



Review Paper

Khyber Pakhtunkhwa Output Based Budgeting

This paper is aimed at assessing the relevance, sufficiency, depth and coverage of performance benchmarking via Key Performance Indicators under Output Based Budgeting with a focus towards results orientation.

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Output Based Budgeting

Introduction

Output Based Budgeting (OBB) is a tool used in many countries to make social sector expenditure more result-oriented and to help achieve policy objectives. It reflects the input of resources and the output of services for each unit of an organization. This type of budget is commonly used by the government to show the link between the funds provided to the public and the outcome of these services.

According to the comprehensive definition of Segal and Summers, performance budgeting comprises three elements:

- the result (final outcome)
- the strategy (different ways to achieve the final outcome)
- activity/outputs (what is actually done to achieve the final outcome)

Why Output based budgeting?

A good budget process is characterized by several essential features i.e., it incorporates a long-term perspective, establishes linkages to broad goals, focuses budgeting decisions on results and outcomes, involves and promotes effective communication with stakeholders, provides incentives to government management and employees. These key characteristics of good budgeting make clear that the budget process is not simply an exercise in balancing revenues and expenditures for a year, but is strategic and encompasses a multi-year financial and operational plan that allocates resources on the basis of identified objectives.

Public sector budgeting systems evolve and change according to the dynamics of public sector management. Public sector budgets are not merely used to allocate resources among competing needs, their usage as a tool to monitor performance has grown tremendously in recent years. Since the traditional budget does not provide information on results to be achieved from the use of public resources, one needs to look at the output based budgets (OBB) of the departments.

The Government of Khyber Pakhtunkhwa is cognizant of the challenges faced by the Province, which includes growing budgetary needs of the Province for socio-economic development, increase in population, higher dependency on federal transfers for service delivery and security related issues. Improved budgetary outcomes, consistent policy commitments, and maintaining sustainable level of quality service delivery require smooth and adequate flow of funds to finance existing endeavors and provide sufficient fiscal space for reforms. The Government is, therefore undertaking concrete steps to enhance revenue potential of the Province by exploiting not only the available natural resources, but also by expanding tax net and identifying new tax bases. The domestic resource mobilization will be further strengthened through systemic and operational reforms in the resource management regime.

The OBB in Khyber Pakhtunkhwa was, therefore, introduced in 2010, as a supplement to the traditional budget. The objective of OBB is to provide a link between the financial budget of public sector entities and tangible targets in order to enhance the effectiveness and efficiency of public spending. The OBB has been designed to rise above the traditional line item system to clearly define outcomes and outputs for all government departments and to bring about improvements in the quality of governance. It serves as a tool for evaluation of the achievement of last year's results, which can be utilized to provide feedback to improve the policy design and measurement of key performance indicators.

Purpose & Approach

This review paper is aimed to:

- i. Analyze the performance of the public sector departments of KP through existing KPIs and find out their linkages with annual budget; and
- ii. Look into the effectiveness of existing KPIs and their contribution towards realization of optimal value for money.

The prime methodology and approach adhered to are premised on the following factors:

- i. **Target sectors:** The process is triggered with the review of two sectors i.e. Irrigation and Labor to be followed by four other sectors i.e. health, education, agriculture and C&W for FY 2018-19.
- ii. The Budget Estimates for Service Delivery/Output Based Budgets for respective year constitutes the prime source of data/information as being used during the review process.
- iii. Consequent upon the review, relevant sectoral engagement to sensitize and orientate them on the identified gaps and their course correction as part of the ensuing year budget compilation under Output Based Budgeting.

Analytical Overview – KPIs Framework

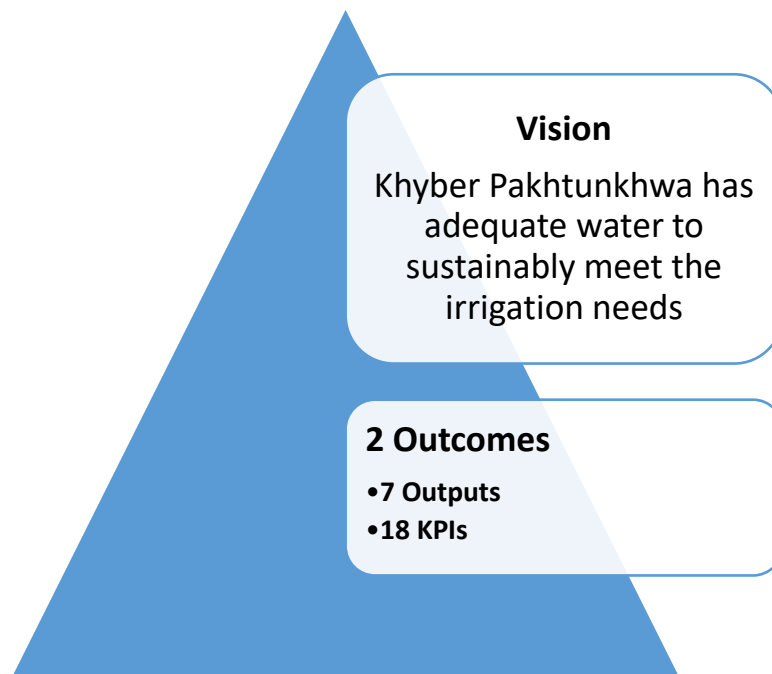
Overview:		
Departmental Coverage	30 Departments	Charged Expenditure Excluded (Judiciary, Provincial Assembly, Debt Management)
Sectoral Break-Up	1. Social Services 2. Growth 3. Governance	1. Social Services: Covering 9 Departments 2. Growth: Covering 13 Departments 3. Governance: Covering 8 Departments (Local Governments Covered under Governance)
Total Outcomes	64	Average 2 Outcomes Per Department
Total Outputs	158	Average 5 Outputs Per Department
Total KPIs	714	Average 24 KPIs Per Department
Review Insights:		
VFM Perspective? ¹	Highly inconsistent & disjointed framework	<p>No relationship between KPIs/PM and Budget</p> <ul style="list-style-type: none"> i. Correlation Coefficient: 0.058 ii. Skewness: 0.97 <p>Instances:</p> <ul style="list-style-type: none"> i. Auqaf Deptt 11 KPIs For 720 million ii. C&W Deptt 09 KPIs For 27.6 billion iii. Zakat Deptt 42 KPIs For 01.4 billion iv. Food Deptt 09 KPIs For 87.6 billion
Service Delivery Focus?	Substantially deficient inter-se linkages of KPIs to Outputs↔Outcomes ↔Vision	<p>Heavily process oriented inconclusive PM</p> <ul style="list-style-type: none"> i. Outcome: Improved Governance/Policy, Planning <p>17% KPIs Measures “Status of Units, Policies etc”</p> <p>14% KPIs Measures “ADP Utilization”</p> <p>36% KPIs Measures “Number of meetings, reports etc”</p> <p>Instances:</p> <ul style="list-style-type: none"> i. E&SE Institutionalization Status of IMU ii. E&SE Implementation Status of ESP iii. Health # of repair & maintenance iv. Environment # of coordination meetings
Reporting & Decision Making?	Missing Institutional Framework	<ul style="list-style-type: none"> i. No legitimate central node to guide PM ii. Weak M&E systems at departmental level to graduate from process to output and outcome with built-in segregation and consolidation mechanisms iii. FD role and capacity constraints to enforce OBB iv. Sporadic approach to reporting and linkages with budgeting – system dependency not created through BPR v. Stagnancy and redundancy over time

¹ GoKP Budget Estimates for Service Delivery 2017-20

Irrigation Department

Summary

The logical framework for Irrigation as depicted by its Output Based Budget is as follows:



Outcome(s)	Output(s)
1. Improved water resource management contributing to enhanced income from agricultural land and mitigating water scarcity	1.1 Irrigation infrastructure increased and developed
	1.2 Small dams, storage ponds constructed/ rehabilitated
	1.3 Strengthening and rehabilitation of flood protection infrastructure
	1.4 Improved management of drainage, hill torrents, rain and flood water
	1.5 Revamped and modernized 'Abiana' assessment and collection system in place
2. Improved governance	2.1 Effective and efficient administrative services
	2.2 Strengthened Planning & Monitoring Cell for evidence based planning and programme implementation

Budget of Irrigation Department²:

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	2,360.806	1,992.924	2,310.168	1,911.359
Non Salary	1,401.731	1,428.747	1,299.027	1,295.293
Development	8,352.100	7,030.000	6,870.000	4,737.000
Total	12,114.637	10,451.671	10,479.195	7,943.652

The budget allocation for Current FY and the last three completed FYs reveals a cumulative growth of about 53% in the total budget of Irrigation Department since FY 2014/15. The development portfolio has the most significant cumulative growth of about 76% since FY 2014/15. The share of development budget further improved each year as 66%, 67% and 69% of the total budget for 2015/16 to 2017-18 respectively.

Output Based Budget:

Output 1: Irrigation infrastructure increased and developed (9 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	1,464.554	1,471.866	1,471.866	1,321.412
Non Salary	929.044	870.260	870.260	872.642
Development	4,790.897	3,132.309	3,132.309	2,317.835
Total	7,184.495	5,474.435	5,474.435	4,511.889

Enhanced irrigation infrastructure appears to be a prime output of Irrigation Department as average annual budgetary allocation to this output is about 55% of the total departmental budget. There has been a 59% cumulative increase in the total budget for this output over the budget for FY 2014/15.

Output 2: Small dams, storage ponds constructed /rehabilitated (1 KPI)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	96.729	76.950	65.283	46.196
Non Salary	26.647	27.022	34.204	26.317
Development	984.488	840.842	783.258	1,104.795
Total	1,107.864	944.814	882.745	1,177.308

² All fiscal information is in PKR Million

The construction/rehabilitation of small dams and storage ponds fetched 15% share in the total departmental budget during FY 2014/15. The same dropped to 9% during Current FY 2017/18 primarily because of a cumulative reduction of 11% in the development portfolio.

Output 3: Strengthening and rehabilitation of flood protection infrastructure (2 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	109.203	65.037	32.873	29.543
Non Salary	190.946	223.855	186.649	188.126
Development	1,745.167	1,953.650	2,365.305	1,112.144
Total	2,045.316	2,242.542	2,584.827	1,329.813

Improved flood protection infrastructure reveals an average annual share of 20% in the total departmental budget during 2014/15 to 2017/18. The development budget for this output noted a reduction of 17% in 2016/17 against the allocation for 2015/16, and a further reduction of 11% during 2017/18 against the allocation for 2016/17.

Output 4: Improved management of drainage, hill torrents, rain and flood water (2 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	-	-	-	-
Non Salary	-	-	-	-
Development	710.000	385.050	400.000	170.747
Total	710.000	385.050	400.000	170.747

Solely ADP funded, this output depicts an average annual share of about 6% in the total development portfolio of the department. The Current FY indicates the highest share of 9% against the lowest share of 4% during FY 2014/15.

Output 5: Revamped & modernized 'Abiana' assessment and collection system in place (2 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	296.285	264.391	263.684	251.937
Non Salary	41.007	37.777	32.704	32.644
Development	-	-	-	-
Total	337.292	302.168	296.388	284.581

Solely funded from the current budget, this output fetches a constant share of 3% in the total departmental budget during 2015/16 to 2017/18.

Output 6: Effective and efficient administrative services (1 KPI)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	394.035	288.902	476.462	262.271
Non Salary	214.087	172.233	175.210	175.564
Development	121.538	99.000	178.000	21.479
Total	729.660	560.135	829.672	459.314

The percentage share of this output in the total departmental budget continues to be 6% during 2017/18 against the baseline for 2014/15. However, the current to development budget ratio of 95:5 during 2014/15 improved to 83:17 during 2017/18.

Output 7: Strengthened Planning & Monitoring Cell or evidence based planning and programme implementation (1 KPI)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	-	-	-	-
Non Salary	-	-	-	-
Development	0.010	10.000	11.128	10.000
Total	0.010	10.000	11.128	10.000

During the last three completed FYs, funds have been allocated under ADP for the establishment of Planning & Monitoring Cell constituting an average annual share of 0.17% in the development portfolio of the department.

Key Performance Indicators

1) Irrigation channels completed (Km)				2) Distributaries & minors completed (Km)		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	10	7	70%	5	3	60%
2015-16	10	7	70%	5	2	40%
2014-15	25	20	80%	30	25	83%
TOTAL	45	34	73%	40	30	61%

For last three years, irrigation department has completed 34 kms of irrigation channels against the target of 45 kms so the achievement against this KPI is 73%. Similarly, 30 kms of distributaries and minors are completed against the target of 40 kms making achievement 61%. It is worth mentioning here that the budget for 2014-15 was the lowest but target as well as achievement is remarkable.

3) Canal patrol road completed (Km)				4) Number of bridges/culvert/CDWS completed		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	10	7	70%	5	3	60%
2015-16	25	16	64%	20	10	50%
2014-15	40	40	100%	20	30	150%
TOTAL	75	63	78%	45	43	86.66%

Irrigation department has completed 63 kms of canal petrol road in last three years against the target of 75 kms for last three years. 43 number of bridges/ culvert/CDWS completed against the target of 45. Performance for 2014-15 is excellent for these KPIs as well.

5) Number of tube wells installed				6) Number of lift irrigation schemes completed		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	20	15	75%	5	3	60%
2015-16	30	12	40%	10	5	50%
2014-15	45	50	111%	20	19	95%
TOTAL	95	77	75.33%	35	27	68.33%

The target for installation of tube wells was 95 for last 3 years, but irrigation department installed 77 tube wells. Similarly, department has completed 27 schemes against the target of 35. Similarly, performance is very good in terms of quantity and achievement for 2014-15.

7) Patrol road rehabilitated (km)				8) Number of tube wells/lift irrigation schemes rehabilitated		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	10	7	70%	15	12	80%
2015-16	10	6	60%	10	6	60%
2014-15	10	15	150%	25	22	88%
TOTAL	30	28	93%	50	40	80%

For last three years, 28 kms of canal patrol roads has been rehabilitated against the target of 30, so the overall achievement remains at 93%. Similarly, 40 numbers of tube wells/lift irrigation schemes have been rehabilitated during last 3 years.

9) Irrigation channels rehabilitated (km)				10) Number of Small irrigation dams started		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	15	12	80%	2	1	50%
2015-16	20	15	75%	2	2	100%
2014-15	20	36	180%	3	3	100%
TOTAL	55	63	115%	7	6	86%

As per above table, 63 kms or irrigation channels have been rehabilitated against the target of 55 kms, so the average achievement is 115% for last three financial years. If we go through the budgeting tables, we come to know that average 53.3% budget has been allocated to output number 1 which has 9 KPIs. If we further divide it, every KPI (from 1 to 9) is getting average 6% of total budget. So major portion of budget is utilized for KPIs from 1 to 9. Irrigation department has started 6 small dams against the target of 7 small dams during last three years and for this KPI irrigation department has received average 10.75% of total budget each year since 2014-15.

11) Number of flood damages restoration schemes (canals, bridges, irrigation channels/ minors, culverts etc.)				12) Number of flood protection walls constructed		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	0	0	0%	10	7	70%
2015-16	0	0	0%	10	6	60%
2014-15	8	8	100%	10	10	100%
TOTAL	8	8	100%	30	23	77%

Irrigation department has completed 8 flood damages restoration schemes against the target of 8 in 2014-15, however, there is not any target for 2015-16 and 2016-17. Moreover, 30 flood protection walls construction was the target but the department constructed 23 walls achieving 77 percent target for last three financial years. These two KPIs are part of output number 3 which is receiving average 20.9% of total budget of irrigation department each year, so on average KPI 11 and 12 are receiving average 10.45% budget each year for last three years.

13) Number of drainage schemes completed				14) Number of hill torrent schemes completed		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	2	1	50%	0	0	0%
2015-16	2	2	100%	2	0	0%
2014-15	3	6	200%	2	2	100%
TOTAL	7	9	129%	4	2	50%

Irrigation department has completed 9 drainage schemes against the target of 7 achieving 129 percent targets since 2014-15. Similarly, 2 hill torrent schemes completed in 2014-15 against the target of 2 however, there is not any hill torrent scheme completed in 2015-16 and 2016-17, therefore,

achievement is 50% for this KPI. As far as budget is concerned these 2 KPIs are covered under output number 4. For these KPIs there is no salary and non-salary components and its budget is reflected under development component only. For these KPIs average 3.166% of total budget is allocated for last three years. So if it is divided against two KPIs, we may presume that each KPI is getting 1.58% of total budget.

15) Revenue received from 'Abiana' (In Million)				16) Revenue received from other sources (In Million)		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	371	81.179	22%	189	118.474	63%
2015-16	337	179	53%	176	47.449	27%
2014-15	340	96	28%	160	156	98%
TOTAL	1048	356.179	34%	525	321.923	61%

'Abiana' Collection is 356.179 million against the target of 1048 million for last three years, achievement is only 34%. But, revenue received from other sources remains at 321.923 million against the target of 525 million. Achievement is 61%. These two KPIs are related to revenue generation of the irrigation department and they are reflected under output # 5. These KPIs are getting budget only under current side. The department is getting average 3.09 percent of total budget each year for these two KPIs during last three years. If we further go into detail, we come to know that department has collected 678.102 million revenue during last three year but under this output department has spent 883.137 million creating a deficit of 205.035 million.

17) ADP Utilization				18) Status of establishment of Planning & Monitoring Cell (PMC)		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	100	84	84%	Operational		
2015-16	100	65.77	66%			
2014-15	100	73	73%			
TOTAL	300	222.77	74%			

ADP utilization of irrigation department remains at 74% for last three years. Department has utilized maximum portion of ADP in 2016-17, that is, 84%. Department has allocated 0.32 % of total budget for establishing planning and monitoring cell during last three year.

Analysis

Key findings and recommendations to mitigate the identified gaps and make the performance regime of Irrigation Sector more result orientated are as briefed below:

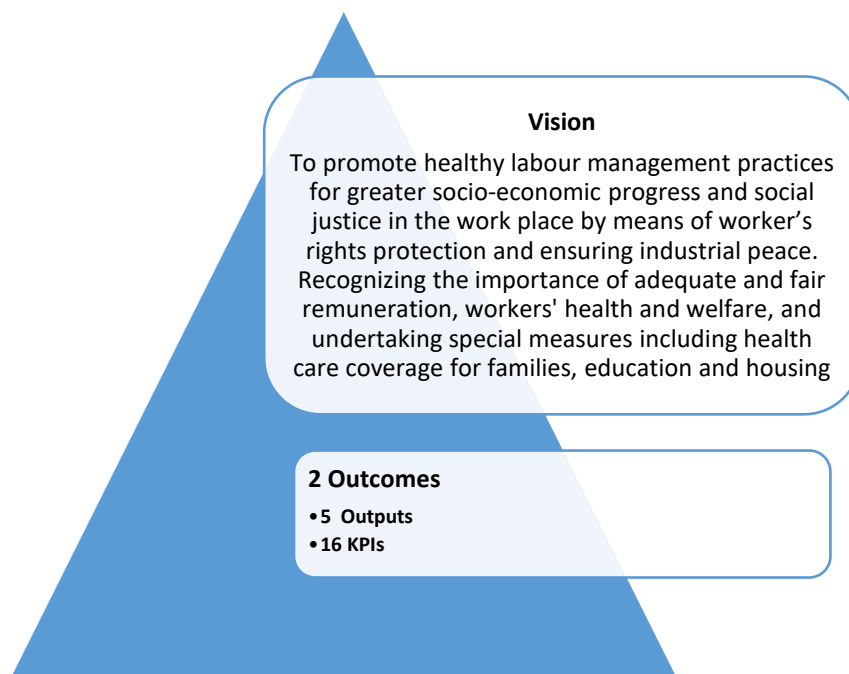
- 1) Vision of Irrigation Department is just a statement which is not describing the goals and objectives of the department. However, the department has a very good policy statement which might be turned into vision of department.
- 2) If we go through all KPIs and budget summary of Irrigation department one can easily say that the targets of 2014-15 were greater than that of 2015-16 and 2016-17. Whereas, budget of 2014-15 is much lower than the following years' budget. However, the performance of department was remarkably well for 2014-15. Similarly the ADP utilization for 2016-17 is 84% but the performance is not good as compared to 2014-15 performance when ADP utilization was 73% only. This demystifies either no or very little relationship between the physical and financial performance – a phenomenon fundamentally contrary to the very essence of performance/output oriented budgeting.
- 3) The achievement of 'Abiana' collection is just 34% for the last three years which is not encouraging. Ideally 'Abiana' collection needs to be increased every year due to heavy investment in the construction of dams, channels, minors, distributaries, tube wells etc. If irrigated land is increased, 'Abiana' has to be increased proportionally.
- 4) Similarly, there is output "Strengthened Planning & Monitoring Cell or evidence based planning and programmed implementation" for which Rs.10 million was allocated in 2014-15, Rs.11.128 million for 2015-16 and Rs.10 Million for 2016-17. But, there needs to be gradual improvement in KPIs with the passage of time which is not the case.
- 5) The basic purpose of irrigation department is to preserve and use the water share of KP as per 1991 inter-provincial accord, which is 8.78 maf. Around two maf water of Khyber Pakhtunkhwa's annual share, according to IRSA calculations remain unused because the province does not have sufficient canal network to be able to utilize the allocated quantity of water. However, there is no single KPI to show the amount of water used in acre feet or area irrigated due to the interventions of the department.
- 6) Most of the KPIs are process-oriented and do not describe the output. For example, construction of small dams is not a relevant KPI. It needs to be amount of water preserved in acre feet (af). Similarly, total increase in Area irrigated is a better KPI instead of irrigation channels completed or number of tube wells installed. Some KPIs are totally irrelevant e.g. status of establishment of PMC.

In short, we can say that Irrigation department needs to reframe its vision and associated KPIs according to the policy and goals of the department with strong inter-se linkages with budget. It will help in preparing future budgets according to the performance of the department measured on KPIs. Similarly, there should be minimal number of KPIs depicting holistic sectoral perspective.

Labour Department

Summary:

The logical framework for Labour Department as depicted by its Output Based Budget is as follows:



Outcome(s)	Output(s)
1. Labour welfare for improved economic activity bringing economic prosperity	1.1 Improved working conditions and environment
	1.2 Promoting welfare of the industrial and commercial labour and strengthening of labour-management relations
	1.3 Discouraging and combating bonded labour and child labour
2. Improved governance	2.1 Improved policy, planning, budgeting and monitoring
	2.2 Enforcement of standardized system of weights and measures

Budget of Labour department³:

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	277.077	233.653	200.901	158.884
Non Salary	128.183	109.893	96.597	54.716
Development	125.000	125.000	74.000	26.000
Total	530.260	468.546	371.498	239.600

The budget allocation for Current FY and the last three completed FYs reveals a cumulative growth of about 121% in the total budget of Labour Department since FY 2014/15. The development portfolio has the most significant cumulative growth of about 381% followed by non-salary budget with a cumulative growth of 134% since FY 2014/15. The ratio of current to development budget improved from 89:11 during 2014/15 to 76:24 during Current FY 2017/18.

Output Based Budget:

Output 1: Improved working conditions and environment (5 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	122.563	110.217	86.491	82.311
Non Salary	61.926	79.248	67.077	41.796
Development	44.566	37.608	45.037	-
Total	229.055	227.073	198.605	124.107

Improved working conditions and environment appears to be a prime output of Labour Department as average annual budgetary allocation to this output is about 49% of the total departmental budget. There has been an 85% cumulative increase in the total budget for this output over the budget for FY 2014/15.

Output 2: Promoting welfare of the industrial and commercial labour and strengthening of labour-management relations (4 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	52.003	45.568	36.539	20.195
Non Salary	15.941	14.600	14.103	3.270
Development	-	-	-	-
Total	67.944	60.168	50.642	23.465

³ All fiscal information is in PKR Million

There has been a cumulative growth of about 190% since 2014/15 for the budget of this output, with a predominant salaries orientation. However, the salary to non-salary ratio of 86:14 in 2014/15 improved to 77:23 during 2017/18.

Output 3: Discouraging and combating bonded labour and child labour (2 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	-	-	-	-
Non Salary	-	-	-	-
Development	48.000	67.418	6.000	9.5000
Total	48.000	67.418	6.000	9.5000

Solely funded under ADP, there has been significant development budget allocated during 2016/17 i.e. 54% of the total development portfolio of Labour Department followed by 38% during 2017/18 for combating bonded labour and child labour.

Output 4: Improved policy, planning, budgeting and monitoring (4 KPIs)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	30.504	36.101	43.921	27.070
Non Salary	4.091	3.918	6.017	4.130
Development	23.434	19.974	22.963	16.500
Total	58.029	59.993	72.901	47.700

This output had a share of 20% in the total departmental budget during 2014/15 noticed a notices a reduced share of 11% during 2017/18.

Output 5: Enforcement of standardized system of weights and measures (1 KPI)

Components	FY 2017-18	FY 2016-17	FY 2015-16	FY 2014-15
Salary	72.007	41.767	33.950	29.308
Non Salary	46.225	12.127	9.400	5.520
Development	9.000	-	-	-
Total	127.232	53.894	43.350	34.828

The budget for enforcement of standardized system of weights and measures records a cumulative growth of about 265% since 2014/15. The share of this output in total department budget improved from 12% during the last two completed fiscal years to 24% during Current FY 2017/18.

Key Performance Indicators

1) Number of inspections of factories/shops				2) Number of prosecutions		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	48020	28909	60%	4280	4736	111%
2015-16	44830	48820	109%	4850	5025	104%
2014-15	42670	48574	114%	4850	5639	116%
TOTAL	135520	126303	93%	13980	15400	110%

If we go through the tables, we can find out that labour department has visited 126303 factories/shops against the target of 135520 achieving 93%. Achievement remains minimum during 2016-17. However, 15400 prosecutions were carried out against the target of 13980 for the last three financial years.

3) Number of workers children facilitated for education male & female				4) Number of scholarships awarded to workers children male & female		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	5000	500	10%	9000	0	0%
2015-16	2300	4888	213%	16500	0	0%
2014-15	1800	2000	111%	10200	15000	147%
TOTAL	9100	7388	81%	35700	15000	42%

Similarly, labour department has facilitated 7388 male and female workers' children for last three years against the target of 9100. For this KPI, performance in 2016-17 is not good as well. Labour department has awarded 15000 scholarships to workers children in 2014-15 against the target of 10200. But the achievement remains nil during 2015-16 and 2016-17 making total achievement 42% for last three years.

5) Number of cash rewards to talented children				6) Number of trainings conducted for workers and employers		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	27	0	0%	38	48	126%
2015-16	31	0	0%	37	41	111%
2014-15	20	27	135%	52	34	65%
TOTAL	78	27	35%	127	123	97%

Same is the case for KPI number 5, where cash rewards were given to talented children in 2014-15 while the figure remains zero for 2015-16 and 2016-17 so the actual achievement for last three years is 35%. First 5 KPIs are reflected under output # 1 of labour department. Average 51.23% of total budget is allocated for these KPIs each year during last three years, therefore, on average each KPI (from 1 to 5) is getting 10.246 percent of total budget of the department. Labour department has conducted 123 trainings for workers and employers for last three years against the target of 127.

7) Disputes conciliation between labourer and employer				8) Number of visits by worker's education cell		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	100	100	100%	38	50	131.75%
2015-16	100	100	100%	-	-	-
2014-15	100	100	100%	-	-	-
TOTAL	300	300	100%	38	50	131.75%

Dispute reconciliation remains 100% for every year during last three years. A new KPI has been introduced in 2016-17 which deals with the visits by worker's education cell so its achievement is 131.75%.

9) Number of cases disposed off by labour courts				10) Number of inspections of child labour		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	3600	2599	72%	800	2201	275%
2015-16	3300	3749	114%	780	1296	166%
2014-15	3000	3855	129%	720	1343	187%
TOTAL	9900	10203	103%	2300	4840	210%

For last three years, labour courts have disposed off 10203 cases against the target of 9900 achieving 103% targets. Moreover, department has conducted 4840 visits to find out cases of child labour against the target of 2300. KPIs from 6 to 9 are in output number 2, as per calculation, for this output department has allocated each year average 12 % of total budget during last three years. So we assume that, each KPI is getting 4% of total budget each year on average. For this output, there is only current side budget.

11) Number of inspections of bonded labour				12) ADP Utilization		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	268	0	0%	100	0	0%
2015-16	264	0	0%	100	100	100%
2014-15	240	0	0%	100	2	2%
TOTAL	53	0	0%	300	102	34%

For last three years not a single visit was carried out by labour department for finding out bonded labour cases. Under output number 3, there are two KPIs (from 10 to 11), the department has allocated average 6.6 % of total budget each year for these KPIs each year. So KPI 10 and 11 are getting average 3.3 percent of total budget each year during last three years. ADP utilization remains at 34% during last three years.

13) Number of visits to regional offices of weights and measurement by M&E				14) Number of receipts of field offices reconciled with AG Office		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	19	19	100%	12	12	100%
2015-16	18	14	78%	12	9	75%
2014-15	16	5	31%	12	7	58%
TOTAL	53	38	72%	36	28	78%

M&E of labour department has visited 38 regional offices of weight and measures for last three years against the target of 53 and reconciled 28 receipts of field offices with AG office against the target of 36.

15) Number of visits by Admin Department for M&E				16) Number of inspection reports evaluated/ consolidated		
Financial Year	Targets	Actual	Achievement	Targets	Actual	Achievement
2016-17	4	4	100%	12	12	100%
2015-16	4	3	75%	12	9	75%
2014-15	4	3	75%	12	12	100%
TOTAL	12	10	83%	36	33	92%

Labour department has visited 10 times for monitoring and evaluation against the target of 12 in last three years achieving 83% targets. Output number 4 is comprised of four KPIs from serial number 12 to 15. Average 17.4% of total budget is allocated for these KPIs each year during last three years, if we divide it with 4 we will come to know that each KPI is getting average 4.35% of total budget each year. Labour department has evaluated 33 inspection reports against the target of 36. This KPI # 16 is lying under output number 5 for which department has received average 12.5% of budget each year for last three year. In short department has evaluated 33 reports for 132 million Rupees.

Analysis

Key findings and recommendations to mitigate the identified gaps and make the performance regime of Labour Department more result orientated are as briefed below:

- 1) It is defined in the vision of the department that it will undertake special measures including health care coverage for families, education and housing but there is no single KPI for health care coverage and housing. Most of the Key performance indicators of the department are not in-line with the vision and outcome of the department. Some KPIs are completely redundant, for example, number of receipts of field offices reconciled with AG Office, number of visits by admin department for M&E, number of inspection reports evaluated/consolidated etc.
- 2) There is a KPI “number of cases disposed off by labour court” which is reflecting the performance of labour courts not of labour department, if we rephrase it as “number of cases instituted by labour department” it seems to be similar to the KPI “number of prosecutions”.
- 3) If we go through all KPIs certain questions arise:
 - i. What is the impact of trainings conducted for workers and employers?
 - ii. What is the selection criteria for disbursement of cash rewards?
 - iii. How many factories/shops are there in KP out of which 126,303 have been visited in last 3 years?
 - iv. Is there any revenue generation out of visits?
 - v. How come dispute resolution remains 100% every year?
 - vi. How outputs and outcomes are contributing towards the performance of the department.
 - vii. Is there any internal mechanism in the department to monitor KPIs?
 - viii. Number of inspections of bonded labour for the last three years is zero either there is no case of bonded labour in KP or is there some other issue?
- 4) ADP utilization is very low for 2014-15 and 2016-17, that is 2% and 0% respectively. But for 2015-16 ADP utilization is 100% however there is no single KPI which justifies the utilization of developmental budget. Similarly, according to the department, they are performing lots of functions under workers welfare board which is funded by federal Government but without any coverage by KPIs.
- 5) Most of the KPIs are process-oriented and do not describe the output. For example, number of inspections of child labour needs to be replaced with number of children relieved from child labour. Similarly, number of visits to regional offices of weights and

measures by M&E can be replaced by how many shops, petrol pumps, CNG stations were rectified and booked under law. Moreover, there is not any link between the budget and KPIs. Ideally with increasing budgets the KPIs must improve which is not the case.

In short, we can say that Labour department needs to reframe its KPIs according to the vision, policy and goals of the department and must be linked with budget. It will help in preparing future budgets according to the performance of the department measured on KPIs. Similarly, there should be minimal number of KPIs depicting holistic sectoral perspective.