



**Government of Khyber Pakhtunkhwa
Mid-Year Budget Execution Report
FY 2024-25**

Finance Department
Government of Khyber Pakhtunkhwa

Foreword

Budgeting and planning are ultimately a series of futile exercises if a subsequent analysis of actual budgetary execution is not performed. The lessons learned and conclusions drawn from periodic analyses of actual receipts and expenditures are of tremendous value – more so when decision-making is flexible and timely data is available at the fingertips of stakeholders to chart the path ahead.

The Government of Khyber Pakhtunkhwa has been committed to fulfill, and wherever applicable, exceed the worldwide standards and best practices of transparency and disclosure. We firmly believe that transparency and constructive debate improves future decision making, and acts as an accountability check on government. The Government of Khyber Pakhtunkhwa has published the ‘Annual Receipts and Expenditure Report’ in order to inculcate a culture of openness and to manage the resources we have in the best way possible.

As an extension of Government of Khyber Pakhtunkhwa’s endeavour to ingratiate a culture of transparency and openness, the mid-year budget execution report offers a glimpse at trends in receipts and expenditure during the first half of the fiscal year. It is critical that decision-makers are aware of the budgetary position and any excess or shortfall in receipts during the year, as well as the run-rate of current expenditure and the pace of execution in the development sector.

This report serves to further strengthen the culture of transparency and openness within the province and embolden an informed electorate to appreciate the efforts of public representatives, and also hold them to account where required.

Of similar importance is the periodic use of actual data in forecasting future cash flows, and the availability and predictability of resources, in order to make informed decisions about spending in priority areas, as well as effective cash management. Finance Department makes use of actual in-house data regularly on a monthly basis and appries the executive leadership of Government of Khyber Pakhtunkhwa in this regard, resulting in efficiency in spending and stability in the provincial cash position.

A more detailed breakdown of departmental expenditure and time-series analysis against previous years is included in the corresponding annual report, the aforementioned ‘Annual Receipts and Expenditure Report’ published by the Government of Khyber Pakhtunkhwa.

Executive Summary

Based on current trends, 2024-25 appears to be the year in which the province is expected to receive the entire amount of budgeted receipts.

RECEIPTS			Rs. in Billion	
S.No.	Head	Budget Estimates 2024-25	Actuals Total	Actuals as %age of BE
A	Federal Transfers	1,212.036	559.659	46%
i	Federal Tax Assignment	902.508	459.229	51%
ii	1 % for War on Terror	108.443	55.180	51%
iii	Straight Transfers	42.955	29.327	68%
iv	Windfall Levy	46.827	0.924	2%
v	Net Hydel Profit	33.090	0.000	0%
vi	Arrears of NHP	78.213	15.000	19%
B	Provincial Own Receipts	93.500	42.397	45%
	Tax Receipts	63.188	30.647	49%
ii	Non-tax Receipts	30.312	11.750	39%
C	Others	31.550	2.859	9%
i	Capital Receipts	0.250	0.103	41%
ii	Ways & Means Advance KP	31.300	0.000	0%
D	NMAs	259.915	54.290	21%
i	Non Development Grant	72.600	38.493	53%
ii	Additional Demand for Current Budget	55.029	0.000	0%
iii	ADP	36.000	9.450	26%
iv	AIP	40.000	6.347	16%
iv	3% Share	39.286	0.000	0%
v	TDPs	17.000	0.000	0%
	Total (A+B+C+D)	1,597.002	659.205	41%
E	Foreign Projects Assistance	130.587	36.452	28%
	Loans	122.754	35.914	29%
	Grants	7.833	0.538	7%
F	Dev. + Non Dev Grants (PSDP etc.)	26.411	0.628	2%
	Grand Total	1,754.000	696.285	40%

Federal transfers exceed budgeted targets on a monthly basis due to record FBR collections, which consistently outperform prior year collections as well as monthly targets.

Provincial own receipts, through more than 50 revenue mobilization measures across both tax and non-tax revenue in the Finance Bill 2024-25 and continuous tracking and assessment of revenue performance by quarterly revenue monitoring resulted in 49% or approximately 14 billion increased revenue generation compared to same period last year. The pace of provincial own revenue collections reflects that Rs. 100 billion will be realized under the provincial own source revenue for the first time.

Non Development Grants for NMAs have been routinely transferred by the federal government as per commitment but the shortfall is reflected under the ADP and AIP share, where 26% and 16% have been transferred. No funds under 3% share have been transferred by other provinces.

Receipts from foreign project assistance and the grants received for provincially-executed PSDP schemes have been much lower than budgeted.

Current expenditure on the provincial side has remained fairly in line with budget estimates for the first half of 2024-25. There is a notable lag in non salary spend, which normally picks up pace during the second half. Similar trends can be observed in NMAs.

EXPENDITURE				Rs. In Billion
S.No.	Head	Budget Estimates 2024-25	Actuals Total	Actuals as %age of BE
A	Current Expenditure	1,237.716	497.567	40%
	Provincial	1,093.087	447.776	41%
i	Provincial Salary	246.003	112.299	46%
ii	Tehsil Salary	263.073	112.249	43%
iii	Pension	162.403	79.306	49%
iv	Non Salary	320.362	116.901	36%
v	Tehsil Non Salary	29.587	7.566	26%
vi	Capital	40.360	17.954	44%
vii	Ways & Means Advance	31.300	1.500	5%
	NMAs	144.628	49.791	34%
i	Provincial Salary	52.122	22.911	44%
ii	Tehsil Salary	42.638	16.156	38%
iii	Pension	4.439	2.121	48%
iv	Non Salary	18.543	4.246	23%
v	TDPs	17.000	3.088	18%
vi	Tehsil Non Salary	9.887	1.269	13%
B	Development Expend:	259.286	49.514	19%
i	Provincial ADP	120.000	34.206	29%
ii	District ADP	24.000	3.665	15%
iii	NMAs ADP	36.000	5.256	15%
iv	AIP	79.286	6.387	8%
	Total (A+B)	1,497.002	547.081	37%
i	FPA	130.587	27.280	21%
ii	PSDP	26.411	2.045	8%
	Grand Total	1,654.000	576.407	35%
	Surplus/Deficit	100.000	119.879	120%

On the development side, expenditure has been more evenly distributed than prior years across monthly & quarterly intervals.

The government has released **43%** of the allocated development funds, amounting to Rs. 110.7 billion, ensuring the timely availability of resources for planned projects. However, actual utilization remains slow, reflecting challenges in project execution, administrative bottlenecks, and delays in fund absorption.

Foreign project assistance and PSDP expenditure are both essentially tied to the respective receipts, due to which FPA and PSDP spend remained low in the first half of 2024-25.

Overall, the provincial government achieved a fiscal surplus of Rs. 119.88 billion, reflecting prudent financial management, improved

revenue mobilization, and controlled expenditure. This surplus strengthens the government's fiscal position, providing greater flexibility for future development initiatives and economic stability.

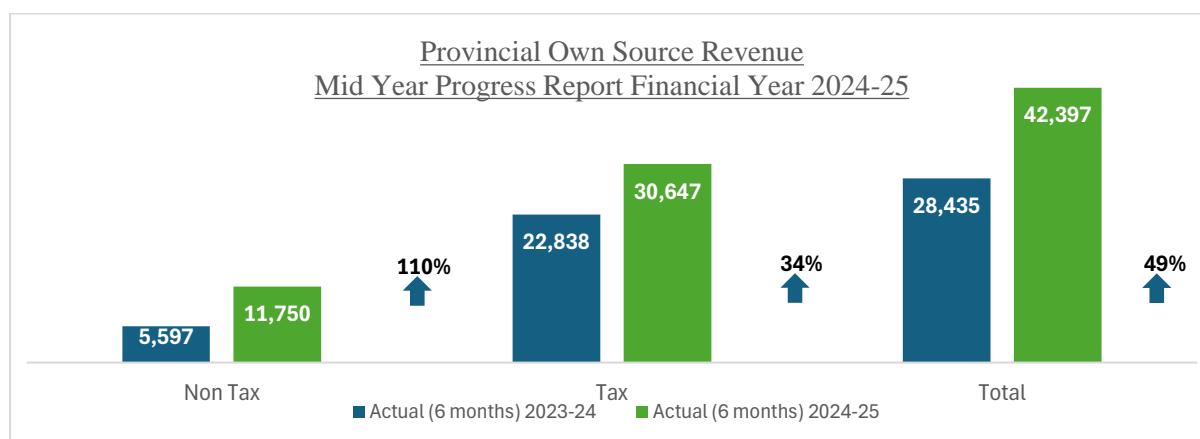
Receipts

Owing to the Federal Board of Revenue's improved tax collection during the first six months of 2024-25, 46% of budgeted federal transfers have been received at the halfway point of the fiscal year.

Provincial own receipts, through more than 50 revenue mobilization measures across both tax and non-tax revenue in the Finance Bill 2024-25 and continuous tracking and assessment of revenue performance by quarterly revenue reviews resulted in 49% or approximately 14 billion increased revenue generation compared to same period last year. The pace of provincial own revenue collections reflects that Rs. 100 billion will be realized under the provincial own source revenue for the first time.

During the first half of 2024-25, provincial own source tax revenue collection has almost remained on target, The province has achieved 34% higher or Rs. 7.8 billion more revenue generation as compared to the last year for the same period. The Khyber Pakhtunkhwa Revenue Authority (KPRA), Excise, Taxation & Narcotics Control Department and Transport Department achieved more than the proportionate target of first six month.

Provincial own source Non-tax receipts also achieved 110% higher or Rs. 6.2 billion more revenue generation as compared to the last year for the same period. Home department, Elementary & Secondary Education Department, Mines and Minerals Department and Finance Department achieved more than the proportionate target of first six month. The Non tax collections are expected to accelerate in the third and fourth quarters.



Significant receipts in other areas will be realized in the third quarter in pension fund profit withdrawals and recoveries from dormant accounts. Owing to the improved financial position of the province in 2024-25, the Ways & Means Advance is not expected to be utilized over the remainder of the financial year.

Merged Districts grants present a mixed picture overall, as the Federal Government and Government of Khyber Pakhtunkhwa have upheld their commitment to funding the requirements of the erstwhile tribal districts, but the remaining provinces have not done so. Funding for provincially executed PSDP schemes has been received almost in entirety during the first six months of 2024-25. Receipts from foreign donors have remained unpredictable.

Expenditure

The provincial and district wage bill for the first half of 2024-25 is widely in line with budget estimates, with a slight routine increase expected in the second half after salary increments take effect in January 2022.

Non salary spend has traditionally followed a lopsided trend, as the pace of expenditure typically picks up in the third and fourth quarters.

It is worthwhile to mention that Khyber Pakhtunkhwa budgets the Sehat Card Plus programme as non salary expenditure on the current side, along with other ongoing welfare initiatives such as a wheat subsidy, 15 B PKR Ehsaas Program, which includes initiatives focused on skills development, social welfare, women, youth empowerment & affordable housing, and an urban mobility subsidy of Rs. 3 B for the Peshawar Bus Rapid Transit System. Other federal and provincial governments typically include some of these lines in their development portfolios.

On the development side, spending has been significantly lower, standing at only Rs 49.514 billion (19%) of the allocated Rs 259.286 billion. Among development components, the Annual Development Program (ADP) spending remains moderate, with Provincial ADP at 29% and District ADP at 15%, indicating a steady flow of funds but slower-than-expected execution. However, AIP (Accelerated Implementation Program) expenditure is only 8%, likely due to expenditure is tied to the respective receipts.

Despite these challenges, expenditure has been more evenly distributed across monthly and quarterly intervals compared to previous years, reflecting the structured approach of the ADP policy (2021-2025). The government has released 43% of the allocated development funds, amounting to Rs. 110.7 billion, ensuring the timely availability of resources for planned projects. However, actual utilization remains slow, reflecting persistent challenges such as delays in approvals, administrative bottlenecks and difficulties in fund absorption. Addressing these inefficiencies through improved project management, streamlined disbursement processes, and enhanced coordination will be crucial to accelerating development progress and maximizing the impact of public investment.

As mentioned previously, foreign project assistance and PSDP expenditure are both essentially tied to the respective receipts, resulting in low FPA utilization during the first half of 2024-25.