brick and mortar expense. Employees related expense, purchase of transport, machinery and equipment, operating expenses, research and development, training etc. provided under the projects during the execution of the projects are all part of the development revenue expenditures. Development capital expenditure is the capital investment under the development programs in roads, buildings, irrigation sectors etc.

Direct Tax: Direct tax is a tax the burden of which is born entirely by the individual or the entity that pays it and it can not be passed elsewhere; for example corporate tax, income tax etc.

Dividends: Direct payments by a corporation to its share holders.

Domestic Debt: Debt owed to the creditors residing in the same country as the debtor.

E

Entity: The organizational unit within the government responsible for management and control of particular resources. In a budgetary framework, each entity shall receive an allocation of funds and the entity mangers would be responsible for the expenditure incurred.

External Debt: Portion of a government's debt owed to the foreigners / external governments and institutions

Extraordinary Receipts: Extraordinary receipts were previously reflected as a part of capital receipt but now are classified as General Revenue Receipts. A significant portion of these receipts accrue from privatization / disinvestment of government owned assets, and sale of land etc.

F

Federal Divisible Pool: The biggest source of revenue for the Provincial Government is its share from the Federal Divisible Pool of Taxes. The Divisible Pool comprises of taxes on income, wealth tax, capital value tax, taxes on sales and purchases, export duty on cotton, customs duties, GST (CE Mode) and federal excise duties excluding the excise duty on gas charged at well-head, and any other tax which may be levied by the Federal Government. With the exception of federal excise duty on gas, the taxes mentioned above are distributed between the Provinces and the Federal Government.

Federal Transfers: A payment made by the Federal Government to the province either out of the Federal Divisible Pool or for other social benefit programs.

Fiscal Capacity: Fiscal capacity is a measure of the ability of a jurisdiction / government to finance government services.

Fiscal Equalisation: Use of grants to adjust for differences in the capacity to finance basic government services amongst states / governments.

Fiscal Federalism: Division of taxing and expenditure functions amongst different levels of government.

Foreign Debt: The money one country owes to another country as a result of loan and / or a negative balance of trade.

Function: The economic function relating to provision of a particular service, activity or a program.

Fund: The pool of money from where the budget allocation is made e.g. consolidated fund.

G

General Revenue Receipt: General Revenue Receipts include the following:

I) Federal Transfers:
- Share of Federal Divisible Pool of Taxes under the NFC Award, 2009
- Straight Transfers on account of constitutional provisions, royalties on oil and gas
- Federal Grants

II) Provincial Own Revenue:
- Provincial Tax Revenue including Provincial GST on Services collected by the Federal Board of Revenue
- Provincial Non-Tax Revenue (As per the classification used in ABS, the Provincial Non-Tax Revenue includes Federal Grants and Straight Transfers)
- Extraordinary Receipts

H

Historical Cost: Acquisition price of the asset.

I

Indirect Tax: A charge levied by the state on consumption, expenditure, privilege or right but not on income or property. Custom duties levied on imports, excise duties on production, sales tax or value added tax at some stage in production – distribution process are few examples of Indirect Tax.

Incremental Budgeting: Budgetary approach that uses the previous period's budget or actual performance as a base with incremental amounts added for the new period.

Inflation: In economic terms, inflation is a general increase in prices and fall in the purchasing value of money.

L

Land Revenue: Land Revenue means all sums and payments in money received or legally claimable by or on behalf of the Government from any person on account of any form of land.

M

Matching Grants: Grants containing the requirement that the recipient government / jurisdiction will match the money through its own revenues.

MTBF: Medium Term Budgetary Framework (MTBF) is a multi year approach to budgeting which links the spending plans of the government to its policy objectives in medium term (usually three years).

N

Nominal Value: Nominal value refers to a value expressed in money of the day (year etc.) as opposed to real value which adjusts for the effect of inflation on the nominal value.

O

Object: Accounting classification describing the item of expenditure, receipt, asset or liability.

Overdraft: An overdraft is a state where the withdrawals exceed the available balance.

P

Property Tax: A government levy based on the market value as assessed by assessing agency or based on certain formulas / parameters. It is a capital tax on property calculated on the estimated value of the property.

Provincial Consolidated Fund: The Fund which comprises all revenues received and all loans raised by the provincial government and all monies received by it in repayment of any loan.

Public Account: Public Account consists of those moneys for which the Provincial Government has a statutory or other such obligation to account for but these are not available for appropriation for the general operations of the Government

Public Debt: Public Debt is the total liability arising from the borrowings of the government including both domestic loans and foreign (or external) loans.

Public Finance: Field of economics that studies government activities, alternative means of financing government expenditures and their effects upon the economies in general.

S

State Trading: State Trading operations of the provincial government relate to procurement and sale of food grains especially wheat. Transactions pertaining to state trading are kept separately and their receipts and expenditures are credited and debited to the provincial government's food account i.e. Account No.II with the State Bank of Pakistan. It is carried out with the borrowing from commercial banks as per cash credit facility extended by these banks.

Straight Transfers: The expression Straight Transfers used in the White Paper means the transfers on account of surcharge and royalties on oil and gas made by the Federal Government in pursuance of the relevant constitutional provisions.

T

Tax Revenue: It is a compulsory financial contribution imposed by the Government to raise revenue. It is levied on a specified rate on income or property, prices of goods and services etc.

Transfer Payments: Government expenditures that redistribute purchasing power amongst citizens.

U

Unconditional Grants: Sharing revenues among governments with no string attached to the use of funds.

Annex-I

CASH FLOW PROJECTIONS

The estimated Pension benefit payments over the next 30 years are given in the following table.

(Rs. in billion)

Year	Pensions	Comm.	Arrears	Total Pension Payments
2015-16	91.627	6.972	-	98.599
2016-17	94.265	16.004	9.000	119.269
2017-18	102.988	16.713	14.000	133.701
2018-19	109.780	18.517	12.239	140.536
2019-20	129.248	21.649	11.896	162.793
2020-21	138.231	24.286	-	162.517
2021-22	155.600	27.398	-	182.998
2022-23	175.228	33.213	-	208.441
2023-24	198.209	39.805	-	238.014
2024-25	224.802	45.371	-	270.173
2025-26	255.342	52.135	-	307.477
2026-27	290.147	57.400	-	347.547
2027-28	328.365	58.602	-	386.967
2028-29	370.890	66.353	-	437.243
2029-30	418.455	69.329	-	487.784
2030-31	468.821	64.061	-	532.882
2031-32	520.867	55.474	-	576.341
2032-33	575.558	56.082	-	631.640
2033-34	633.957	55.739	-	689.696
2034-35	695.534	48.486	-	744.020
2035-36	760.531	49.069	-	809.600
2036-37	830.222	49.232	-	879.454
2037-38	905.333	52.655	-	957.988
2038-39	987.354	60.239	-	1,047.593
2039-40	1,077.065	65.402	-	1,142.467
2040-41	1,176.696	84.246	-	1,260.942
2041-42	1,286.086	83.597	-	1,369.683
2042-43	1,405.217	100.539	-	1,505.756
2043-44	1,536.852	112.905	-	1,649.757
2044-45	1,679.271	116.437	-	1,795.708

Annex-II

EXPECTED GP FUND LIABILITY (WITH 5 YEAR INTERVAL) *

(Rs. in billion)

Year	Expected GP Fund Liability
2015 – 16	156.4
2019 – 20	248.7
2024 – 25	427.9
2029 – 30	668.5
2034 – 35	1106.4
2039 – 40	1,909.1
2044 – 45	3,154.8

* As per Actuarial Valuation as on 30th June 2015

Graphical representation of growth in GP Fund liabilities over 30 years' is as under: