

CITIZEN BUDGET 2024-25



FINANCE DEPARTMENT

GOVERNMENT OF KHYBER PAKHTUNKHWA

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خیبر پختونخوا

Khyber Pakhtunkhwa

ABOUT THIS BOOKLET

The Pakistan Tehreek-e-Insaf (PTI) Government of Khyber Pakhtunkhwa is pleased to submit the first budget of its term since the 2024 election.

The booklet explains the budget and financial health of the province in simple language, making it easy for the people of Khyber Pakhtunkhwa to understand its impact on their lives. This Citizen's Guide to the Budget reflects the Government's commitment to transparency of how and where finances are spent, promoting the Government's resolve of enhancing accountability and realistically managing public finances.

DISCLAIMER

The document provides actual and estimated revenue and expenditures for Khyber Pakhtunkhwa to promote better understanding about the Government's priorities. Estimated figures for the financial year 2024-25 are based on current forecasts and projections about the budget and may, therefore, be subject to change as a result of new information, future events or other developments.

THE CHIEF MINISTER KHYBER PAKHTUNKHWA

The people of Khyber Pakhtunkhwa, over their entire political history, have never elected any other political party twice. But in case of PTI they did that thrice. This third time electoral victory is a monumental vote of confidence in the manifesto of the Pakistan Tehreek-e-Insaf and the vision of its leader. With Khyber Pakhtunkhwa's 2024-25 budget, the PTI government embarks on the next chapter of its service to the loyal and resilient people of the war-stricken province of Khyber Pakhtunkhwa.

Over the last 2 years or so, the people of Khyber Pakhtunkhwa have suffered at the hands of not only terrorism, but more so, bad governance and mis-rule. The double whammy of terrorism and bad governance has made their lives into a daily struggle. Therefore, it is all the more incumbent upon our government to prioritize service delivery, good governance and public welfare to bring about a meaningful change and a genuine sense of relief to the struggling masses of Khyber Pakhtunkhwa.

In the less than 3 months that the PTI government has been in office, it has revived the Sehat Card programme - the single most meaningful social protection reform in the history of Pakistan. Social protection was revived via the Ehsaas programme in all 115 constituencies of the province during Ramadan, as well as the restoration of Panahgahs and provision of subsidized wheat. In this budget, more emphasis would be placed on enabling the youth, women and other deserving citizens of Khyber Pakhtunkhwa become more financially self-reliant through generous schemes of low mark-up loans for small businesses. This budget would strive to de-emphasize such brick and mortar development that benefits a few and emphasize investments in our future generations, our environment, our people and their overall quality of life.

As the provincial government charts out its vision for the next five-year term, the 2024-25 budget is themed 'Triumphant Khyber Pakhtunkhwa'. After more than a year of political uncertainty, financial volatility and disruption of the democratic order, 2024 marks a year of triumph, a triumph of the will of the people. The democratically elected government of PTI will channelize this political will and social energy of the people of Khyber Pakhtunkhwa in overcoming all the hurdles in realization of a good and meaningful life for them and their future generations through effective public financial management, while also advocating and struggling for the constitutionally protected financial rights of the province at every forum.

Our leader Imran Khan has given us a very clear vision of an Islamic welfare state, and it is my singular honour to lead the PTI government in realization of that vision that the people of Khyber Pakhtunkhwa have shown their overwhelming confidence in not just twice, but thrice.



Sardar Ali Amin Khan Gandapur
Chief Minister,
Khyber Pakhtunkhwa

ADVISOR TO CM FOR FINANCE

KHYBER PAKHTUNKHWA

Change is never easy, and the past year has been one of the most uncertain in the history of Khyber Pakhtunkhwa. What was initially foreseen as a short transitory phase between elections, ended up being a protracted journey into uncharted territories – a caretaker setup forced to extend its tenure past the constitutionally mandated 90 days due to extenuating circumstances, and subsequently the onset of a second successive caretaker regime necessitated by the passing away of the incumbent caretaker Chief Minister while in office.

Of course, political uncertainty breeds financial uncertainty, and these were the most testing of times. Local dynamics coupled with bearish global economic trends – the COVID-19 pandemic followed by the Ukraine War and resulting commodity super-cycle had resulted in unprecedented inflation throughout Pakistan, which was further exacerbated by currency devaluation and the perennial concerns of potential default on sovereign debt.

In spite of all of these challenges, the provincial government steadied the ship and ensured that the province's economy didn't grind to a halt. Channelling its focus on creating fiscal space despite limited room for revenue mobilization, expenses were kept in check and value for money with the maximum impact towards efficient service delivery was prioritized. The combined energy of the caretaker government was directed towards improving the province's account balances, avoiding overdraft and the resulting interest payments, and ensuring that service delivery continued uninterrupted. All the while, the improving account position allowed for paying down liabilities of the provincial government while guaranteeing that the incoming elected regime would have the financial resources available to execute its manifesto.

And after a turbulent 13-month ride, our province is finally at that stage – on the cusp of reigniting the vision of an Islamic welfare state in line with the manifesto of the Pakistan Tehreek-e-Insaf. The initial decisions taken by the incoming elected government soon after its formation indicate the direction that we intend to steer Khyber Pakhtunkhwa towards; a state that empathizes with and cares for every last citizen; a state that doesn't restrict the benefits of economic growth to an elite handful; a state that empowers its entire populace to participate in the provincial economy and provides opportunity to every household to do so.

I can proudly say that within its first three months, our government has made tremendous headway in bringing our Founder Chairman Imran Khan's promise to fruition. While there is a long way to go, in the same breath I can also commit that we will surely get there soon, with the grace, mercy and support of Almighty Allah.



Muzammil Aslam
Advisor to CM for Finance,
Khyber Pakhtunkhwa

MESSAGE FROM THE ADDITIONAL CHIEF SECRETARY



Syed Imtiaz Hussain Shah
Additional Chief Secretary (P&D),
Khyber Pakhtunkhwa

As the national economy gradually rebounds from manifold challenges encountered over the past two years, Khyber Pakhtunkhwa is also positioned to renew its focus on growth and development, after an austere transitional phase which naturally brought development initiatives to a grinding halt.

The moratorium on new projects during the caretaker setup was extraordinarily stretched to 13 months. Thereafter, the successful transition to an elected government enabled us to properly plan a full-fledged development portfolio for 2024-25 after a significant gap. In doing so, we made sure to prioritize activities in productive sectors such as agriculture, mines and minerals, irrigation, renewable energy, and other sectors that can directly contribute to development and employability. Furthermore, focus is particularly aimed at bringing the merged districts on par with the rest of the province and the entire country.

The importance of the development sector in kickstarting the economy could best be observed by the lull in economic activity during this interim period. With a return to more familiar and certain times, triggered by a rejuvenated and inclusive development portfolio encompassing the entire breadth of the province, Khyber Pakhtunkhwa can triumphantly set course for progress and prosperity in the months ahead.

MESSAGE FROM THE SECRETARY FINANCE



Amer Sultan Tareen
Secretary Finance,
Khyber Pakhtunkhwa

Management of public finances comes with its own unique set of challenges, and the outgoing financial year was no different. While the political dynamic had changed as a caretaker setup had been formed in anticipation of elections, many of the usual debates remained in vogue. Whether to prioritize expenditure on the current or development budget, what areas to target for enhancement of provincial revenues, how to overcome the handicap of lower than budgeted federal transfers, whether to take on additional debt through loan-based projects or not.

During the past year, the outstanding difference was in approach, even as the province was treading into new waters and faced with constitutional issues. A focus on proactive cash management, forecasting inflows and outflows, and creating the requisite fiscal space for uninterrupted development expenditure during previous years slowly evolved into a new normal: prioritizing spending that was coupled with enhanced revenue generation, utilizing fiscal space towards retirement of liabilities and addressal of payables, and focusing on development expenditure that was duly funded, while minimizing unfunded expenditure, whether it was on the current or development side.

The above measures have enabled our team to prepare a surplus budget for FY 2024-25 on the heels of a renewed push towards financial responsibility, and frugal utilization of loans and advances. After gradually shoring up account balances and ensuring that the provincial kitty was nursed back to health, we have navigated the challenges of budget-making for short-term periods and set the ground for a more financially prosperous province under the leadership of the freshly elected public representatives. And that, for me, is our greatest triumph.

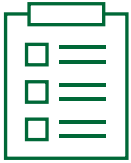


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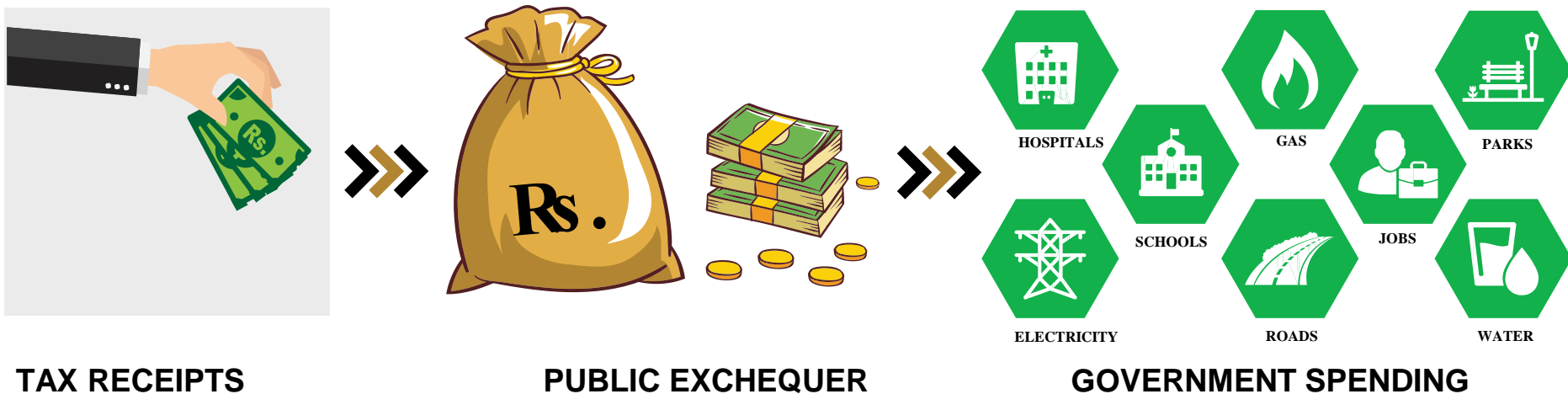
1 | **Understanding the budget**

2 | The 2024-25 budget

3 | Flagship initiatives

4 | Deep dive on key issues

The basics of the budget



The Government of Khyber Pakhtunkhwa generates resources through your taxes and fees. Some of these taxes are paid directly to the government, and others are paid to the federal government, which then gives each province its share.

We can then spend the money on you; on education; health; infrastructure including energy, water and roads; on job creation; and on paying the people who work in government to help deliver all of our services to you.

Our budget year runs from July to June. Typically, the budget is presented and approved in June. The Khyber Pakhtunkhwa annual budget represents the financial situation of the government, specifying what we think we can earn in the budget year (revenue or receipts), and what we plan to spend (expenditure) for the public good.

Pay your taxes!



The budget is a balancing act between resources generated and resources spent.

Resources generated depend on taxation, fees and other sources of revenue. The more resources a government can generate, the more it can spend on the priorities that matter to you.

This is why we all need to pay our taxes. If we want Khyber Pakhtunkhwa and Pakistan to develop, we must understand that it is our taxes that fund the development that we want.

Without enough tax resources, governments have two choices, to borrow unsustainably, or to under-invest in the development of the state. This is how governments in Pakistan have worked in the past. But with your help, we are changing that.

Remember, pay your taxes, and see Pakhtunkhwa and Pakistan grow faster. Your tax money will come back to you.

How does Khyber Pakhtunkhwa generate resources?

Every year, the Government of Khyber Pakhtunkhwa collects its revenues from several sources. These include:

Category



Details

Federal Transfers

Transfers from the divisible pool of the taxes collected from FBR

Federal Grants

Grants from the federal government, including funds for the newly merged districts

Foreign Project Assistance

The amount committed by the donors for developmental work across the province in various sectors

Own Source Receipts

Provincial Tax collected on services, immovable property and other revenue generated by the department itself

Net Hydel Profit

Profits from the hydroelectricity generated in the province throughout the year

Debt and savings

Loans taken by the government (if any), other expected savings etc.

Straight Transfers

Money collected from oil and gas royalties and surcharges

Proportion



What are the different areas of spending?

Traditionally the budget is segregated into two parts; Current side and Development side which is further split into different cost lines

Current Expenditure



Salary

Accounts for majority of government expenditure and is increasing every year



Pensions

Third largest current expenditure. Key reforms are being undertaken to make it sustainable



Non-salary

Represents everything other than the salary expenditure majorly operational and maintenance expenses

Development Expenditure

This is the expenditure done on capex projects

It is spent at Provincial and District levels (20% of funds are earmarked for local bodies as District ADP in accordance with the Local Government Act)

It is usually what remains of the total budget, once all current expenditures have been covered

It also consists of the projects funded by the Federal Government and the international partners

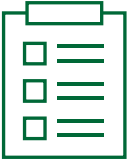


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The headline numbers 2024-25

Total budgeted expenditure

PKR 1,654.0 Bn

Settled districts

PKR 1,390.2 Bn

Merged districts

PKR 263.8 Bn

Current budget

PKR 1,237.7 Bn

Settled districts

PKR 1,093.1 Bn

Merged districts

PKR 144.6 Bn

Development budget

PKR 414.3 Bn

Settled districts

PKR 297.1 Bn

Merged districts

PKR 119.2 Bn

Surplus

PKR 100.0 Bn

Revenue / receipts 2024-25

Federal Tax Assignments	PKR 902.5 Bn
1% of the divisible pool to the province for the war on terror	PKR 108.4 Bn
Oil & Gas royalties and surcharges (straight transfers)	PKR 43.0 Bn
NHP as per 2015-16 MoU, including arrears	PKR 111.3 Bn
Provincial Tax and Non-Tax Revenue	PKR 93.5 Bn
Foreign Project Assistance (settled districts)	PKR 126.7 Bn
Foreign Project Assistance (merged districts)	PKR 3.9 Bn
Grants for merged districts	PKR 259.9 Bn
Other receipts	PKR 104.8 Bn
Total receipts:	PKR 1,754.0 Bn

Details of expenditure 2024-25

PKR Billions

Head	Settled	MDs	Total
Salary	536.0	94.8	630.8
Pension	162.4	4.4	166.8
Non-Salary (O&M and contingency and district non-salary)	323.0	45.4	368.4
Other current expenditure	71.7	-	71.7
Provincial ADP (plus AIP for MDs)	120.0	109.3	229.3
Devolved ADP	24.0	6.0	30.0
Foreign Project Assistance	126.7	3.9	130.6
PSDP	26.4	-	26.4

Sector wise total budget (1/2)

PKR Millions

Sector / Head	Budget 2024-25 Settled	Budget 2024-25 Merged	Total Budget 2024-25
Agriculture	23,907	2,645	26,552
Auqaf, Religious, Minority & Hajj	3,590	125	3,715
Communication & Works	45,688	14,849	60,536
Debt Servicing	115,960	0	115,960
District ADP	24,000	6,000	30,000
Elementary & Secondary Education	293,956	54,843	348,799
Energy & Power	29,112	1,666	30,778
Environment & Forestry	10,129	1,757	11,886
Establishment & Administration	9,072	370	9,442
Excise & Taxation	1,778	81	1,859
Finance	29,235	9,001	38,236
Food	26,266	1,660	27,926
Grant To Local Councils	11,066	2,148	13,214
Health	204,163	24,637	228,800
Higher Education, Archives & Libraries	31,946	3,883	35,829
Home & Tribal Affairs	107,472	33,154	140,626
Housing	500	0	500
Industries, Commerce & Technical Education	6,148	1,383	7,532
Information & Public Relations	712	73	785

Sector wise total budget (2/2)

PKR Millions

Sector / Head	Budget 2024-25 Settled	Budget 2024-25 Merged	Total Budget 2024-25
Inter Provincial Coordination	98	0	98
Irrigation	26,218	4,359	30,577
Labour	931	47	978
Law & Parliamentary Affairs	16,568	1,730	18,298
Livestock & Dairy Development	11,207	2,110	13,317
Local Government	37,035	4,264	41,298
Mines & Mineral Development	1,870	188	2,058
Pension	162,403	4,439	166,842
Planning & Development	49,306	18,856	68,162
Population Welfare	4,592	722	5,314
Provincial Assembly	3,006	0	3,006
Public Health Engineering	19,503	4,186	23,689
Relief Rehabilitation & Settlement	12,955	18,273	31,228
Revenue & Estate	13,278	3,250	16,528
Science Technology & Information Technology	3,018	305	3,323
Sports & Youth Affairs	7,215	1,386	8,601
Tourism, Culture, Archaeology & Museums	9,194	467	9,661
Transport & Mass Transit	3,689	21	3,710
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	7,857	1,650	9,507

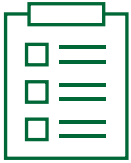


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The foremost barometer of good governance and financial inclusion for a government is a glance at the priority areas of expenditure, and the resulting service delivery outcomes.

Below are some key areas where the Khyber Pakhtunkhwa government spends on its citizens.



1
Social Protection
& Food Security



2
Education



3
Information
Technology



4
Universal
Healthcare



5
Health



6
Rescue 1122



7
Sports, Tourism
& Culture



8
Urban Mobility



9
Roads &
Connectivity



10
Industries & Ease
of doing business



Prioritizing food security for its citizens through the provision of subsidized wheat

Rs. 26.7 Billion

Budgeted for Wheat Subsidy

Committed to supporting centers of excellence in higher education

Rs. 3.0 Billion

Support for Public Sector Universities

Enabling digitization across the province

Rs. 1.0 Billion
Budgeted for Khyber
Pakhtunkhwa IT Board

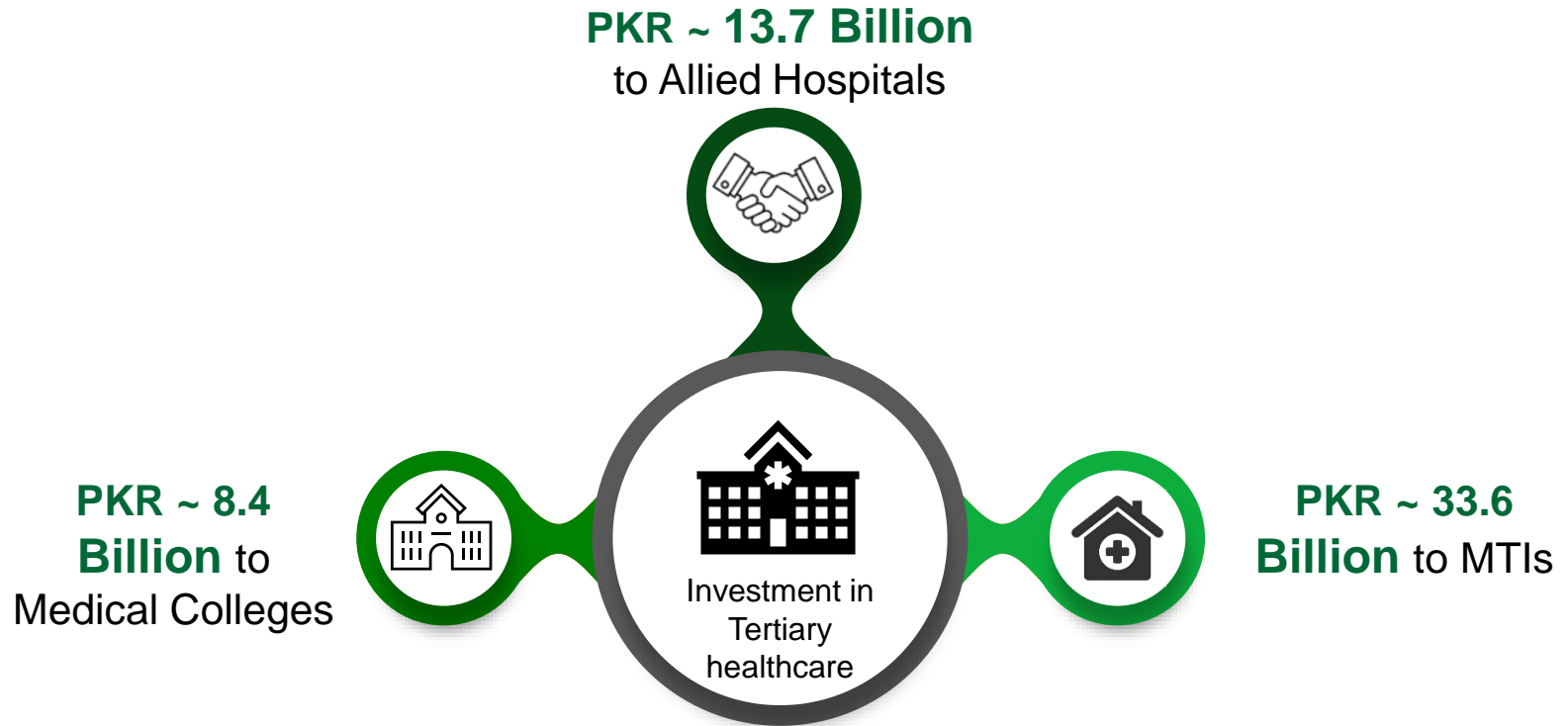


Restoring the nation's first universal health insurance program



Rs. 34.0 Billion
Budgeted for Sehat Card Plus

Continued investment in quality healthcare facilities in every division of the province



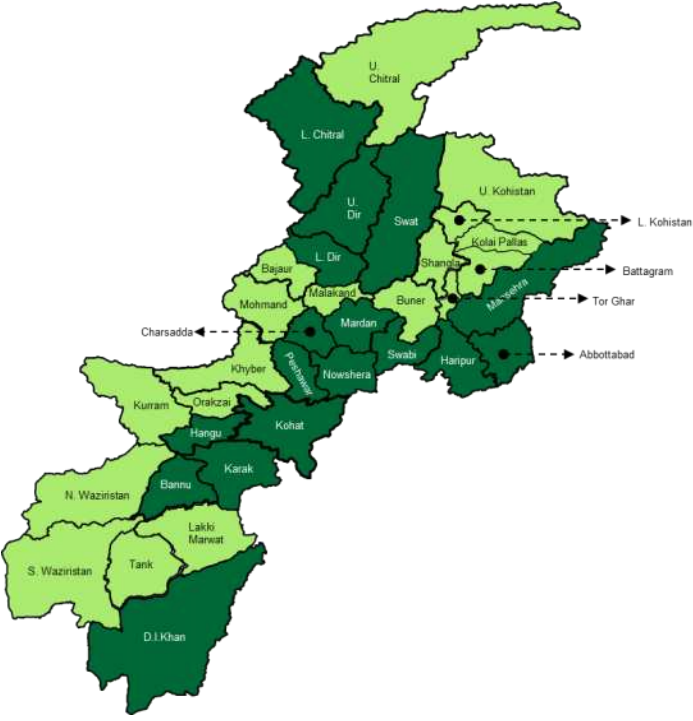
Total Investment of PKR ~ 55.7 Billion in MTIs, Allied Hospitals and Medical Colleges

Continued investment in quality healthcare facilities in every division of the province



Government of Khyber Pakhtunkhwa 24

Expanding Pakistan's premier rescue service to every tehsil



25 Rescue 1122 Centres
established in Settled districts



20 Rescue 1122 Centres
established in Merged Districts (2 in each District & 1 in each FR)



200,000+ Personnel trained
in basic life support and fire prevention training



Expansion to all tehsils in progress
110 tehsils operational, 44 tehsils will be added at cost of Rs. 10.6 Billion

- Districts operationalized since 2018
- Districts already functional in 2018

First ever double-tier International Cricket Stadium in Pakistan, Arbab Niaz Cricket Stadium, nearing completion



Arbab Niaz Cricket Stadium
Picture Credits:
@HamidOfficialYT(Twitter)

Government of Khyber Pakhtunkhwa 26

Government of Khyber Pakhtunkhwa

While the international standard cricket ground at Hayatabad is in final stages



Government of Khyber Pakhtunkhwa 27

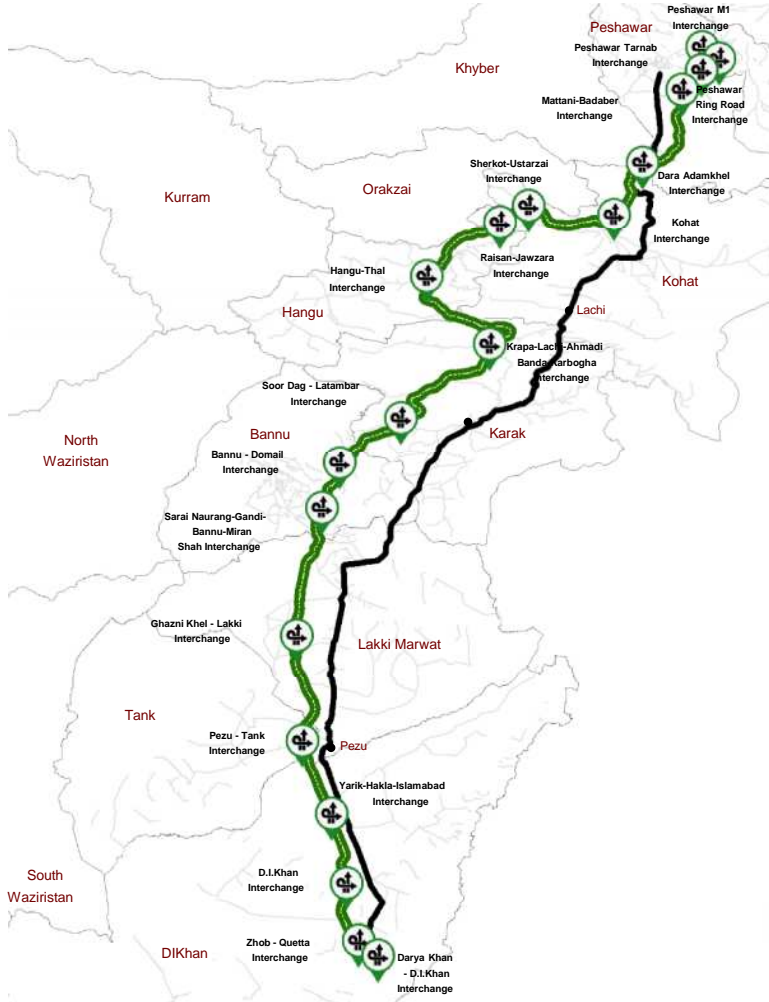
Providing affordable travel to over 300,000 daily commuters

Rs. 3.0 Billion

Budgeted for Urban Mobility
Grant for Peshawar BRT



Increasing north-south provincial connectivity through the DI Khan Motorway



360 KMs
Expressway



6 lanes



19 interchanges



2 tunnels

Promoting industrialization and investment



Development of Daraban Economic Zone

Expansion of Rashakai SEZ

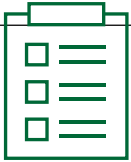


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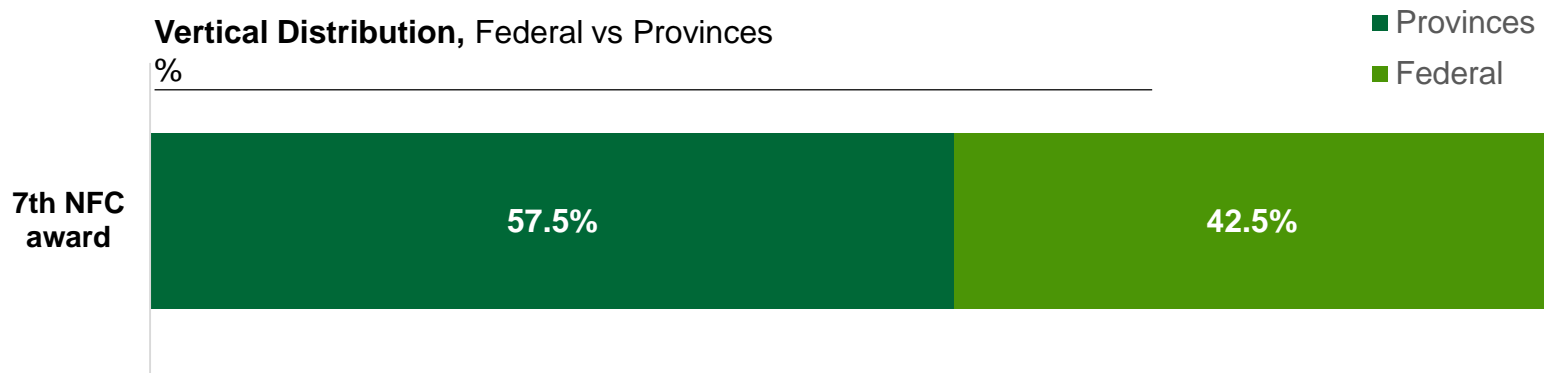
4 | **Deep dive on key issues**

1 National Finance Commission (NFC)

Part IV-Chapter 1 of the Constitution governs the distribution of revenues while the National Finance Commission is formed under Article 160

“NFC award is the framework for distribution of revenue between the federation and the provinces”

7th NFC Award is in vogue since 2010



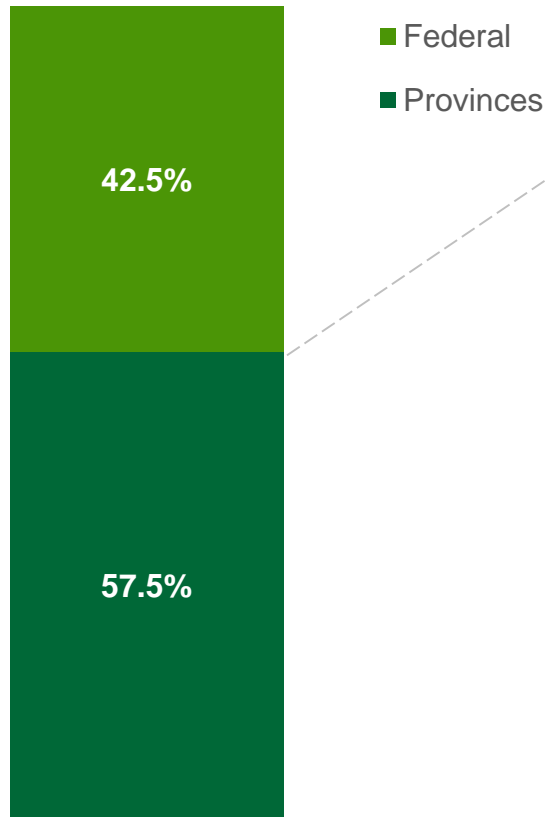
Indicators for distribution among provinces

%

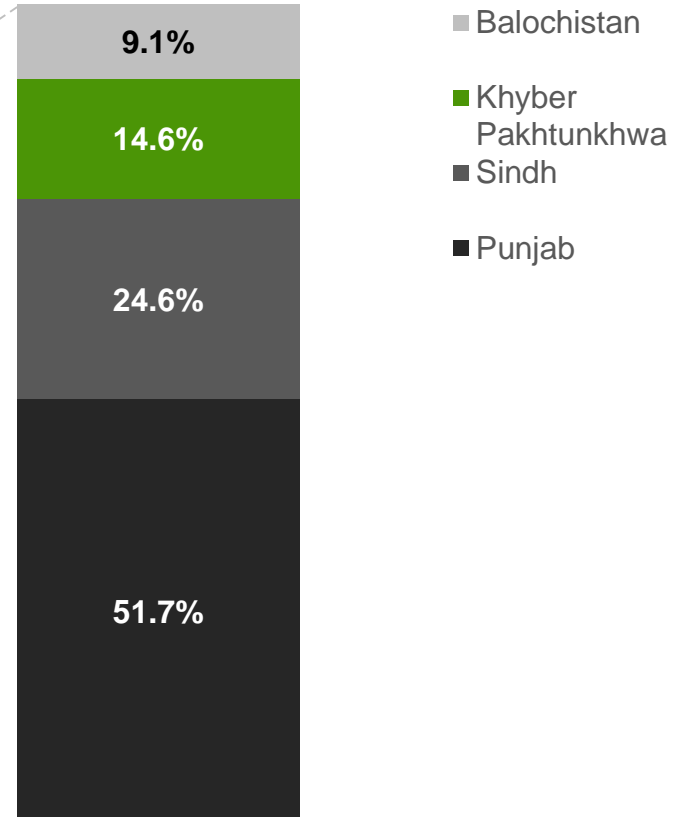
#	Indicator	Weightage
1	Population	82.0%
2	Poverty / backwardness	10.3%
3	Revenue collection / generation	5.0%
4	Inverse population density	2.7%
	Total	100.0%

Khyber Pakhtunkhwa's share in provincial distribution is 14.62%

Vertical Distribution, Federal vs Provinces
%



Horizontal Distribution among provinces
%



Vertical distribution

Horizontal distribution

1 National Finance Commission (NFC)

Khyber Pakhtunkhwa's population has increased from 13.5% to 17.1% necessitating an update in the existing NFC award

	Population share according to census		
	1998	2017	2023
Khyber Pakhtunkhwa	13.5%	14.8%	14.2%
Ex-FATA	2.4%	2.5%	2.9%
KP with Ex-FATA	15.9%	17.3%	17.1%

Khyber Pakhtunkhwa projected to spend Rs. 24 Bn out of its own kitty on current expenditure of merged districts by the end of FY 2023-24

As merged districts have remained critically underfunded for more than two years, the only way forward is an urgent re-evaluation of resource distribution via the NFC Award, which in its current state is in violation of the Constitution of Pakistan 1973 following the passage of the 25th Amendment on May 31, 2018.

1 National Finance Commission (NFC)

With a true financial merger of the merged districts, KP's NFC share in horizontal distribution increases from 14.62% to 19.46%

NFC Indicators	Pre-Merger Share (%)	Post-Merger Share (%)	Post-Merger (KP + Ex-FATA) Net Change (%)	Post-Merger (KP + Ex-FATA) Financial Impact (Rs. in Billions)
Population	11.33%	14.01%	2.68%	139.97
Poverty & Backwardness	2.87%	4.71%	1.84%	96.31
Inverse Population Density	0.17%	0.49%	0.32%	16.37
Revenue Collection	0.25%	0.25%	0.00%	0.00
Net Impact	14.62%	19.46%	4.84%	252.65

Calculation based on FBR Revenue Collection Target 2023-24, Population Census 2023, MPI Survey 2019. Excludes revenue effort.

KP issues to be solved as part of the NFC

Correction to the 7th NFC:

- a. Urgently removing continued non-compliance of the 7th NFC with the constitution after the 25th amendment

Key issues for the future:

- a. Formalizing national commitments to the development of the merged districts of ex-FATA as part of the award
- b. Resolving the issue of NHP through removing non-compliance to article 161(2) of the constitution
- c. Ensuring the NFC award is based on the latest population census conducted in 2023
- d. Considering other revenue sources part national fiscal distribution (e.g. FED on crude oil) while designing the award
- e. Ensuring an NFC award with fiscal equalization at its heart in the interests of the entire federation

Water being a major resource of Khyber Pakhtunkhwa, Net Hydel Profit is a significant contributor towards financial resources of the province.

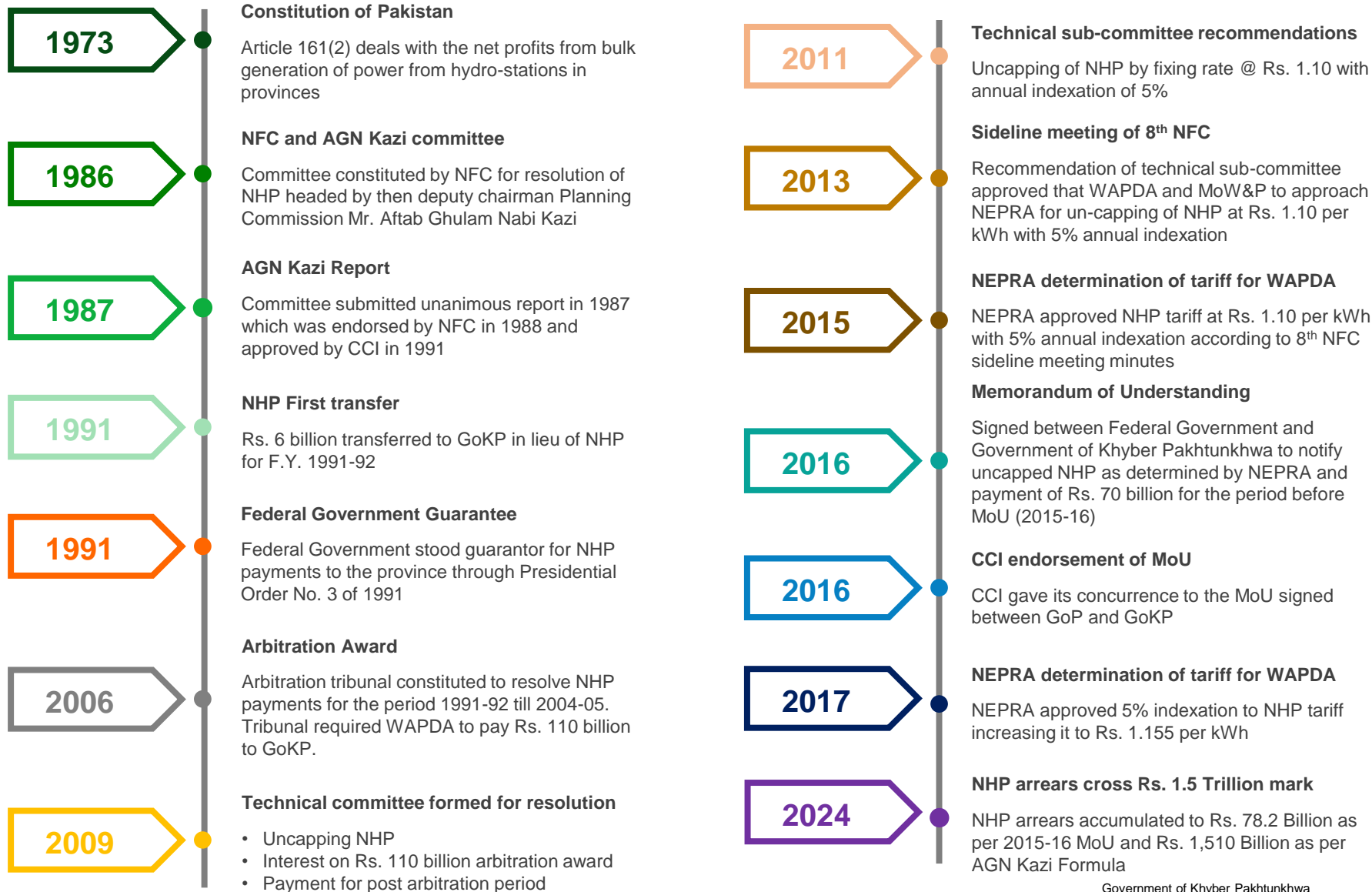
Net Hydel Profit (NHP) is granted through the 1973 constitution

Article 161 (2) states

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

2 Net Hydel Profits (NHP)

The history of Net Hydel Profits has been complex and its solution is of utmost importance to the province



2 Net Hydel Profits (NHP)

Hydropower stations in Khyber Pakhtunkhwa produce 20.8 billion units of energy annually for Pakistan

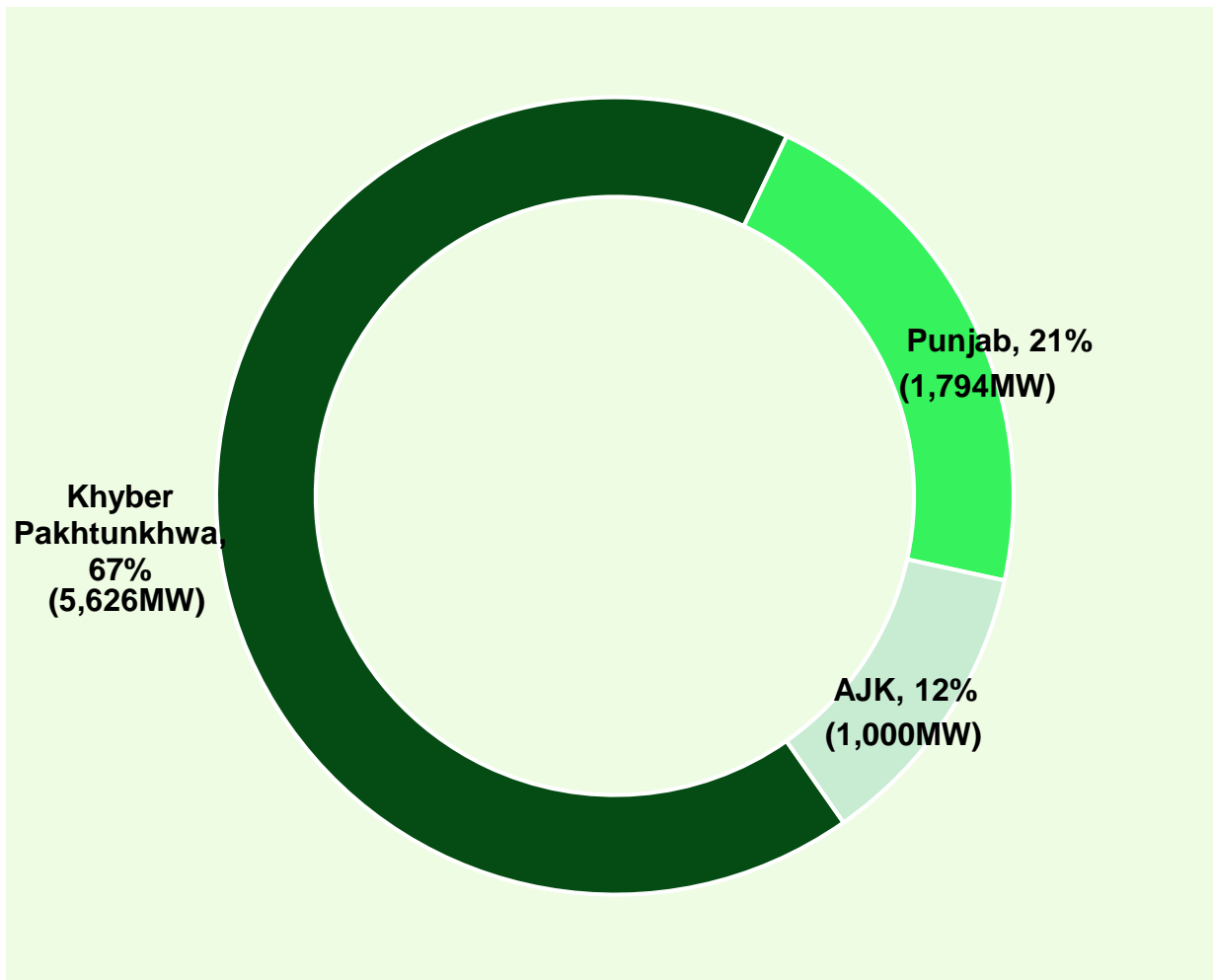
Fuel Type	Total Cost (Rs./unit)	Energy Share	Units Generated (Millions)
Residual Fuel Oil (RFO)	12.03	0.95%	1,291
RLNG	9.60	26.83%	36,473
Coal (Imported)	9.02	15.88%	21,588
Coal (Local)	8.59	4.81%	6,539
Natural Gas	6.67	10.52%	14,301
Renewable	5.77	3.17%	4,309
Hydro	3.28	30.53%	41,503

~50% of the hydro generation is from Khyber Pakhtunkhwa

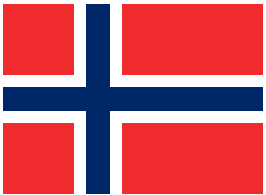
2 Net Hydel Profits (NHP)

In capacity terms, Khyber Pakhtunkhwa contributes more than 60% to WAPDA's total generation capacity

Provincial share in WAPDA's total capacity



NHP royalties are consistent with similar payments in other countries



**Royalties on
Hydro power
are charged
around the
world**

2 Net Hydel Profits (NHP)

Annual payments have not been consistently in line with dues, having dried up completely after the change in federal government

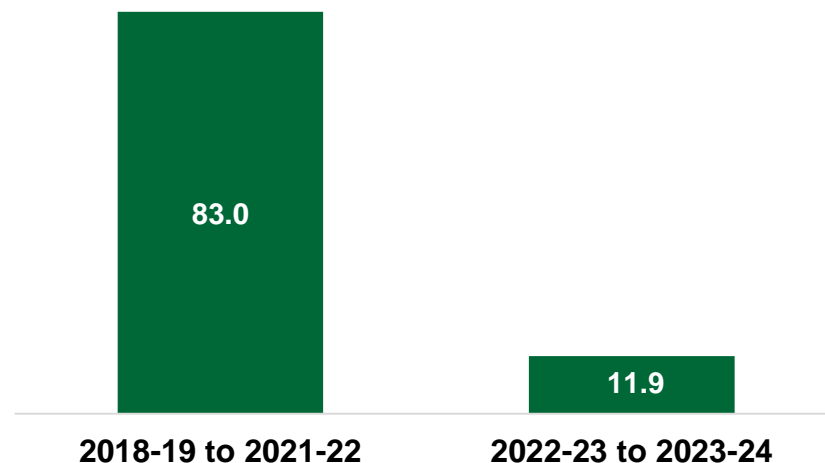
Fiscal Year	Budgeted (Rs. Billion)	Actual (Rs. Billion)
2017-18	35.8	41.5
2018-19	65.3	20.0
2019-20	55.7	16.0
2020-21	58.3	47.0
2021-22	74.7	21.0
2022-23	61.9	4.9
2023-24	87.9	7.0

2 Net Hydel Profits (NHP)

Issues on the NHP being pursued by the Khyber Pakhtunkhwa government

- a) Out-of-the-box solution on how to pay NHP according to AGN Kazi formula
- b) For the interim period, implementation of 2016 MoU in letter and spirit including annual indexation of 5%
- c) Institutionalizing monthly NHP payments to Khyber Pakhtunkhwa by delinking it with WAPDA
- d) Approval of interim arrangement of NHP including indexation in next CCI meeting

NHP receipts in last 5 years
Rs. Billions

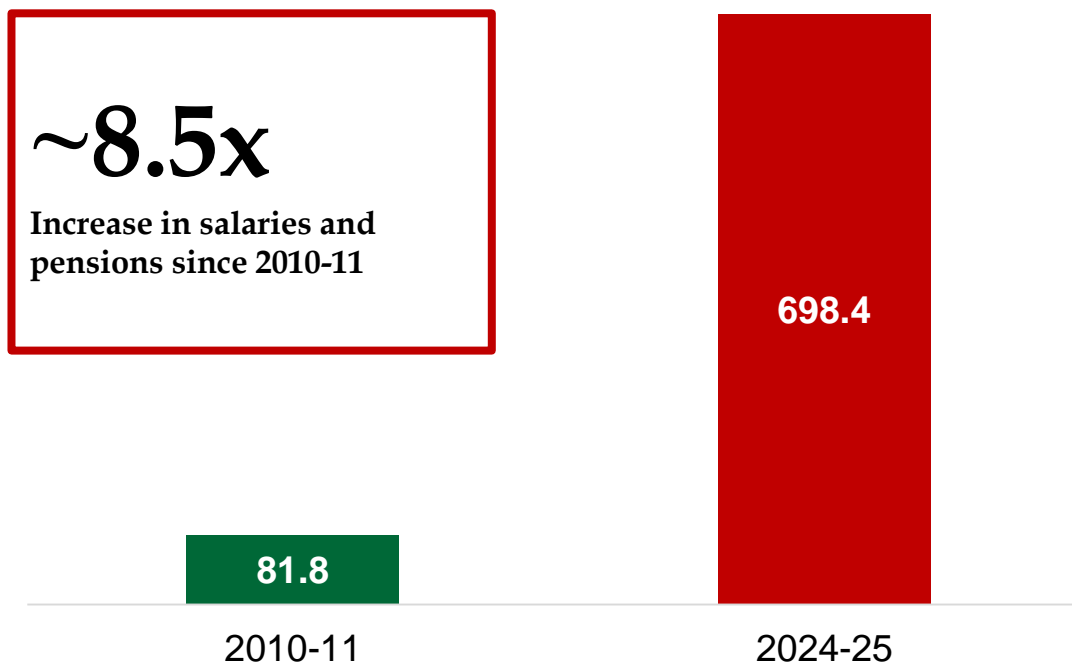


3 Salary & Pensions

The government salary and pension bill has increased by 850% in the last 14 years

Salary & Pensions bill comparison, 2010-11 – 2024-25

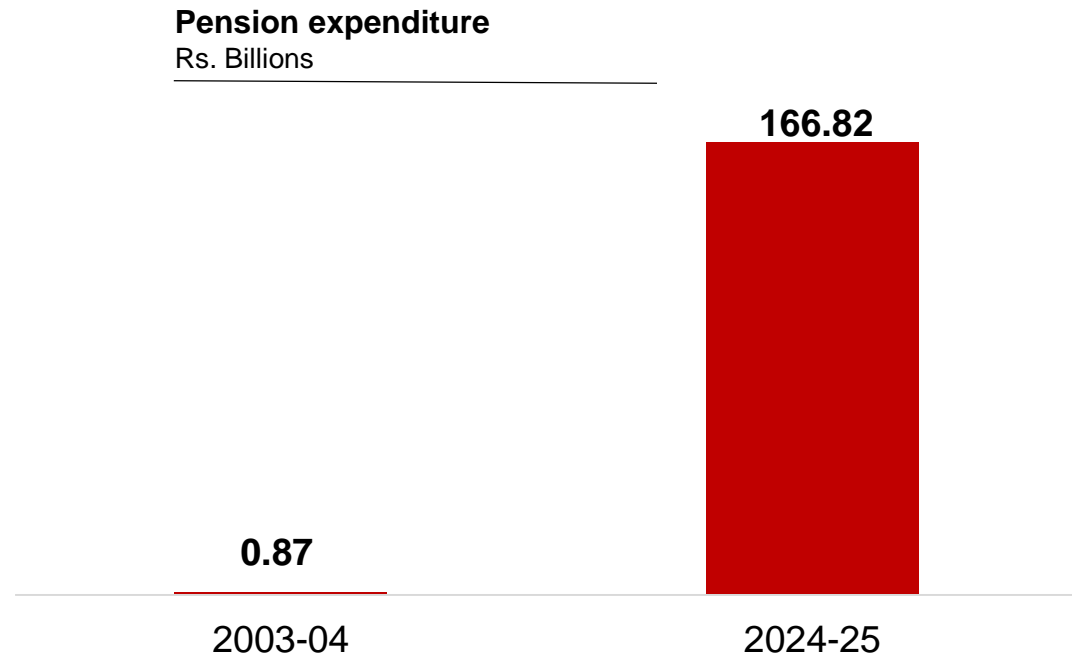
Rs. Billions - Settled Districts



3 Salary & Pensions

Pension expenditure has gone from 1% to more than 10% of the budget in last 20 years

~190x
Increase in pensions since 2003-04 from 1% of the budget, to 10.2% of the budget



3 Salary & Pensions

With this trend continuing, pensions will rise to PKR 460 Billion by 2030

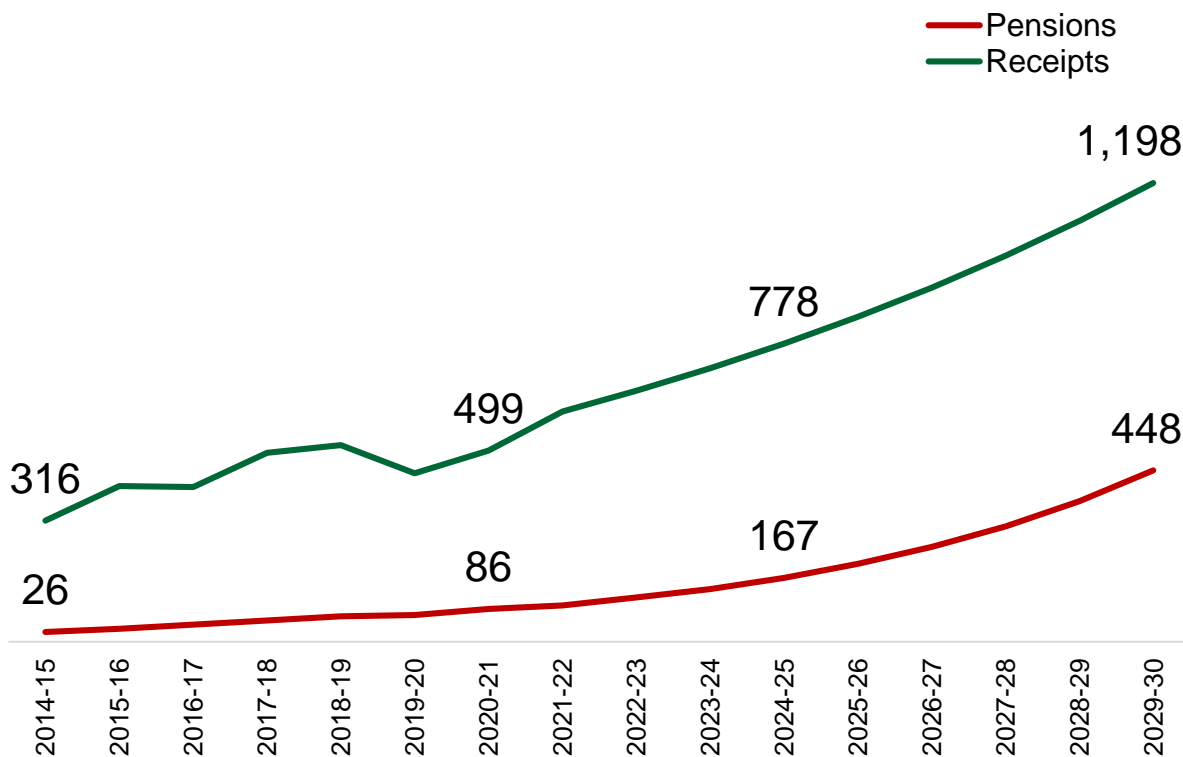
Pension Projections - till 2030

Rs. Billions

40%
Pensions as a % of Receipts in 6 years.

22% & 9% Annual Compounded growth rate of Pensions & Receipts for the last 5 years

With the same trend, in 6 years, pensions will reach around half a trillion

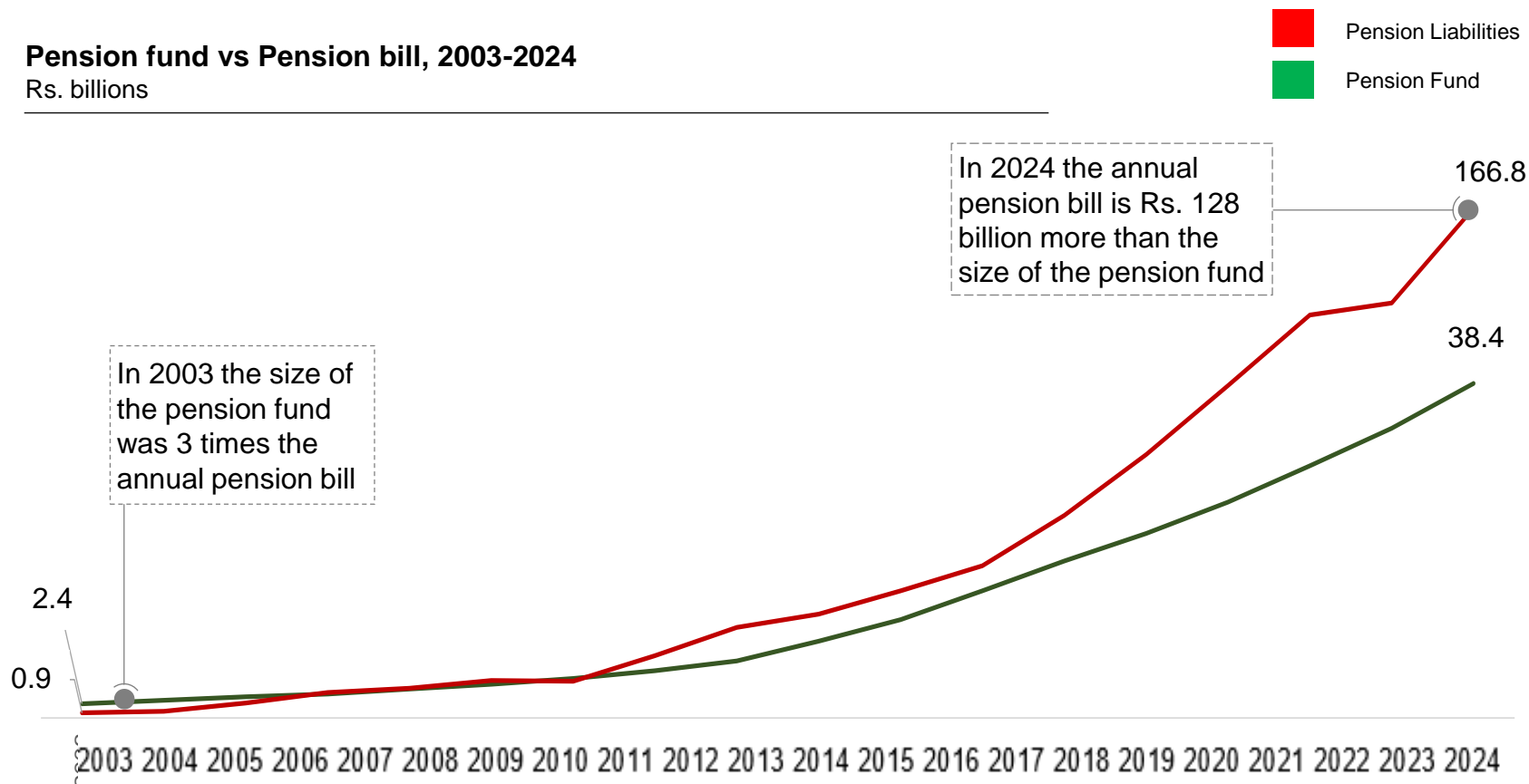


3 Salary & Pensions

Without pension reform the current pension fund would need to be over Rs. 1 trillion to fully fund the payment of pensions

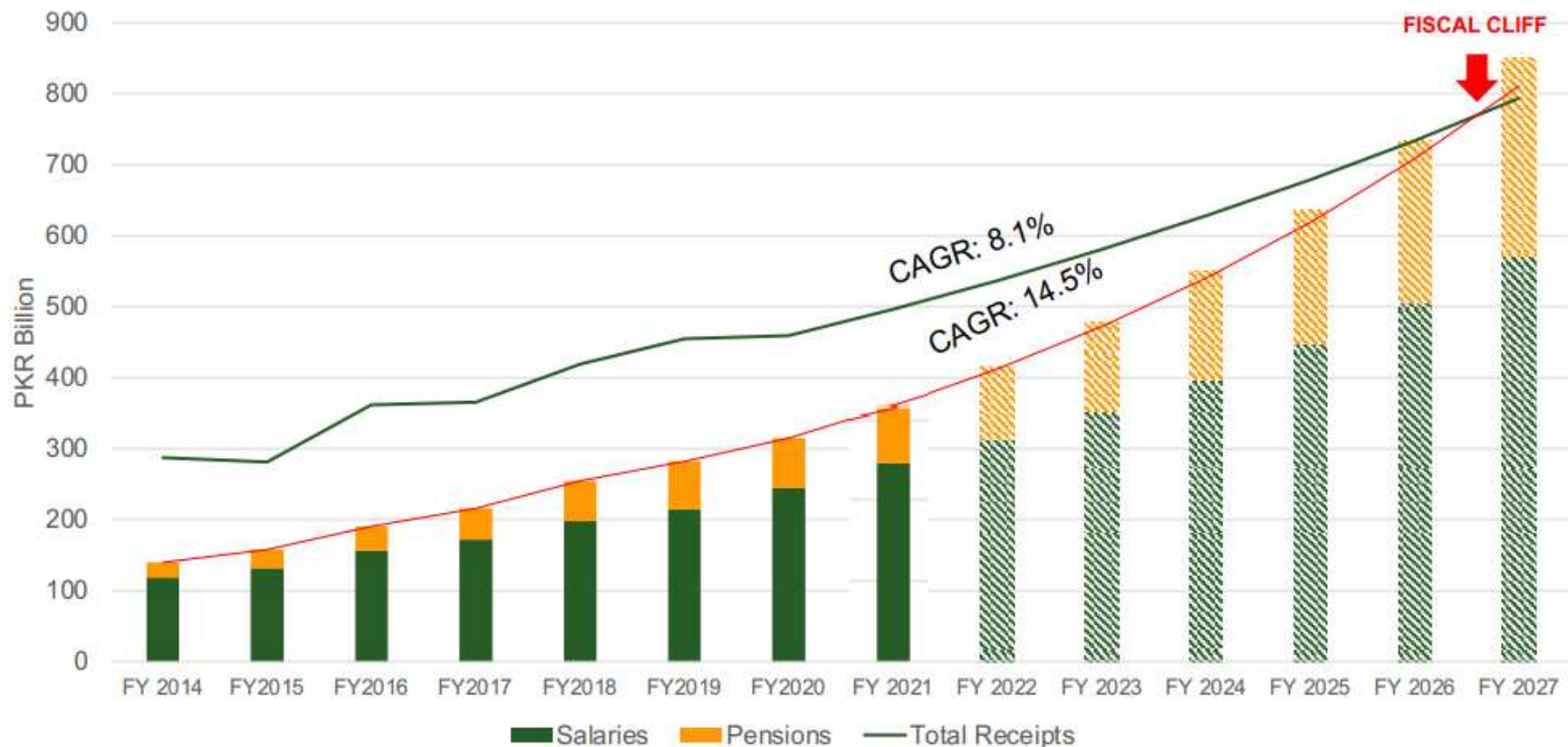
Pension fund vs Pension bill, 2003-2024

Rs. billions



3 Salary & Pensions

If their growth was left unchecked, salaries and pension would overtake total receipts by 2027, leaving no fiscal space for the ADP



3 Salary & Pensions

Major steps have been taken to make pension sustainable for current employees

Raising Minimum Age for Early Retirement

- The minimum age for early retirement has been increased to 25 years of qualifying service or 55 years of age, whichever is later

Impact!

Rs. 12 billion annually

Revision of Pension Rules

- Limiting beneficiaries to the pensioner's widow or widower, dependent children and parents
- Eliminating double pensioners
- Increasing pension of widows from 75% to 100%

Impact!

Rs. 1 billion annually

Introduction of Contributory Pension

- Employees recruited after June 7, 2022 by the provincial government now participate in the country's first defined contribution pension programme, which will soon be replicated in the federal government and Punjab

Impact!

Arrest the pace of annual pension growth from current 22%

Broad framework for contributory pension for 40,000+ new recruits since 2022

Contributory Pension Scheme



Amendment in Khyber Pakhtunkhwa Civil Servants Act 1973



All employees recruited after passage of the Amendment on June 7, 2022 required to participate in contributory provident fund

Government and employee contribute to an independently managed fund



- Each new employee contributes 10% of basic pay
- Government exceed employee's share by contributing 12% of basic pay

Features to include shariah-compliant fund options, voluntary contribution



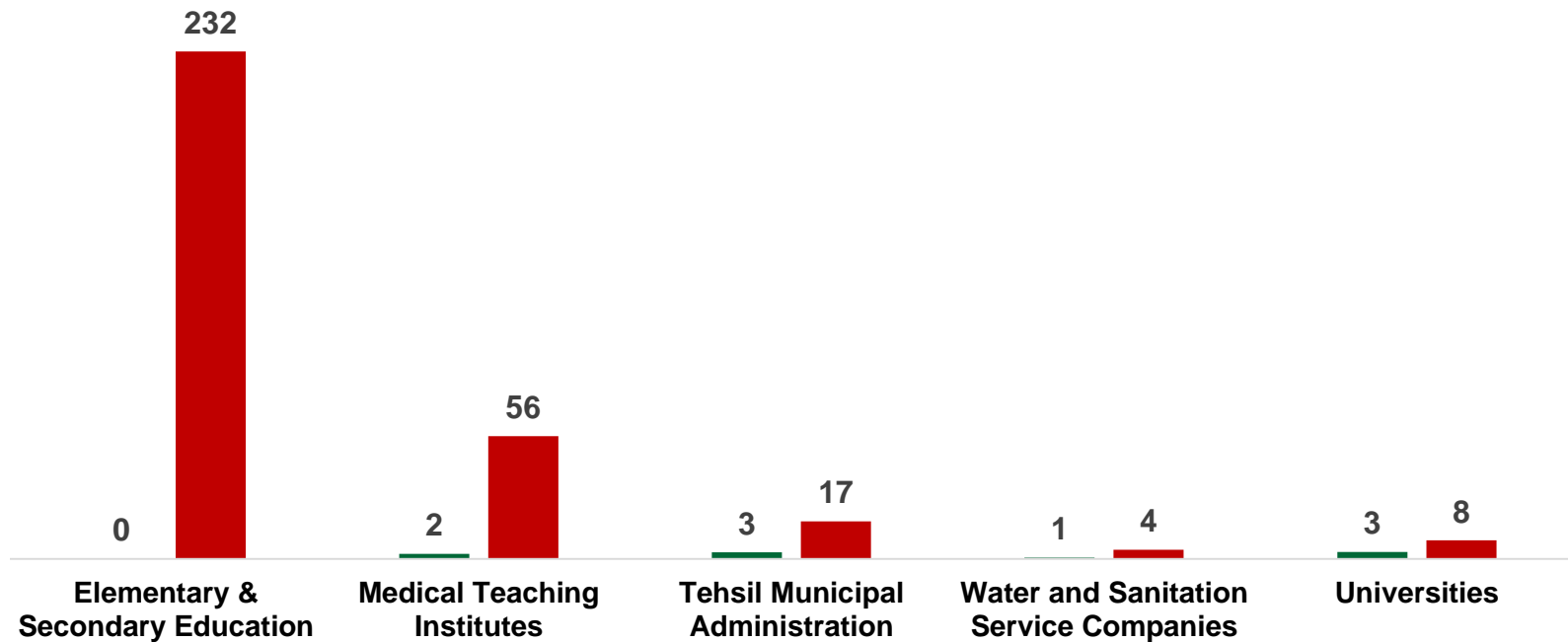
- Retiree can choose lump sum withdrawal or further investment in a long-term annuity
- Opt-in to be introduced for older employees switching from defined benefit pension to contributory provident fund

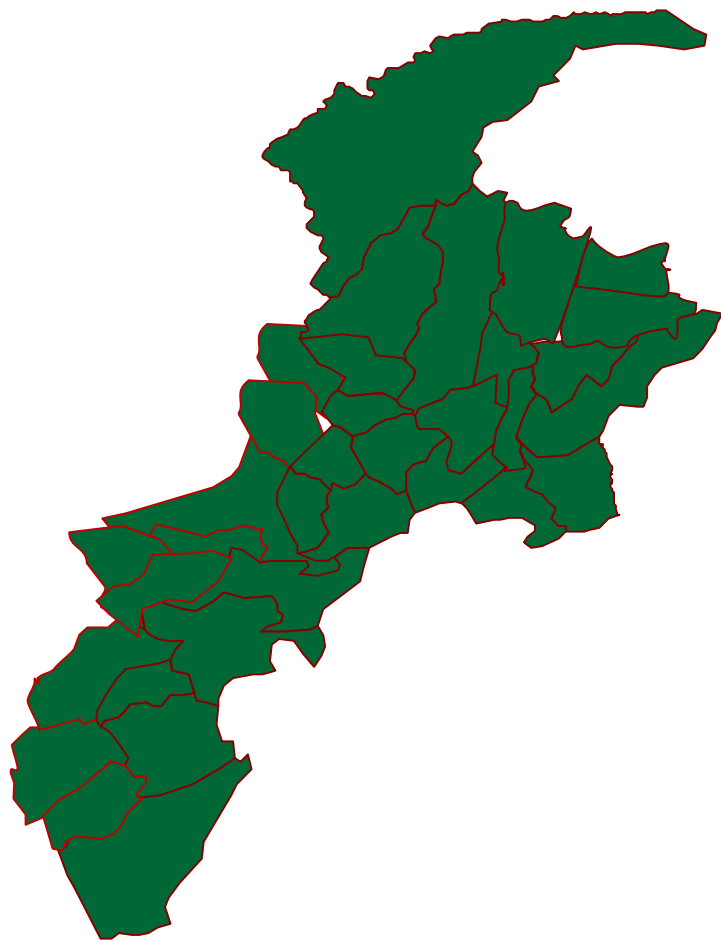
4 Cost vs revenue

Why do you need to pay your taxes? Government needs to fund the expenditure it makes on you

Comparison, Revenue vs Expenditure
Rs. Billions

■ Revenue
■ Expenditure





Sector-wise budget – All KP

Departmental and sectoral allocations – All KP (1/2)

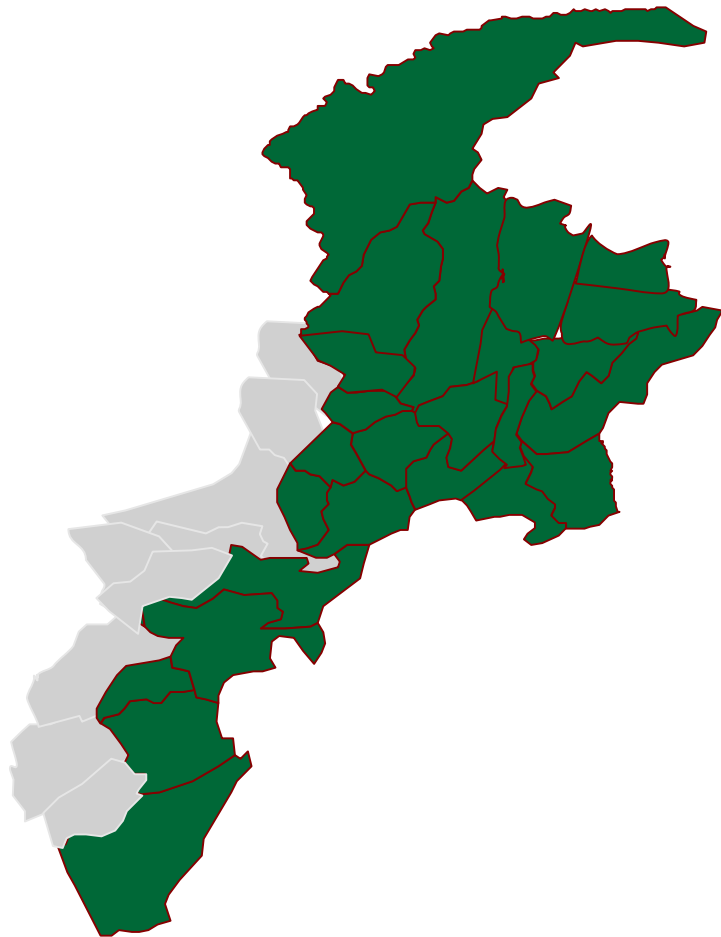
PKR Millions

Department	Current	Development	FPA	Total
Agriculture	10,562	4,630	11,360	26,552
Auqaf, Religious, Minority & Hajj	2,551	1,165	0	3,715
Communication & Works	13,914	27,716	18,907	60,536
Debt Servicing	115,960	0	0	115,960
District ADP	0	30,000	0	30,000
Elementary & Secondary Education	325,516	10,584	12,699	348,799
Energy & Power	407	4,211	26,160	30,778
Environment & Forestry	7,834	3,192	860	11,886
Establishment & Administration	8,685	757	0	9,442
Excise & Taxation	1,731	128	0	1,859
Finance	35,796	20	2,420	38,236
Food	27,567	359	0	27,926
Grant To Local Councils	13,214	0	0	13,214
Health	196,313	19,786	12,700	228,800
Higher Education, Archives & Libraries	31,154	4,675	0	35,829
Home & Tribal Affairs	134,100	6,526	0	140,626
Housing	198	302	0	500
Industries, Commerce & Technical Education	5,307	2,224	0	7,532
Information & Public Relations	714	72	0	785

Departmental and sectoral allocations – All KP (2/2)

PKR Millions

Department	Current	Development	FPA	Total
Inter Provincial Coordination	98	0	0	98
Irrigation	8,903	13,144	8,530	30,577
Labour	825	153	0	978
Law & Parliamentary Affairs	16,151	2,147	0	18,298
Livestock & Dairy Development	10,598	2,719	0	13,317
Local Government	14,810	10,948	15,540	41,298
Mines & Mineral Development	1,841	218	0	2,058
Pension	166,842	0	0	166,842
Planning & Development	1,517	51,534	15,110	68,162
Population Welfare	4,815	499	0	5,314
Provincial Assembly	3,006	0	0	3,006
Public Health Engineering	16,212	6,677	800	23,689
Relief Rehabilitation & Settlement	29,587	1,641	0	31,228
Revenue & Estate	15,023	1,506	0	16,528
Science Technology & Information Technology	1,655	1,168	500	3,323
Sports & Youth Affairs	2,020	6,581	0	8,601
Tourism, Culture, Archaeology & Museums	1,278	3,383	5,000	9,661
Transport & Mass Transit	3,710	0	0	3,710
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	8,168	1,339	0	9,507



Sector-wise budget – Settled Districts

Departmental and sectoral allocations – Settled Districts (1/2)

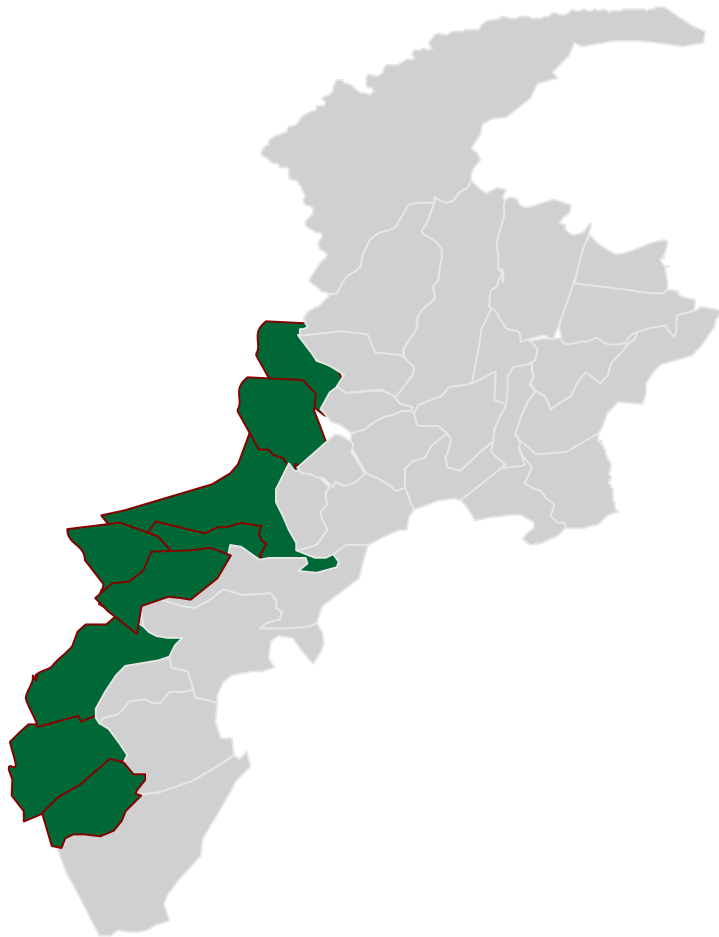
PKR Millions

Department	Current	Development	FPA	Total
Agriculture	9,428	3,519	10,960	23,907
Auqaf, Religious, Minority & Hajj	2,551	1,039	0	3,590
Communication & Works	11,659	15,122	18,907	45,688
Debt Servicing	115,960	0	0	115,960
District ADP	0	24,000	0	24,000
Elementary & Secondary Education	278,094	4,662	11,200	293,956
Energy & Power	382	2,571	26,160	29,112
Environment & Forestry	6,351	2,918	860	10,129
Establishment & Administration	8,415	657	0	9,072
Excise & Taxation	1,673	105	0	1,778
Finance	26,795	20	2,420	29,235
Food	26,067	199	0	26,266
Grant To Local Councils	11,066	0	0	11,066
Health	181,754	9,709	12,700	204,163
Higher Education, Archives & Libraries	28,531	3,415	0	31,946
Home & Tribal Affairs	105,884	1,588	0	107,472
Housing	198	302	0	500
Industries, Commerce & Technical Education	4,861	1,288	0	6,148
Information & Public Relations	666	47	0	712

Departmental and sectoral allocations – Settled Districts (2/2)

PKR Millions

Department	Current	Development	FPA	Total
Inter Provincial Coordination	98	0	0	98
Irrigation	8,534	9,154	8,530	26,218
Labour	778	153	0	931
Law & Parliamentary Affairs	15,118	1,450	0	16,568
Livestock & Dairy Development	9,144	2,063	0	11,207
Local Government	13,650	7,845	15,540	37,035
Mines & Mineral Development	1,687	183	0	1,870
Pension	162,403	0	0	162,403
Planning & Development	1,194	35,001	13,110	49,306
Population Welfare	4,175	417	0	4,592
Provincial Assembly	3,006	0	0	3,006
Public Health Engineering	14,633	4,070	800	19,503
Relief Rehabilitation & Settlement	11,362	1,594	0	12,955
Revenue & Estate	12,643	635	0	13,278
Science Technology & Information Technology	1,655	863	500	3,018
Sports & Youth Affairs	1,737	5,478	0	7,215
Tourism, Culture, Archaeology & Museums	1,278	2,916	5,000	9,194
Transport & Mass Transit	3,689	0	0	3,689
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	6,835	1,022	0	7,857



Sector-wise budget – Merged Districts

Departmental and sectoral allocations – Merged Districts (1/2)

PKR Millions

Department	Current	Development	FPA	Total
Agriculture	1,134	1,111	400	2,645
Auqaf, Religious, Minority & Hajj	0	125	0	125
Communication & Works	2,255	12,594	0	14,849
District ADP	0	6,000	0	6,000
Elementary & Secondary Education	47,423	5,922	1,499	54,843
Energy & Power	25	1,641	0	1,666
Environment & Forestry	1,483	274	0	1,757
Establishment & Administration	270	100	0	370
Excise & Taxation	58	23	0	81
Finance	9,001	0	0	9,001
Food	1,500	160	0	1,660
Grant To Local Councils	2,148	0	0	2,148
Health	14,559	10,078	0	24,637
Higher Education, Archives & Libraries	2,623	1,260	0	3,883
Home & Tribal Affairs	28,216	4,938	0	33,154
Industries, Commerce & Technical Education	447	937	0	1,383
Information & Public Relations	48	25	0	73

Departmental and sectoral allocations – Merged Districts (2/2)

PKR Millions

Department	Current	Development	FPA	Total
Irrigation	368	3,990	0	4,359
Labour	47	0	0	47
Law & Parliamentary Affairs	1,033	697	0	1,730
Livestock & Dairy Development	1,454	656	0	2,110
Local Government	1,161	3,103	0	4,264
Mines & Mineral Development	153	35	0	188
Pension	4,439	0	0	4,439
Planning & Development	323	16,533	2,000	18,856
Population Welfare	640	82	0	722
Public Health Engineering	1,579	2,607	0	4,186
Relief Rehabilitation & Settlement	18,226	47	0	18,273
Revenue & Estate	2,379	871	0	3,250
Science Technology & Information Technology	0	305	0	305
Sports & Youth Affairs	283	1,103	0	1,386
Tourism, Culture, Archaeology & Museums	0	467	0	467
Transport & Mass Transit	21	0	0	21
Zakat, Ushr, Social Welfare, Special Education & Women Empowerment	1,333	317	0	1,650

For more information and feedback:

FINANCE DEPARTMENT

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