

RESURGE

K H Y B E R P A K H T U N K H W A



Budget 2021-22 A Citizen's Guide

Finance Department
Government of Khyber Pakhtunkhwa





خیبر پختونخوا
Khyber Pakhtunkhwa

ABOUT THIS BOOKLET

The Pakistan Tehreek-e-Insaf (PTI) Government of Khyber Pakhtunkhwa is pleased to submit its fourth budget of its term since the 2018 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 2021-22 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

Khyber Pakhtunkhwa's 2021-22 budget, is a budget of resurgence and growth. In the past year, we have successfully braved an unprecedented challenge – a global pandemic - that left many countries devastated. Due to our successful handling of the pandemic, led by Prime Minister's vision of balancing lives and livelihoods, we now have an opportunity to present a budget that is focused on growing the economy and providing maximum relief to our people.

The Government of Khyber Pakhtunkhwa is fully committed to invest maximum resources in the development of the province and providing quality service delivery to its citizen. This is reflected in our planned development spending for the year, which will have a record outlay compared to previous years. In this budget, we have prioritized spending in service delivery sectors, like health and education, to raise the standard of government service delivery

We will also ensure that our budget is inclusive and leaves no one behind. We have taken a whole of province approach in this budget by planning projects for every region and district. We have also included projects to uplift our poor, empower our women, and protect our minorities and senior citizens.

Government is fully committed to change the way government works and bring necessary reforms for this purpose. We plan to introduce long overdue reforms on pension; accountability and rewards of public servants; championing E-government and strengthening management of public finances.

The Khyber Pakhtunkhwa Budget 2021-22 reflects our commitment towards providing avenues for economic growth and maximizing relief for everyone in the province. It sets up the stage perfectly for the resurgence of our province in a post-pandemic world. We will work tirelessly to help translate this vision into reality and accelerate on the road to reform.



Mahmood Khan
Chief Minister,
Khyber Pakhtunkhwa

THE MINISTER FOR FINANCE KHYBER PAKHTUNKHWA

Pakhtunkhwa's first trillion-rupee budget! This is a big moment indeed. We may be the smallest of the four provinces in size, but don't accuse us of lacking ambition.

If last year's budget theme was about resilience in the face of a global pandemic, then this is the year where we can truly begin to celebrate the resurgence of a province that is leading the charge in terms of change in Pakistan. What a transformation from times when this was an area ravaged by the war on terror, and a testament to the resolve of the people of this province, Pashtun and non-Pashtun alike.

We have much to celebrate; the biggest ever jump in revenue collection in the history of the province; record development spending; the completion of several flagship projects; Swat Motorway; Peshawar BRT; the inauguration of the Rashakai Special Economic Zone; Peshawar Institute of Cardiology; the new OPD Block at Khyber Teaching Hospital; the 500-bed state of the art med-surge block at Lady Reading Hospital, Pakistan's largest, new hospital units in Charsadda and Mardan; 8 public private partnership hospitals in the former tribal districts; the best rescue service in the country, and a lot more. But above all, this is a year when Pakhtunkhwa became the first province to give Universal Health Insurance to 40 million residents; an incredible achievement that much of the western world including the US cannot claim to have achieved.

We have even more to look forward to. This year's budget, our most ambitious yet, is about balancing ten priority areas.

1. **The most ambitious development agenda in the history of the province;** a record provincial allocation to the Annual Development Programme (ADP) of Rs. 150 billion, and a total Development Budget size of Rs. 350+ billion.
2. **A transformative focus on service delivery;** with a focus on enhancing additional investment in productive staff (example teachers; doctors, paramedics, nurses) and increasing budgets for operational expenditure (to run existing facilities better - hospitals, schools - in order to raise the standard of government service delivery).
3. **A long overdue increase in wages.**
4. **A resolve to prioritize social sector investments** with the largest ever budgets for education and health; and signature game-changing investments in each sector.



Taimur Saleem Khan Jhagra
Minister for Finance,
Khyber Pakhtunkhwa

THE MINISTER FOR FINANCE KHYBER PAKHTUNKHWA

5. **A focus on the poor;** recently, the UNDP's annual Human Development Report lauded Pakhtunkhwa as being the province that has the least income inequality and the highest growth in human development in the last decade.
6. **Unwavering pursuit towards improving Pakhtunkhwa's own source revenue generation;** after two years of record revenue generation, we are further increasing our ambition level to be achieved through broadening the tax-base; pursuing tax cheats; and trying to simplify the provincial taxation regime.
7. **Unleashing the potential of the private sector,** by encouraging public private partnerships; offering incentives for investment; improving infrastructure including connectivity, electricity and gas provision; and a commitment to eliminating red tape.
8. **Leveraging Pakhtunkhwa's comparative advantage;** through flagship investments in the energy sector, as well as increased investments in tourism and IT, sectors that can create jobs and help the province leapfrog economically.
9. **Investing in the entire province;** every region; every district; women, minorities and senior citizens.
10. **A commitment to reform,** innovation and improved governance through implementing long overdue reforms; on pensions; in improving the accountability and rewards of public servants.

This 2021-22 Citizen's Guide is not a mere formality; it is also our most comprehensive attempt to make the budget, our achievements, our priorities and the challenges of government all very transparent to the general public in a simple, digestible manner. My team and I have spent hours and hours on making this a meaningful and honest manifestation of this budget.

We hope it makes a difference.



Taimur Saleem Khan Jhagra
Minister for Finance,
Khyber Pakhtunkhwa

MESSAGE FROM THE ADDITIONAL CHIEF SECRETARY



Shahab Ali Shah
Additional Chief Secretary,
Khyber Pakhtunkhwa

This year is going to be the year of resurgence for Khyber Pakhtunkhwa as we are going for the largest development budget in the history of the province. Our management of COVID-19 and recovery from its possible impact is a testament to our commitment towards the continued prosperity and progress of our beloved province. In this year's unprecedented development portfolio, we'll help the province get on new trajectories of growth.

This Citizen's Budget provides the people of Khyber Pakhtunkhwa visibility over how their government is spending funds for their welfare. It provides insights about the government priorities for its people and the fiscal decisions made to improve service delivery. This development budget has a special focus on Newly Merged Districts to bring these at par with the developed districts. Moreover, public-private partnerships will be a priority for the upcoming year to complete mega projects.

Our goal is to complete high impact projects to ensure the vision of the government for maximum job creation and on ground service delivery for the public

MESSAGE FROM THE SECRETARY FINANCE



Atif Rahman
Finance Secretary,
Khyber Pakhtunkhwa

Citizen participation, accountability and transparency are the pillars of our public financial framework and they assume even greater primacy during trying times such as the COVID-19 pandemic. Through financial prudence and adept marshalling of our resources, we have been able to successfully weather the storm and prove our resilience in trying circumstances.

The Citizen's Budget is a pivotal document in participatory governance as it reveals how we aim to utilize financial resources for the greatest public value. This year's Citizen Budget is focused on equity for all segments of our society and details the steps taken by the Provincial Government for post COVID economic recovery and resurgence, growth-based initiatives and an ambitious financial target for the upcoming financial year.

It is my earnest desire to see this Citizen's Guide provide a meaningful context to our people; who will use it to see our economic vision translated into service delivery on the ground. Our team has displayed great dedication and commitment in a challenging year, meeting all targets and expectations; and I am optimistic that 2021-2022 will see every citizen of Khyber Pakhtunkhwa benefit from our economic recovery and resurgence.

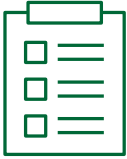


TABLE OF CONTENTS

1 | Understanding the budget

2 | 2020-21 in review

3 | The 2021-22 budget

4 | Something for everyone

5 | Deep dive on key issues

6 | Reform

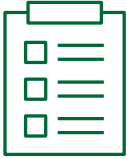


TABLE OF CONTENTS

1 | **Understanding the budget**

2 | 2020-21 in review

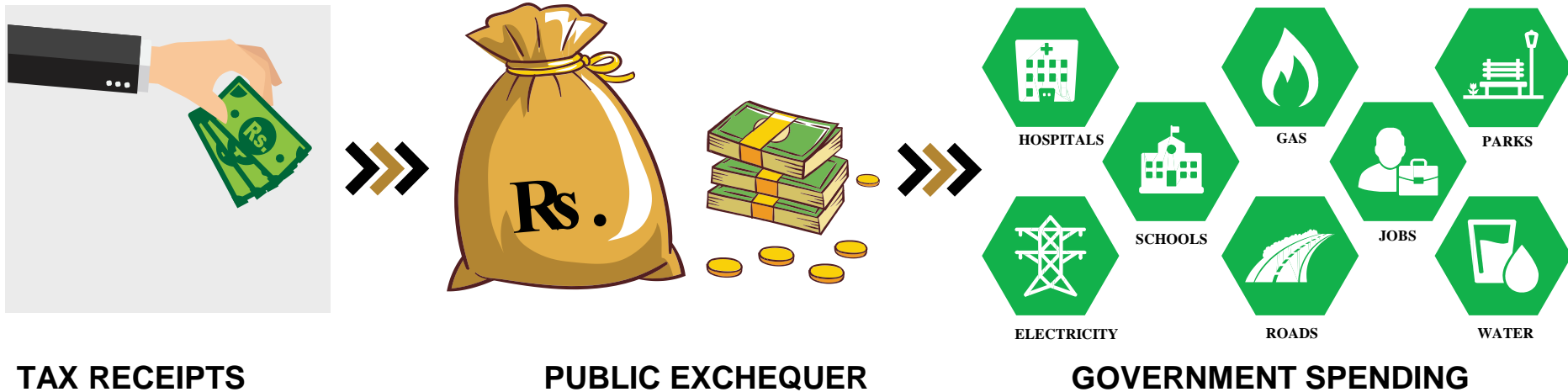
3 | The 2021-22 budget

4 | Something for everyone

5 | Deep dive on key issues

6 | Reform

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

For better management of ADP, a new policy looking at a multi-year period was approved spanning from 2019 to 2023 allowing better fund management

Salient features of ADP 2019-23 policy

Integrated View

- ADP to develop provincial economy, by taking a multi-year view
 - Projects to complement funding from other sources international partners, PSDP etc.
-

Better Management

- In-year management to ensure better spending with increased accountability & oversight
 - Sectoral approach to create cross sectoral synergies
-

Prioritization

- Spending to be preferred in social sectors leading to direct relief to citizens such as health, education etc.
 - Focus to remain on service delivery rather than unnecessary infrastructure expansion
-

Better Spending

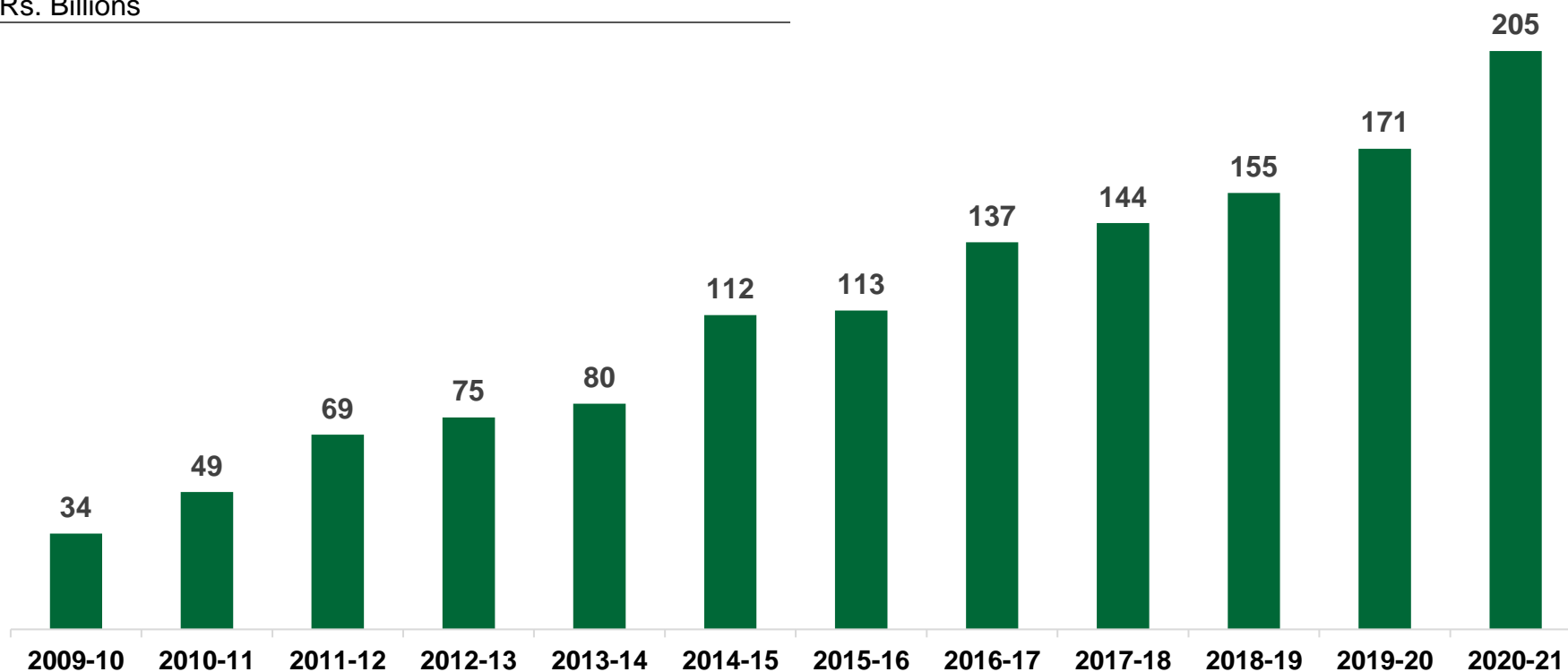
- No department or sector to assume protected funding in ADP
 - Funding to be determined based on fiscal constraints, strategic importance, quality of projects and previous performance of sector
-

No political interference

- The practice of issuing CM directives, at his sole discretion, for allocation and distribution of funds for umbrella / block development schemes shall be immediately discontinued
- No elected representative may claim any discretion over the ADP

Development spending today has increased by more than six times versus a decade ago

Actual annual development expenditure
Rs. Billions



The Government is introducing two new concepts of expenditure

Development Plus + Budget

Service Delivery Budget

There is a general belief that only the development budget is relevant to the people of the province. This is not true.

THE DEVELOPMENT+ BUDGET



Several critical investments in the spirit of development are funded through the current budget. Together, these investments along with the development budget are what we call Development+.

Some examples of Development+ are

- **Sehat Card Plus**
- **Furniture for schools**
- **Medicine top-up**

**Rs. 500
billion**

SERVICE DELIVERY SPEND



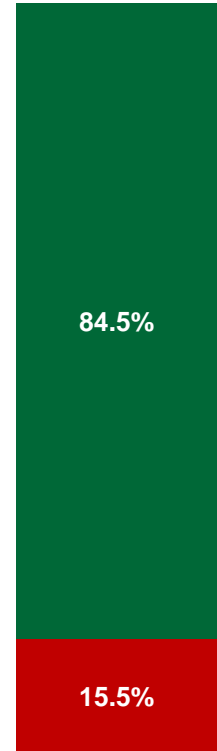
57%;
Rs. 424
billion
out of
Rs. 747
billion

Part of current expenditure that directly translates into provision of key services to citizens is what is referred to as Service Delivery spend.

Some examples of Service Delivery spend are

- Salaries of doctors/nurses & teachers
- Medicines dispensed in hospitals
- Fuel for 1122 ambulances

Example of the E&SE budget where 84.5% is spend on teachers while 15.5% is spend on supporting staff



■ Service Delivery
■ Over head

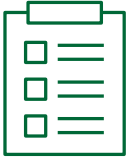


TABLE OF CONTENTS

1 | Understanding the budget

2 | **2020-21 in review**

3 | The 2021-22 budget

4 | Something for everyone

5 | Deep dive on key issues

6 | Reform

Khyber Pakhtunkhwa is fully committed towards achieving the Sustainable Development Goals (SDGs)

SDG #

Throughout this document interventions have been mapped to relevant SDGs



In spite of a once-in-a-century pandemic event and challenges on multiple fronts, Khyber Pakhtunkhwa continued full steam ahead on the road to progress and prosperity during 2020-21.

1



Own source
revenue

2



Development
Spending

3



Recruitment

4



Health

5



COVID-19

6



Rescue 1122

7



Sports, Tourism
& Culture

8



Transport

9



Roads

10



Industries & Ease
of doing business

11



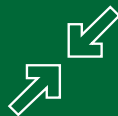
Power &
Environment

12



Housing

13



Merged Areas
development

14



Bank of Khyber

15



Development
planning

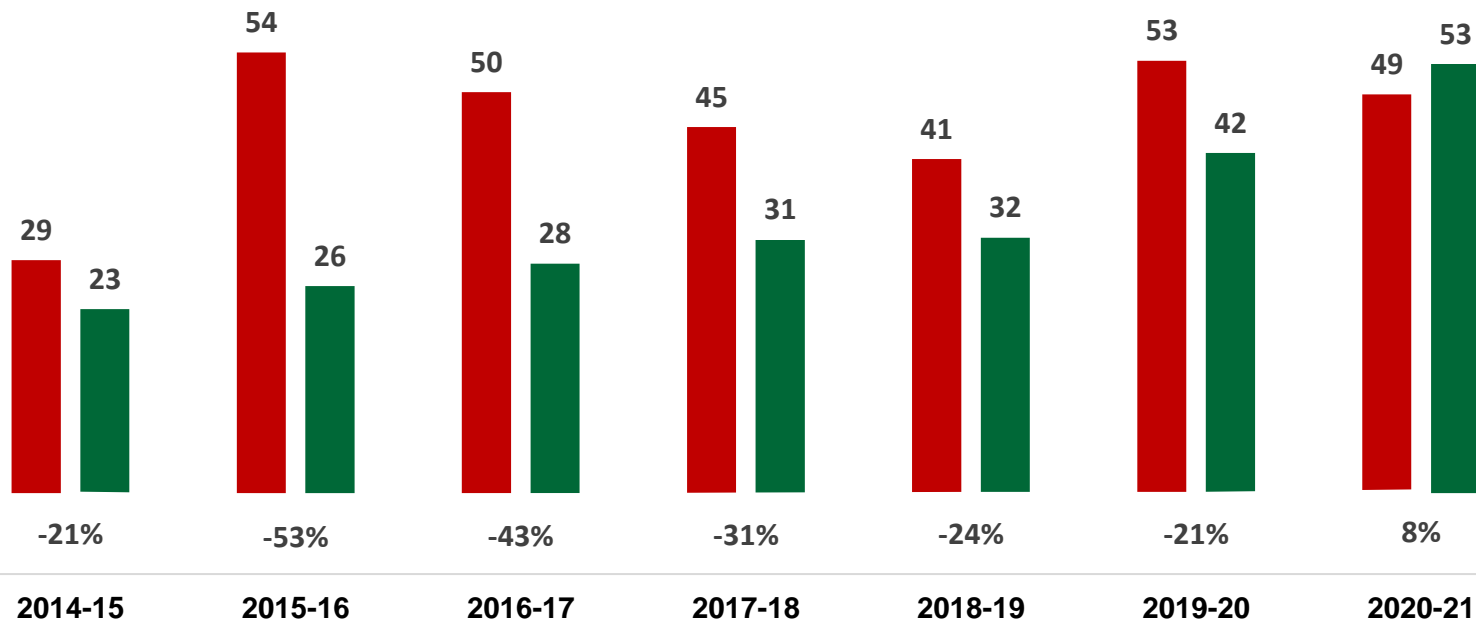
1 Own source revenue

Actual receipts have outperformed the budgeted figures this fiscal year for the first time

SDG 8

Own source revenue - Budgeted vs Actuals
Rs. Billions

Budgeted
Actual
Actual/Budgeted %



1 Own source revenue

A record year for revenue, with at least 25% year on year expected growth

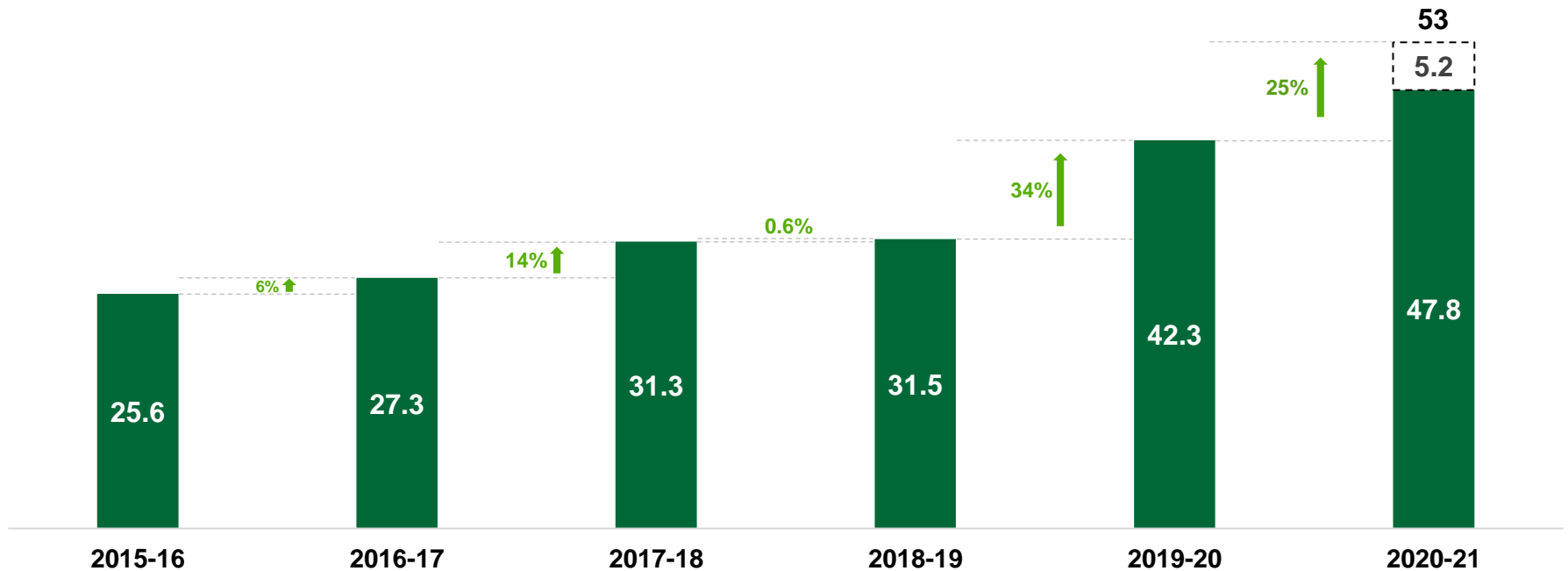
SDG 8

Own source revenue - Actuals

Rs. Billions

▨ Projected

■ Actuals



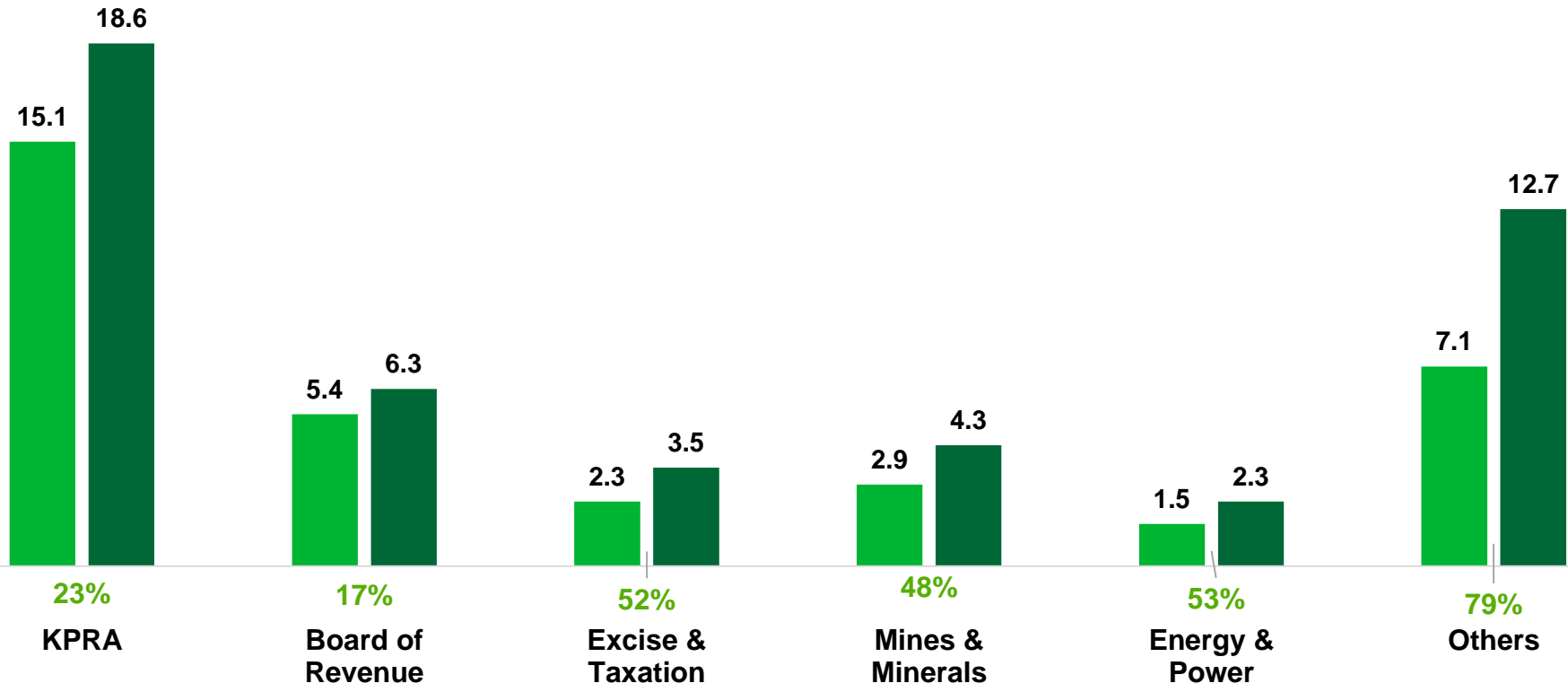
1 Own source revenue

Growth has been driven by all top 5 revenue collecting departments, despite reduction in taxation rates to stimulate the economy

SDG 8

Collection by departments – YTD (July – May)
Rs. Billions

■ 2019-20
■ 2020-21
■ Growth%



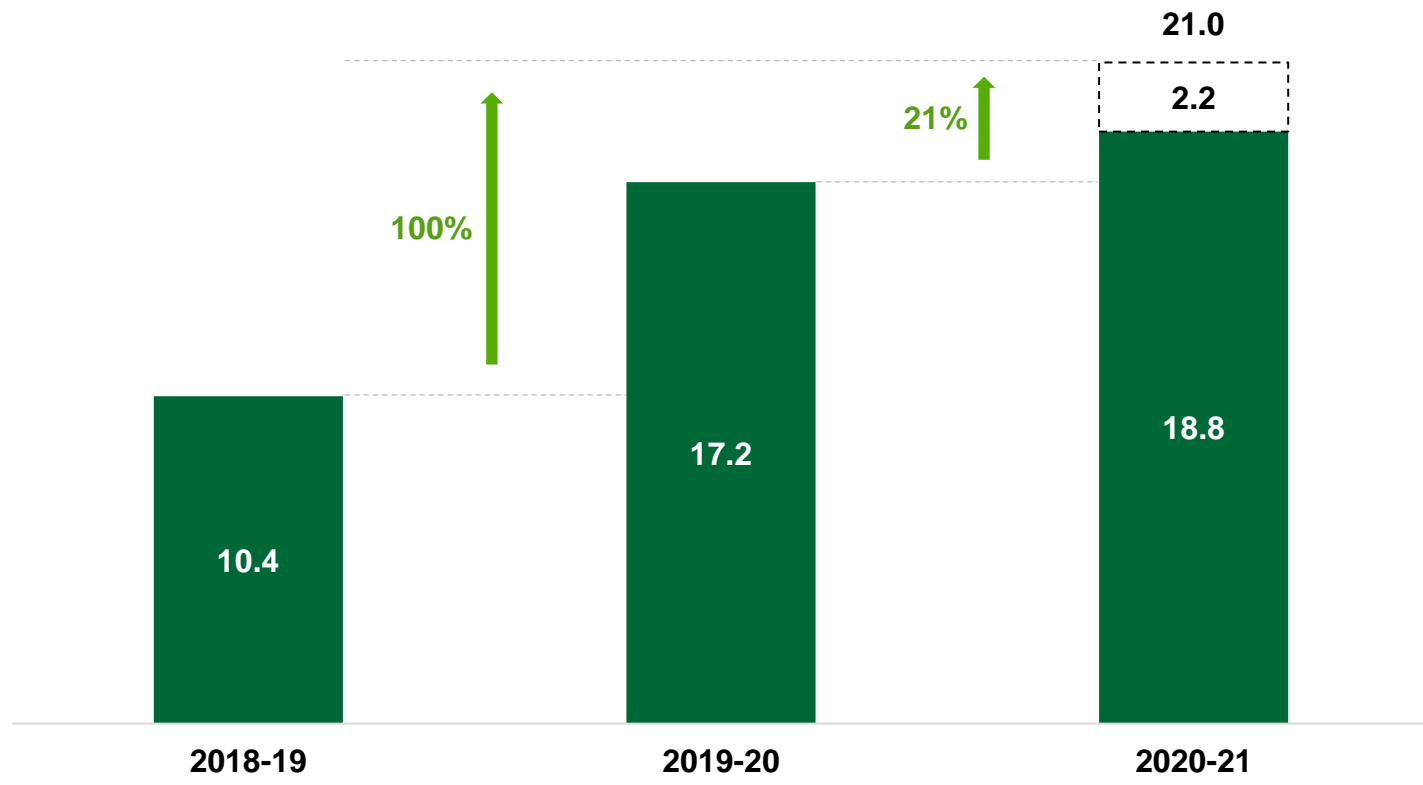
1 Own source revenue

Despite rate reductions in 36 categories, KPRA has already surpassed all of 2019-20 collection in the first 11 months of 2020-21

SDG 8

Collection by departments – YTD (July – May)
Rs. Billions

▨ Projected
■ Actuals
↑ Growth



Various steps were taken to augment compliance and enhance ease of doing business/transactions with KPRA during FY 2020-21

Monthly Performance Tracking



Monthly meetings were chaired by the Finance Minister to track performance with actions for the subsequent months issued

Reduced Tax Rates



More than 28 categories were reduced from standard tax rates to as low as 1%

Digitization



Online portal and signing MOU with Alternate Delivery Channel to augment collection through online channels

Point of Sale System



Point of Sale system (RIMS) installed in 100+ restaurants with reduced rates as an incentive

Massive Registration Drives



Massive Registration drives across targeted sectors across the province for informal taxpayers

Taxpayer Satisfaction Survey



Two rigorous 3rd party taxpayers' survey across the province to gauge performance of the authority

Legislative Measures



New withholding regulation to avoid tax evasion with rigorous 4/5th analysis

1 Own source revenue

Point of sale system has been installed at more than 100 restaurants across KP

Peshawar	Abbottabad	Mardan
M/s habibi restaurant & bar-b-q	MNAK restaurant	River View Hotel & Restaurant
Kaps foods china terrace	MNAK-II awan plaza	Traskoon Restaurant nowshera
Chief burger	Food planet	Deminister Cafe
Chief grill	Chaaye khana	Shelton Restaurant
Hong kong chinese restaurant	Jessie's burger	Usmania Restaurant
M/s hujra restaurant	Taste planet	Korba Restaurant
Wakhan cafe & bakers	Aroma café	Deewan Restaurant
M/s university tikka hut	New yorker pizza (Nathiagali)	Baghicha Restaurant
Islamia restaurant	Usmania Abbottabad	Kpk pizza hut
Thams burger	Cafe beany bonito	Platter house restaurant
Bread chef cafe & bakers	Khabbay ki sajj	Akbar fish shop
Hakeem khan tikka karahi	The coffee house & grill	Pizza hut mardan
Food punch	Isloo grill	
Grannis ice cream	Baithak	South
Taste in train restaurant	Aashianana hotel	SHELTON restaurant
Mr. Cod (m/s platinum co.)	Mcdonald's	Melto cafe
Thali spot	Food hut restaurant	National Club (DI Khan)
Chai khana	Green valley restaurant (Mansehra)	Habibi Restaurant Banuu City
Sizzlers	Munchies	Peshawar Hotel Kohat
Hunger lounge restaurant & café	Pizza hut	Foodies
M/s habibi restaurant (garrison Peshawar)	Jessie burger	The Pizza Hut
Shelton rezidor restaurant	Trend setter services	Spinghar Shinwari Restaurant
M/s silver dragon Chinese	New hot & spicy restaurant (saif restaurant)	
Cafe' crunch & bakeshop		
Take and taste		
Chick.N.Fire fast food restaurant		
Al maidah café		
Jalil kabab house		

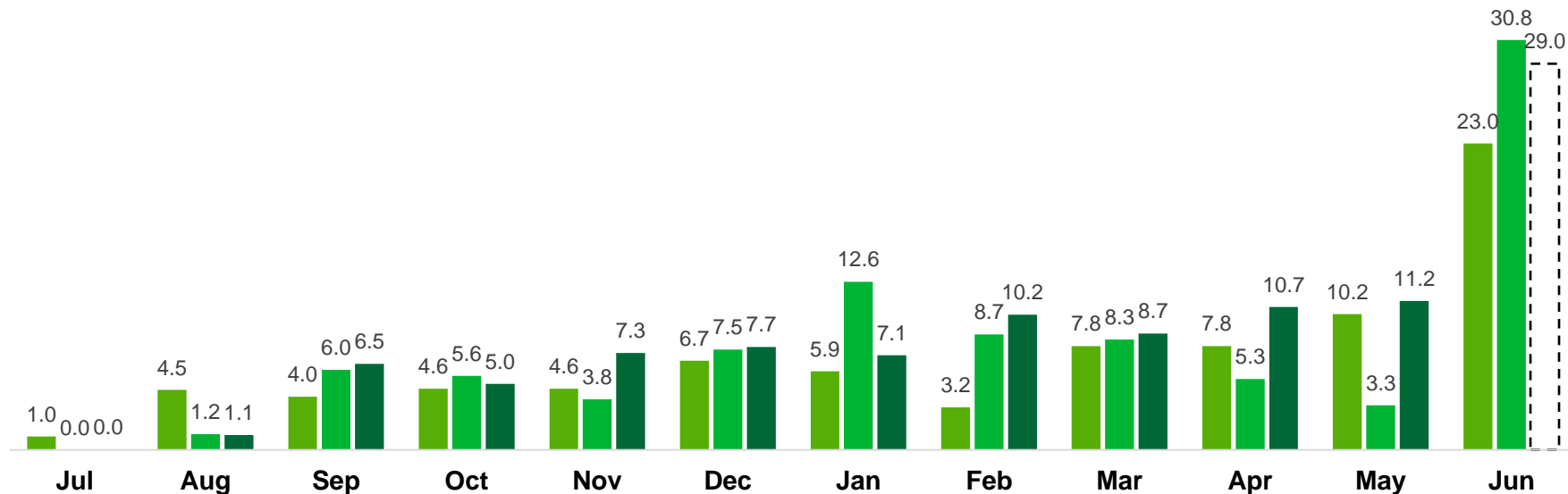
2 Development spending

Khyber Pakhtunkhwa continued its ADP release policy in 2020-21 leading to more even development expenditure throughout the year

Settled districts monthly ADP expenditure

Rs. Billions

■ 2018-19
■ 2019-20
■ 2020-21



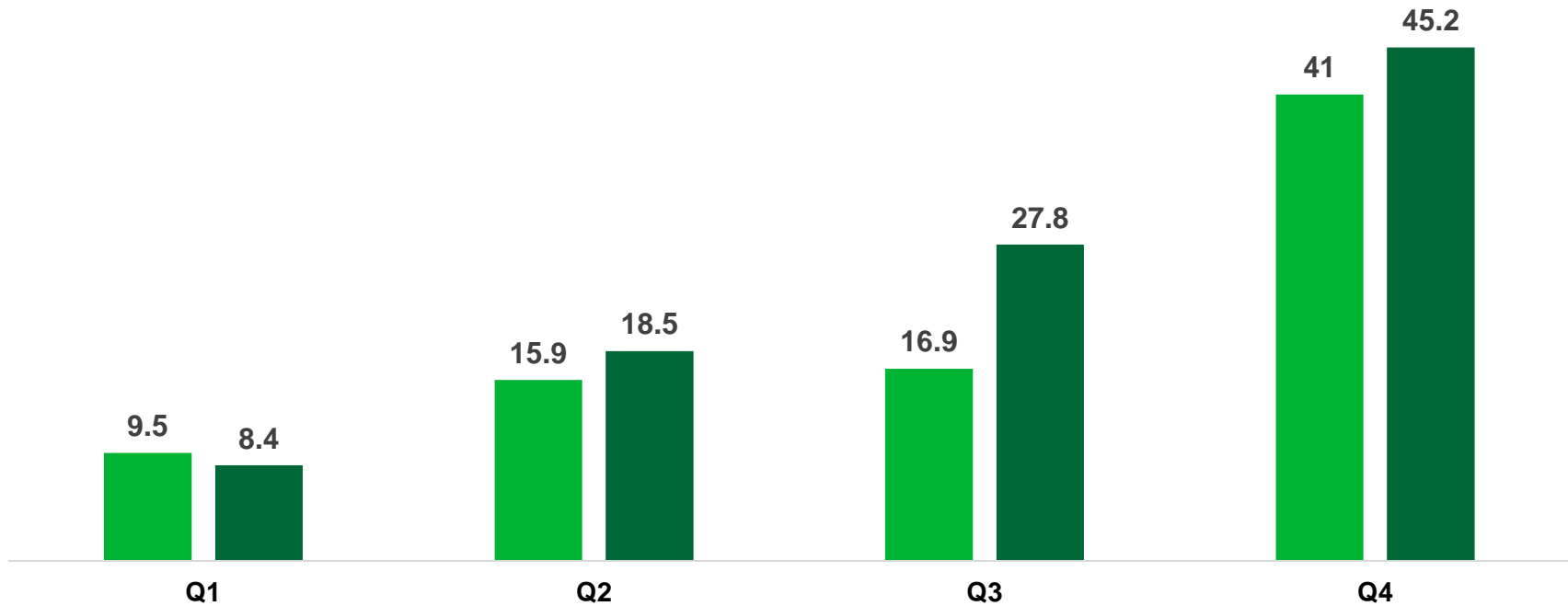
Timely release of ADP funds has helped in a more even spend throughout the year

2 Development spending

Khyber Pakhtunkhwa continued its ADP release policy in 2020-21 leading to more even development expenditure throughout the year

Settled districts ADP expenditure pattern
Rs. Billions

- Conventional release policy
- Revised release policy

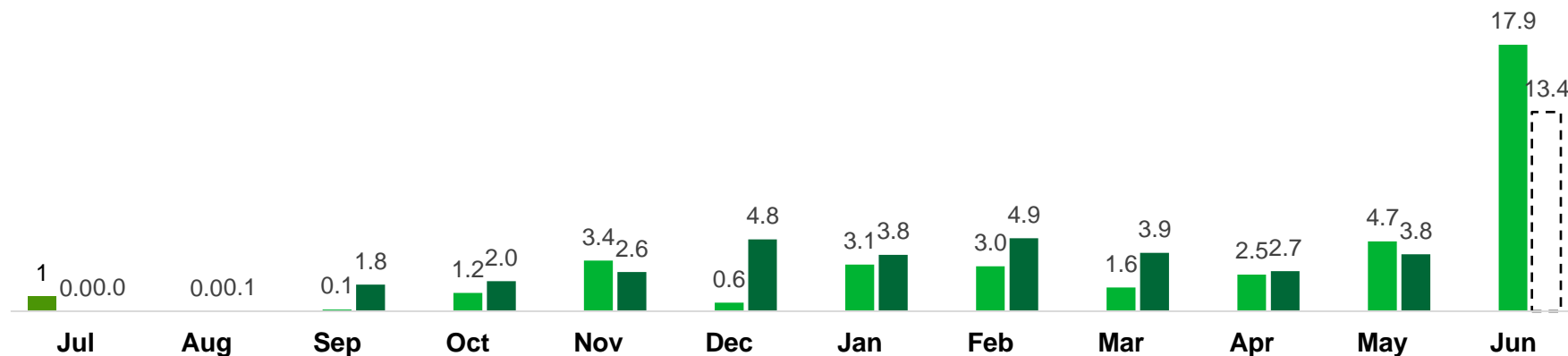


2 Development spending

Timely release of development funds to Newly Merged Districts has led to an even and increased spending in the region

NMDs monthly development expenditure
Rs. Billions

■ 2019-20
■ 2020-21

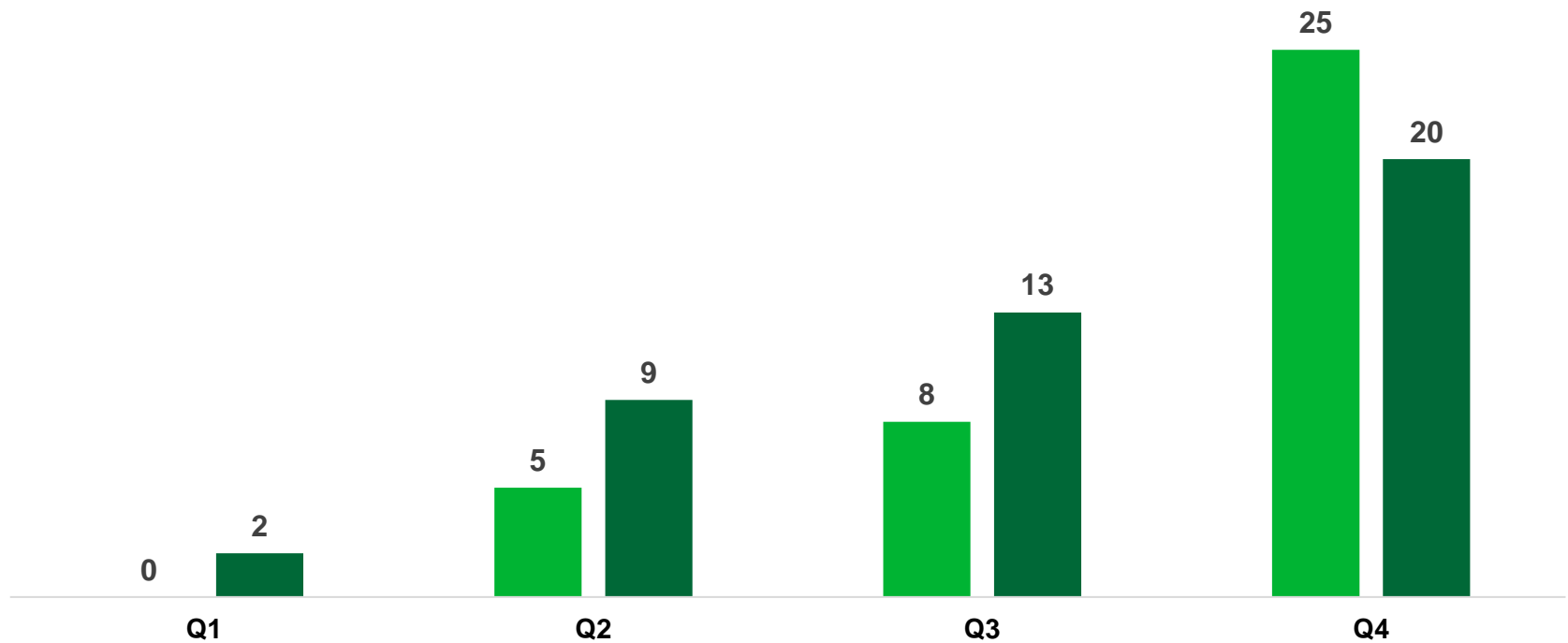


2 Development spending

Timely release of development funds to Newly Merged Districts has led to an even and increased spending in the region

NMDs quarterly development expenditure
Rs. Billions

■ 2019-20
■ 2020-21



3 Recruitment

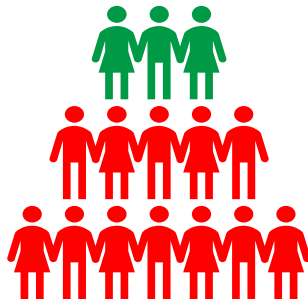
Focus was on creating positions that can provide services to the citizens while keeping the overhead costs at a minimum

This year, the following steps were taken:

1 Weekly departmental meetings chaired by the Finance Minister to focus on providing service delivery

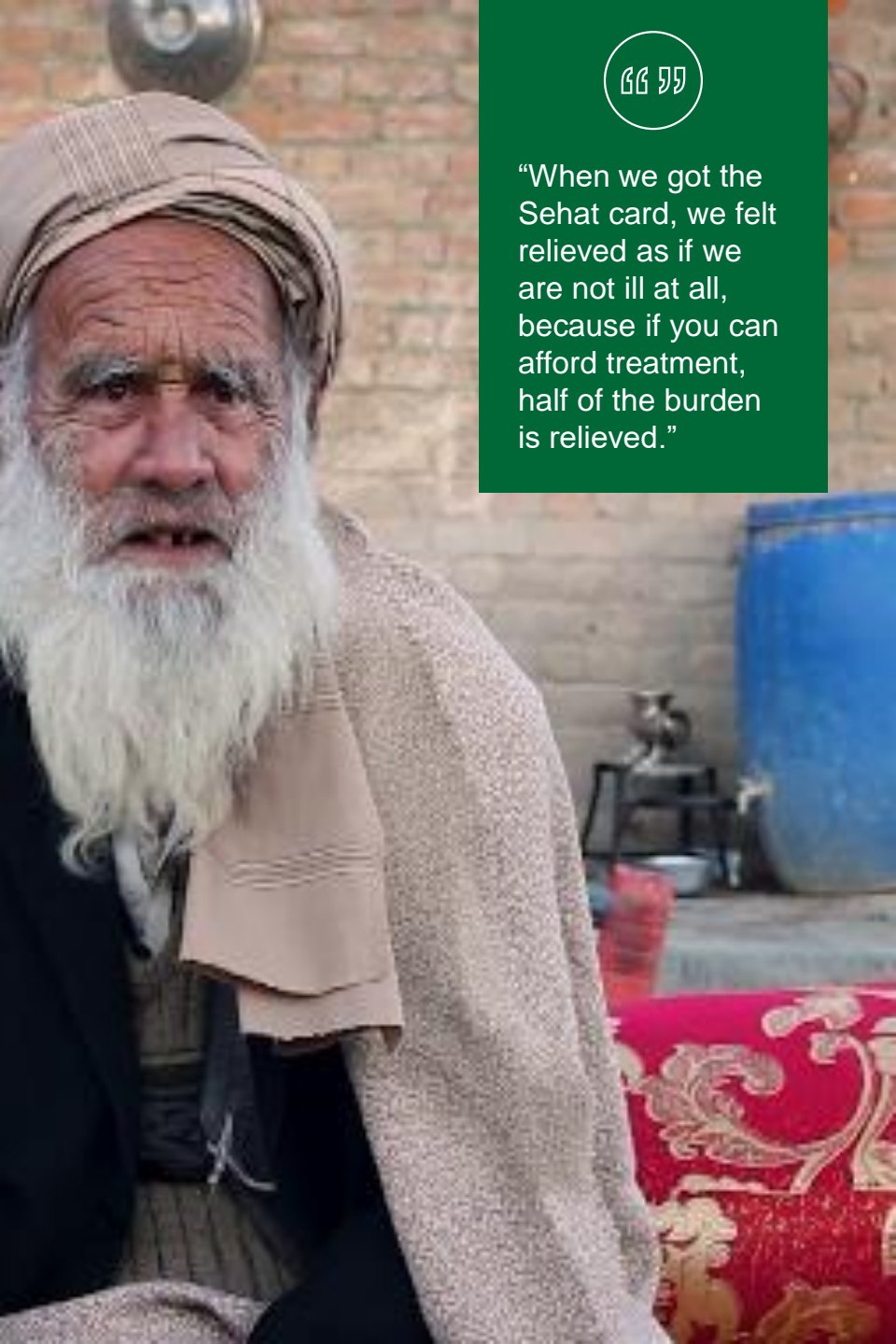
2 The conventional yardstick methodology was reformed in order to minimize overhead costs

3 Comprehensive discussion with departments to layout recruitment plans within the budgetary limits rather than random requests



8,000+
Positions created

Rs. 11 billion
Savings by filtering unnecessary posts



“When we got the Sehat card, we felt relieved as if we are not ill at all, because if you can afford treatment, half of the burden is relieved.”



“I would have never imagined that my mother will have her heart surgery in the best hospital of Khyber Pakhtunkhwa free of any cost”

Khyber Pakhtunkhwa became the first province to roll out universal health coverage to every citizen

Program details & impact



~7Mn

Households in 35 districts can receive free healthcare



~244

Public and private hospitals empaneled*



~23Bn

PKR allocated for FY 2021-22



1 Mn

PKR total coverage per family/year across basic, advanced and additional treatment categories



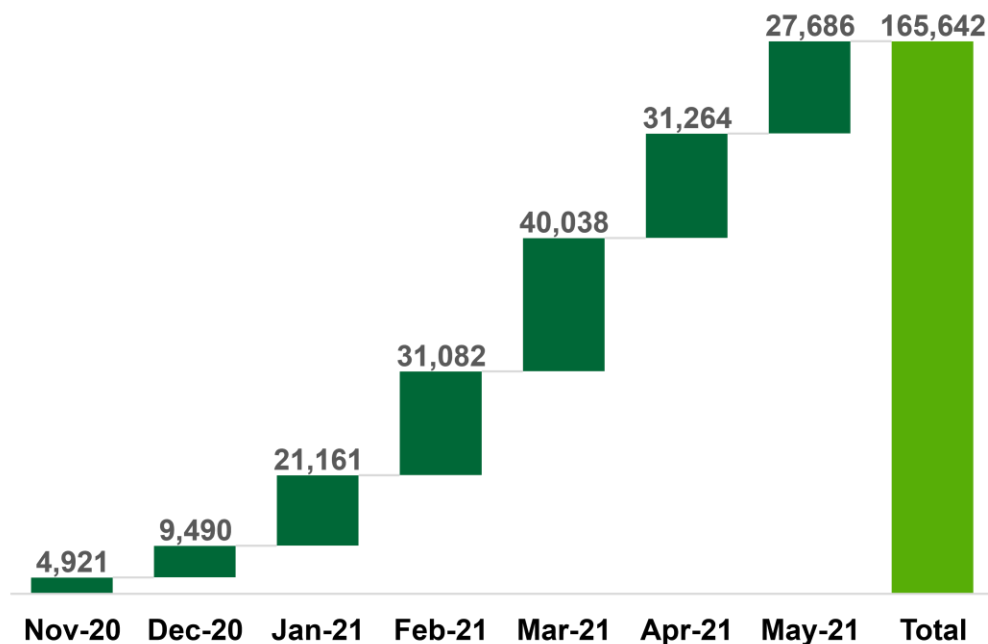
165,642

Individuals have **utilized Sehat Card Plus** from Nov-20 till May-21

4 Health

More than 160,000 people have used the new Sehat Card Plus programme since launch

Sehat Card Plus utilization by month, since launch
of individuals



Rs. 4.3 billion
Utilized under Sehat Card Plus programme in 2020-21

Rs. 2.4 billion
Utilized by NMDs since 2017

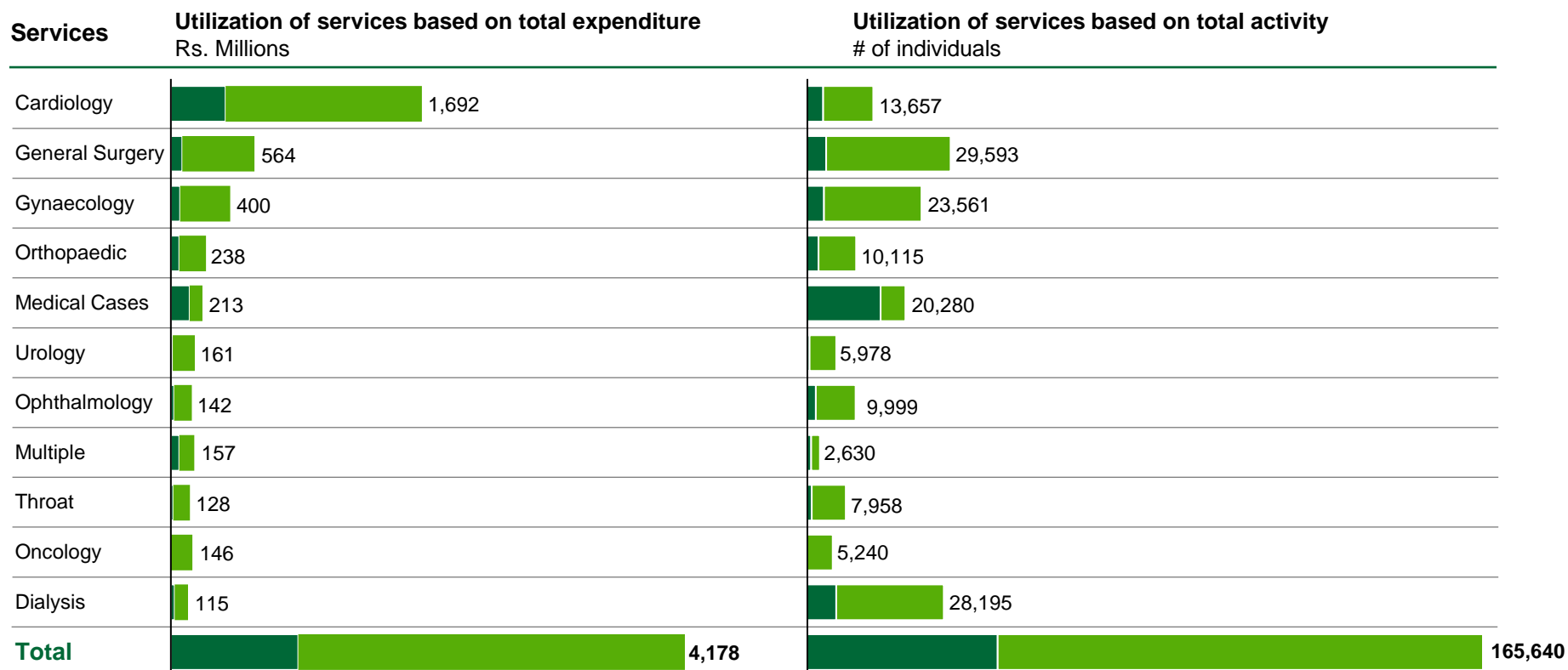
Rs. 6.4 billion
Utilized under old Sehat card programme from 2016-20

1. November data includes Zone 1 admissions only (Swat, Upper and Lower Dir, Malakand, Upper and Lower Chitral)
2. December data includes Zone 1 & Zone 2 (Abbottabad, Mansehra, Torghar, Upper & Lower Kohistan, Torghar, Battagram, Kolai Palas, Buner and Shangla)
3. January data includes Zone 1, Zone 2 & Zone 3 (Peshawar, Nowshera, Charsadda, Mardan, Swabi, Haripur)
4. February, March, April & May data includes all settled districts of Khyber Pakhtunkhwa

A variety of services are available under the Sehat Card Plus programme in both public and private facilities

SDG 3

Public Private



Major investments have been done in the healthcare sector of the province to deliver standard quality services to its citizens

SDG 3

Peshawar Institute of Cardiology

250 bed specialized cardiology hospital at a cost of Rs. 4,443 million operationalized



New OPD block at Khyber Teaching Hospital

Of 90 rooms with auxiliary services at a cost of Rs. 2,112 million operationalized



New Women & Children Hospital, Charsadda

200 bed hospital at a cost of Rs. 1,380 million operationalized



Major investments have been done in the healthcare sector of the province to deliver standard quality services to its citizens

SDG 3

Women's block, DHQ Mardan

120+ bedded block at a cost of Rs. 2,939 million operationalized



Allied and Surgical block at Lady Reading Hospital

500 bed, one of Pakistan's largest at a cost Rs. 6,250 million operationalized



Bacha Khan Medical Complex, Swabi converted to MTI



KP COVID-19 Situation

SDG 3

**1,870,572**

Tests conducted

**126,760**

People recovered

**3,422**

COVID-19 bed capacity developed

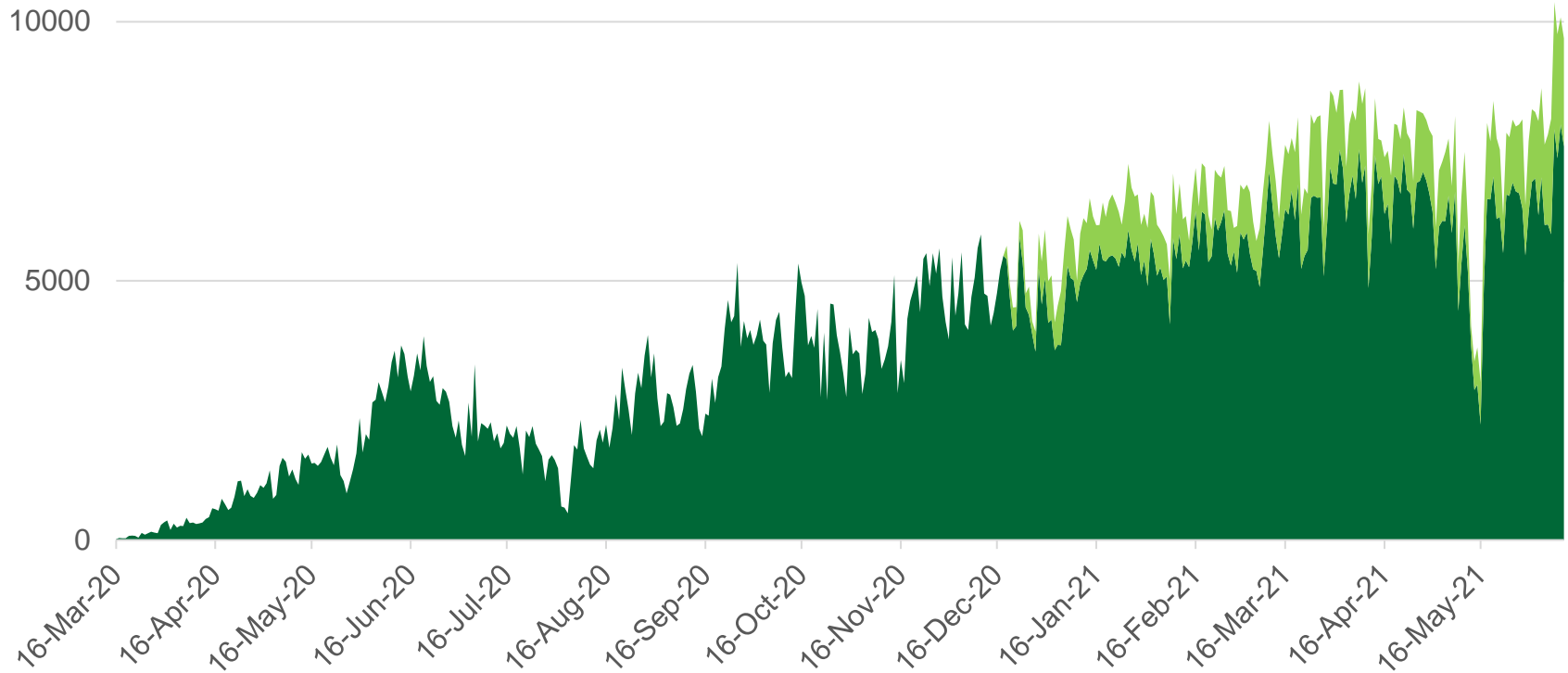
**1.4 million**

Vaccines administered

COVID-19 testing trend

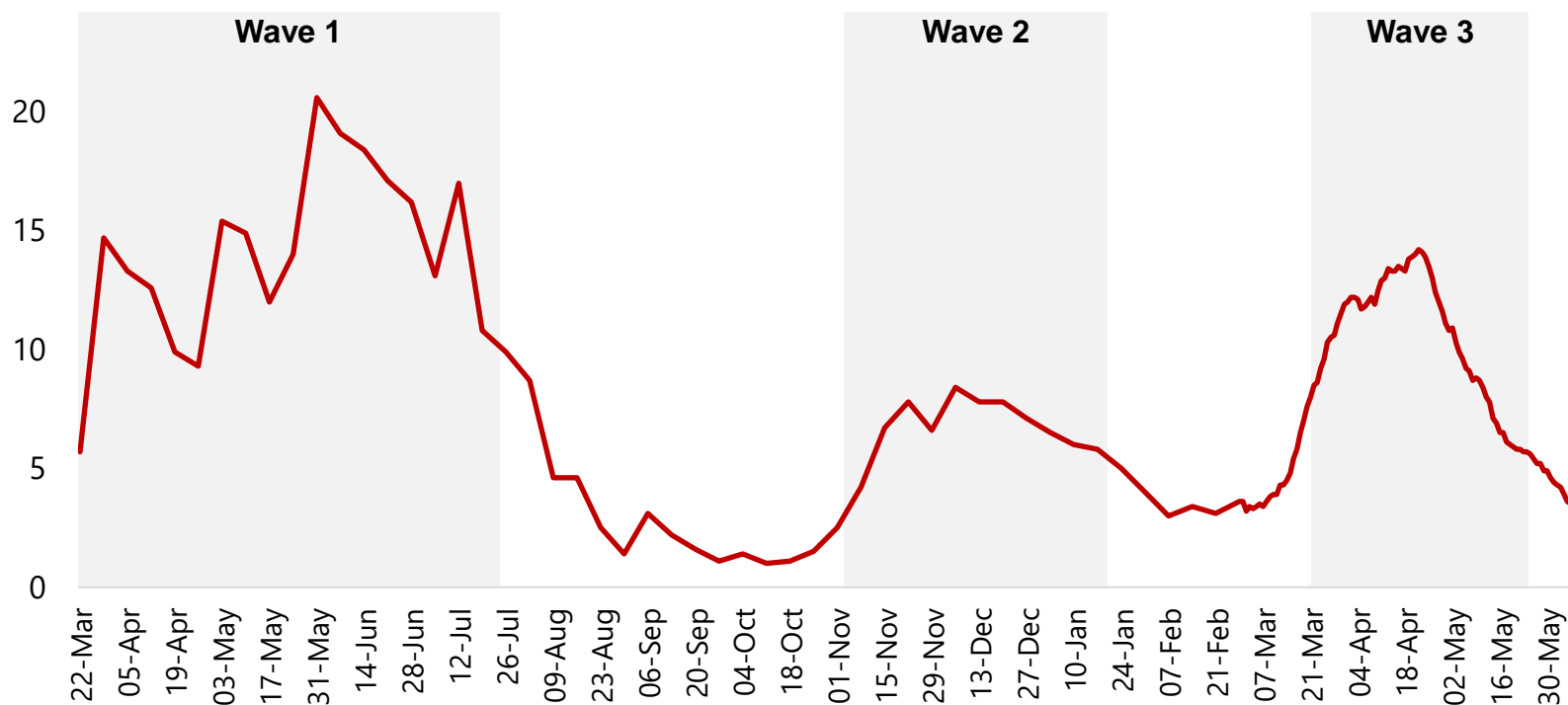
COVID-19 Daily tests
of tests

- Rapid antigen tests
- PCR tests



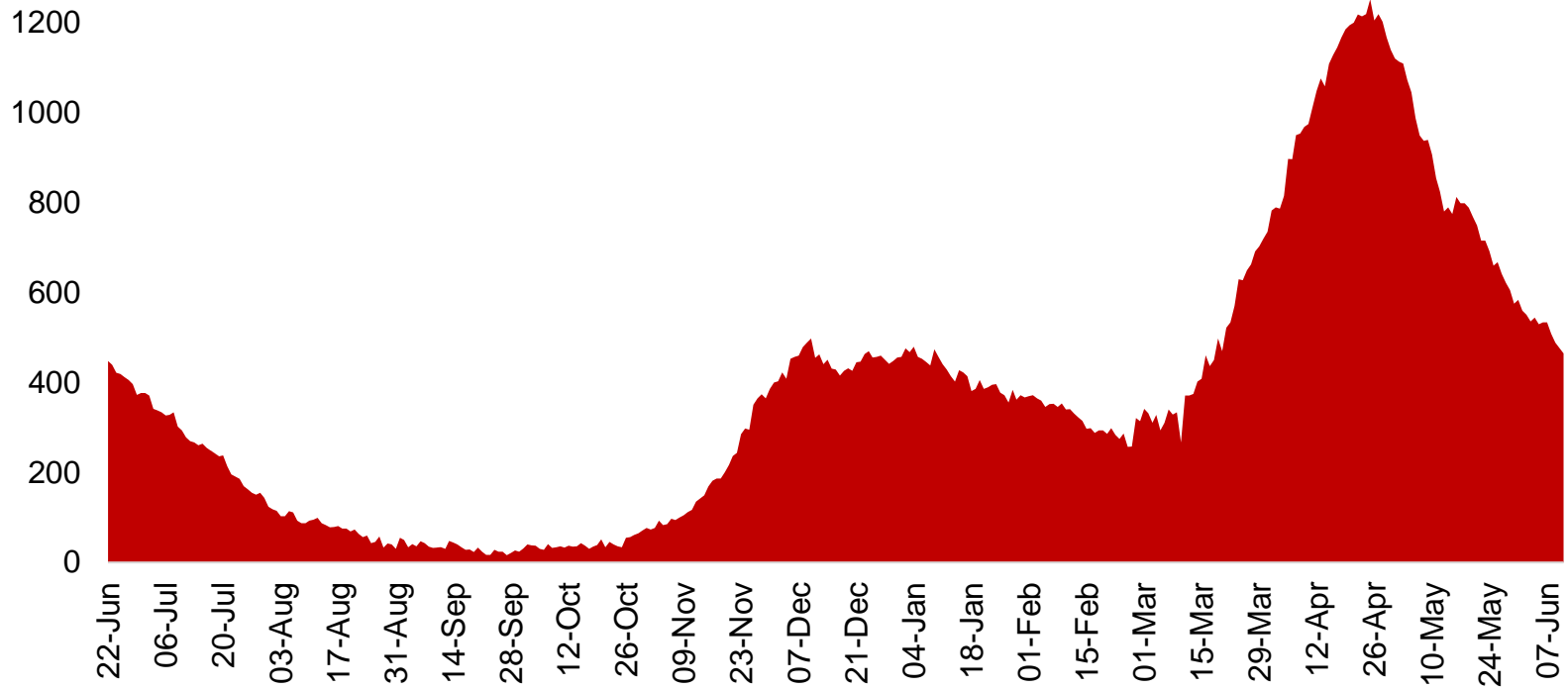
COVID-19 positivity trend

COVID-19 daily positivity %



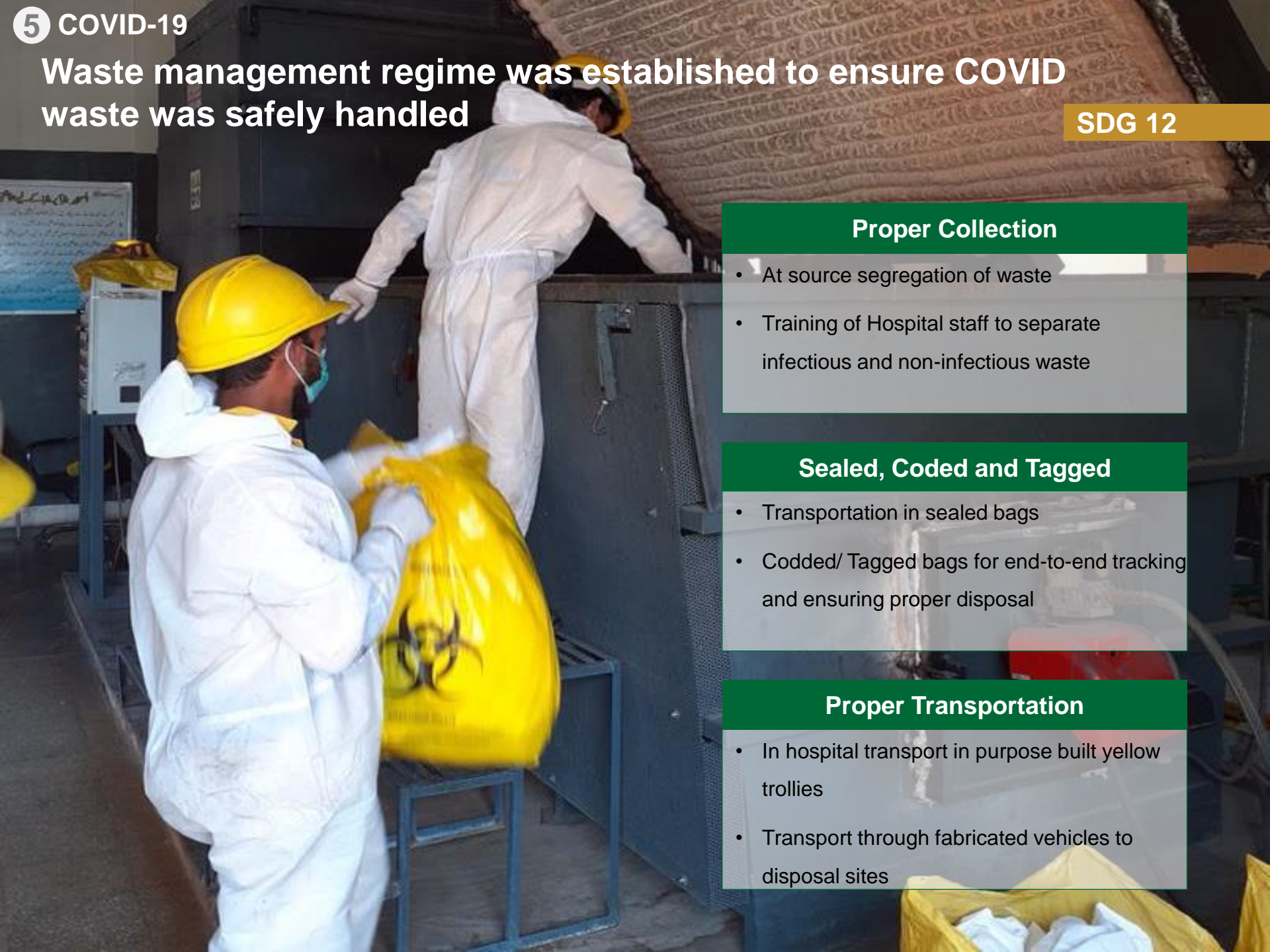
COVID-19 Health Critical Care utilization

Daily COVID-19 beds utilization
of ICU/HDU beds occupied



Waste management regime was established to ensure COVID waste was safely handled

SDG 12



Proper Collection

- At source segregation of waste
- Training of Hospital staff to separate infectious and non-infectious waste

Sealed, Coded and Tagged

- Transportation in sealed bags
- Coded/ Tagged bags for end-to-end tracking and ensuring proper disposal

Proper Transportation

- In hospital transport in purpose built yellow trollies
- Transport through fabricated vehicles to disposal sites

6 Rescue 1122

An integrated ambulance service has been started by Rescue 1122, catering to the needs in each and every corner of the province

SDG 3

Service Name	Previous	Current	
	Health	1122	1122
Inter-hospital transfer Use of Ambulances for inter hospital transfers, RHCs to DHQ etc.	✓		✓
Rescue Use of Ambulances for rescue, accidents, emergencies, earthquakes, floods etc.			✓
Emergency Cover Use of Ambulances to provide emergency cover to big gatherings, events etc.	✓	✓	✓
COVID-19 transfers Transfer of patients and dead bodies as needed	✓	✓	✓
Rural Ambulance Service Support to expecting mothers for transfers to health facilities at the time of childbirth	✗	✗	Will be started in 2021-22



The integration has resulted in outstanding results



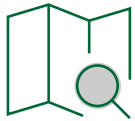
352

Ambulances handed over to Rescue 1122 for better service delivery



25,000+

Patients transferred between hospitals



12,245

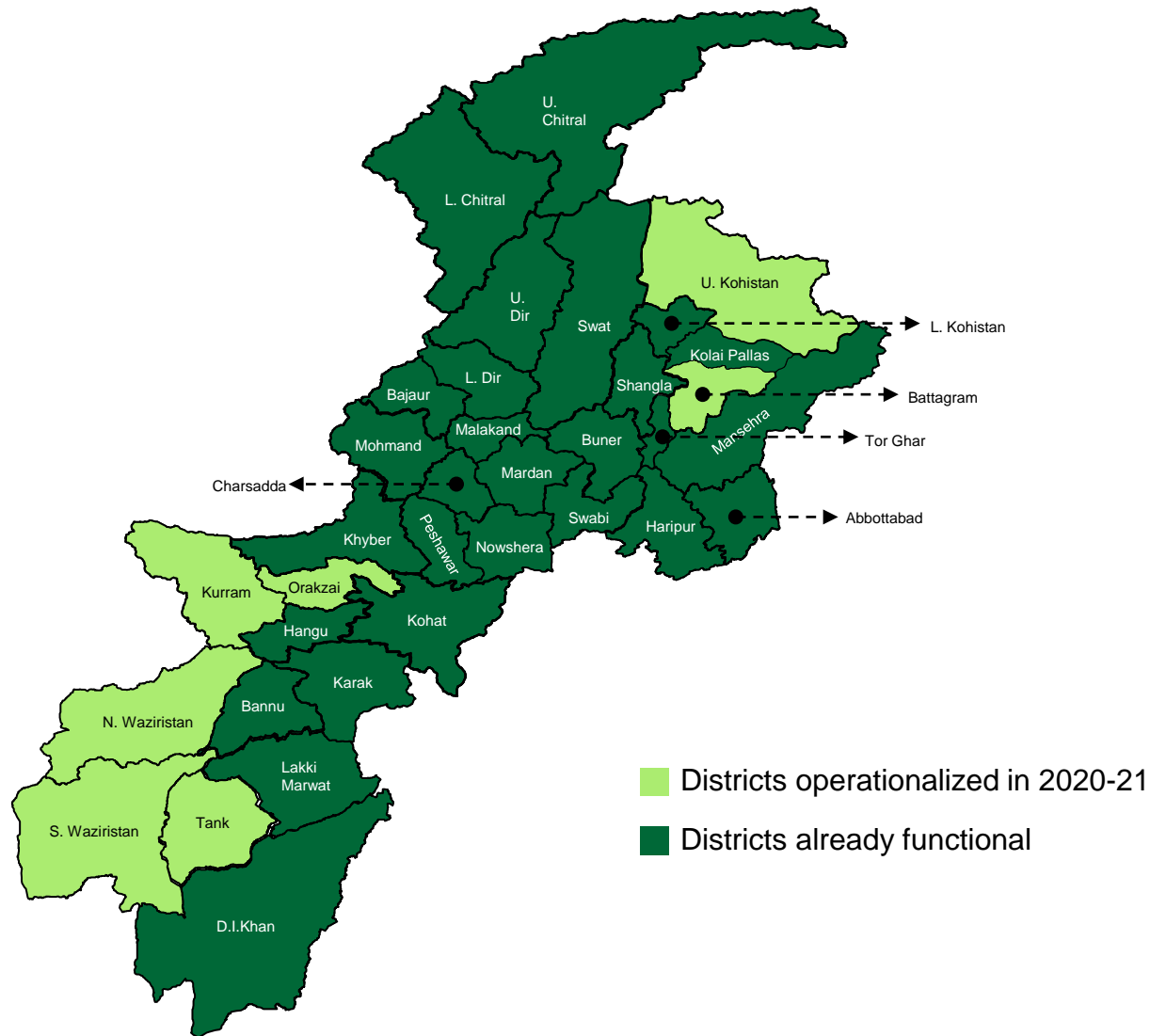
Referral cases shifted out of district



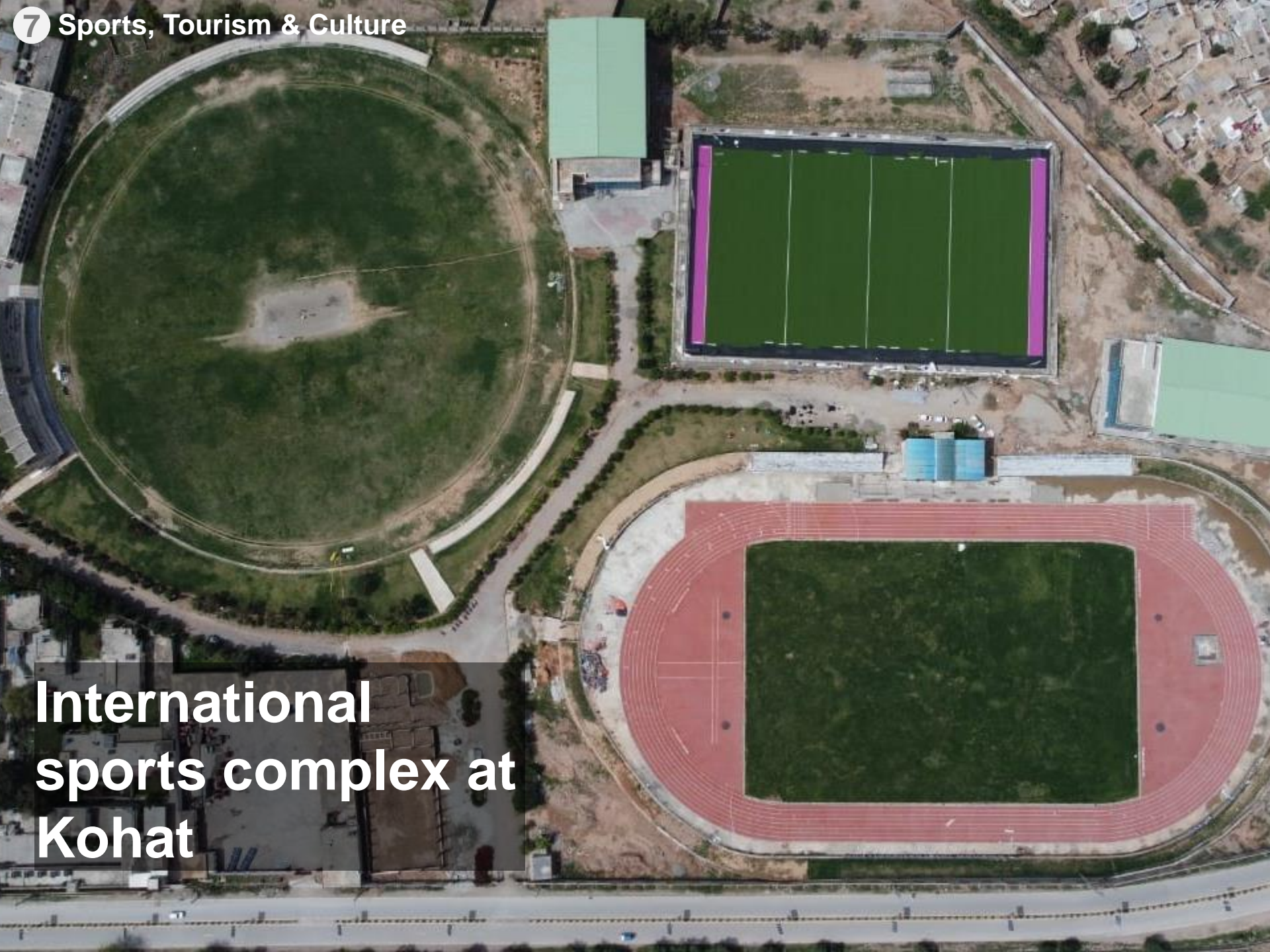
1,000+

Emergency Staff added by Rescue 1122 for smoother operations

Rescue 1122 now has presence across all districts of Khyber Pakhtunkhwa



Dedicated stations in progress in Kolai Pallas, Torghar and upper Chitral after district split administratively



**International
sports complex at
Kohat**

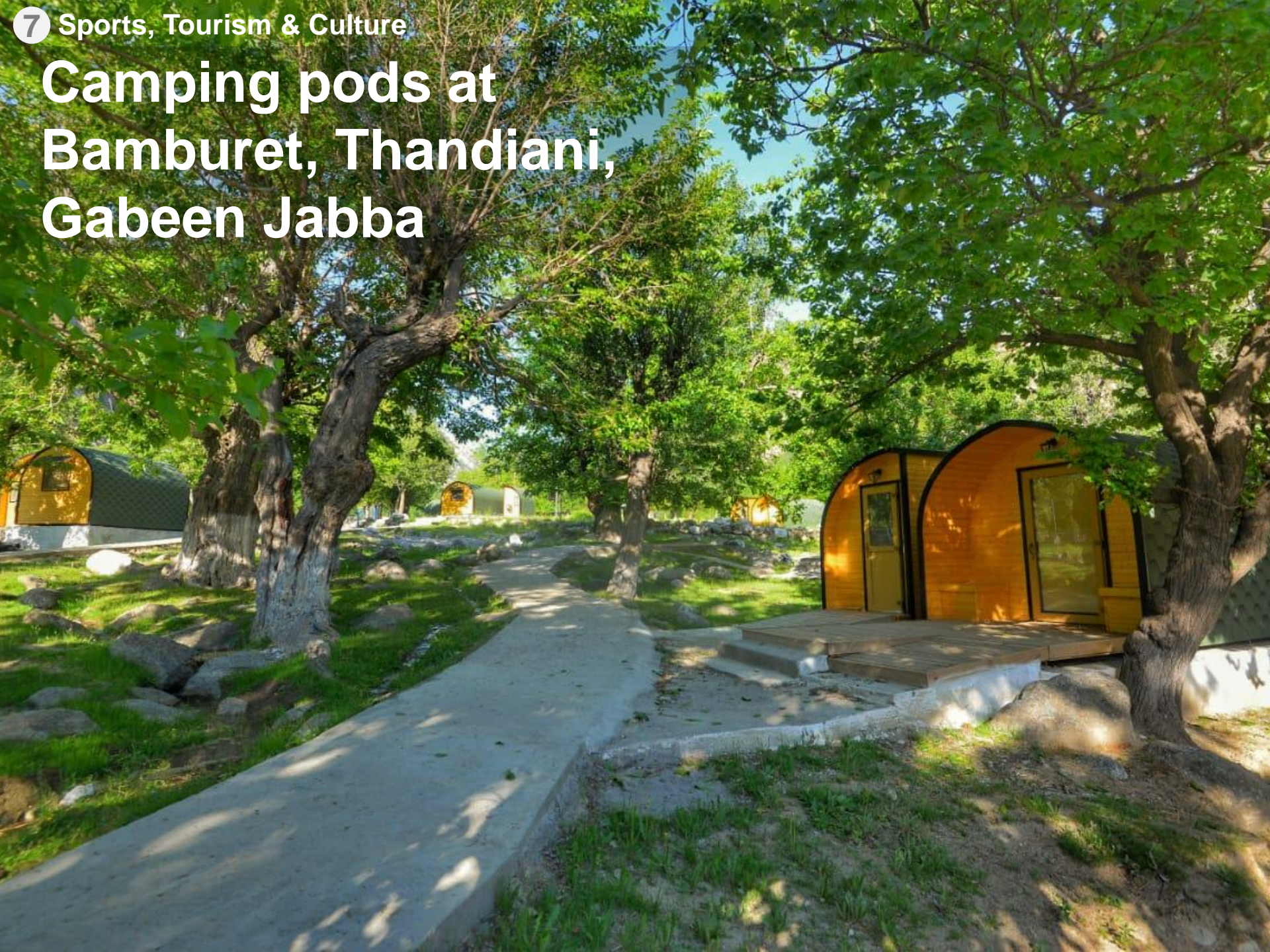
Derajat festival at DI Khan





Monthly stipends to U-21 and U-16 winners

Camping pods at Bamburet, Thandiani, Gabeen Jabba



Bus Rapid Transit; the first 3rd generation public transit system operationalized



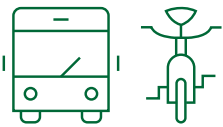
44.7 million
passengers travelled since launch



149,000
average daily passengers



90%
Load factor



158 hybrid buses &
360 bicycles



27 km
long access-controlled corridor



05
feeder routes of 58 km length



Swat Motorway; planned to be extended to Dir and Fatehpur



4-lane 81 km

Expressway with 3 twin-tube tunnels



5.8 million

Vehicles travel annually



16,000

Average daily traffic



1 hr 45 mins

Travel time reduction



Rs. 41 billion

Total cost



LTV & HTV

Both type vehicles allowed



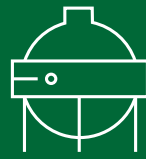
10 Industries & Ease of doing business

Rashakai SEZ is one of the most lucrative investment options in the country

SDG 1

SDG 8

SDG 9



30 MMCFD
gas supply commitment



10 MW
Power supplied



40 acres
Land sold and 2,000 applications in process



USD 50 million
Invested by foreign firms

120 small trades/businesses exempted from trade license fees and inspection of TMAs for Ease of doing business (1/2)

SDG 8

Sr #	Name of Business / Trade
1	The business of storing of selling timber, firewood, coal, charcoal & coke, hay, straw, grass and bamboo, jute, shrub, hemp, munj and their products, matches, explosives, petrol, oil and lubricants, paper, ghee and other dangerously inflammable materials.
2	Sugar refining and sugar refineries.
3	Preparation of water
4	Operating and running bake houses or bakery
5	Electroplating
6	Welding
7	Storing packing, pressing, cleaning, preparing or manufacturing by any process whatever, blasting powder, ammunition, fireworks, gun-powder, sulphur, mercury, gases, gum, cotton, saltpeter, nitro compounds, and nitro mixtures, phosphorus and dynamite.
8	Cleaning, dying, preparing or manufacturing by any process whatever, cloth oryan in indigo and other colors.
9	Storing, processing, cleaning, crushing, melting, preparing or manufacturing by any process whatever or dealing in bones, tallow, offal, fat blood, soap, raw hides and skins, candles manure, catgut and oil cloth.
10	Manufacturing oils
11	Washing or dying wool or hair
12	Making or manufacturing bricks, surkhi, tiles or earthenware pots, clay pipes or other earthenware by any process of baking or burning.
13	Burning or grinding of limestone or metal stone or storing of lime for sale
14	Cleaning or grinding of grain or chilies by any kind of class of machinery.
15	Keeping animals likely to create nuisances.
16	Fell mongering.
17	Casting of heavy metals such as iron, lead, copper and brass.
18	Dealing in poisons, acid, and chemicals, liquid or otherwise.
19	Wholesale storing, cleaning, pounding and selling of tobacco except the storing of tobacco required for the preparation of biddis, cigars or cigarettes.
20	Operating of running tin factories.
21	Manufacture of safes, trunks and boxes.
22	Marble cutting and polishing.
23	Glass levelling and polishing.
24	Manufacture of cement and Hume pipes.
25	Storing, packing, pressing, cleaning, preparing or manufacturing by any process whatever, rags, pitch, tar, turpentine demmar, coconut, fiber, flax, hemp, rosin or spirit.

26	Tanning, pressing or packing hide or skins whether raw or dry.
27	Trade of operation of ferries
28	Working of power looms, rice husking plants, steam whistle, steam trumpet or electric or hand operated sirens beyond hours fixed for their operations by a local government.
29	Discharging firearms and letting off fire-works, fire balloons or detonators or any game dangerous to life, dwelling and other property.
30	Persons carrying on any trade or occupation which emits offensive or any unwholesome smell.
31	Manufacturing, storing trading detonators or any other dangerous chemical, inflammative, hazardous or offensive article or material without license from concerned authority
32	Trading, storing and selling of used or new tyres
33	Excavation of earth stone or any other material within such distance of the residential areas as specified by the local government
34	Quarrying, blasting, cutting timber or carrying building operations in such manner as causes or likely to causes danger to the persons passing by or living or working in neighborhood
35	Butcher shop or sale of mutton or beef (all kinds)
36	Vendors of poultry or fish etc
37	Vendors of dairy, milk, butter and ghee etc
38	Vendors of fruits and vegetables or shops
39	Drycleaner and washer men
40	Makers and vendors of sweet-meats
41	Vendors of wheat, grains, flour or rice etc
42	Barbers and keepers of shaving saloons or beauty parlours
43	Manufacturers and Vendors of ice and ice cream and qulfi etc
44	Vendors of articles of food, mineral water, drink, juices for human consumption
45	Manufacturer and vendors plastic bags
46	Vendors of honey and honey bee keeping
47	Gurr-Gane (Extracting gurr from sugarcane)
48	Vendors of tent, crockery and wedding halls
49	Motor Car repair workshops, service stations and allied services
50	Hardware dealers and spare part dealers

120 small trades/businesses exempted from trade license fees and inspection of TMAs for Ease of doing business (2/2)

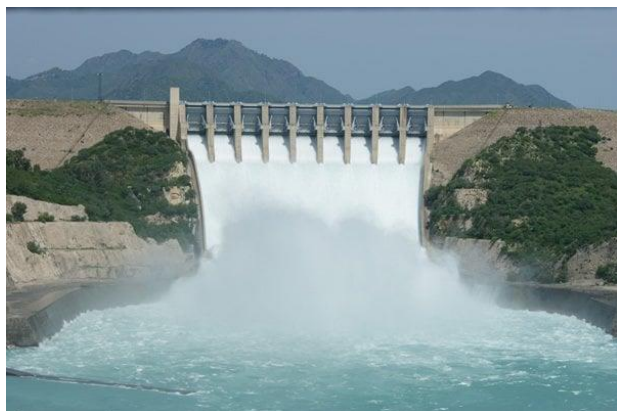
SDG 8

51	Arms and ammunition dealers
52	Petrol-pumps & CNG stations
53	Dry Fruits sale all types
54	Kulcha selling and tandor
55	Construction materials including sand, gravel, bricks stocks & shuttering
56	Steel furniture, Aluminum Door, Window and Grill Cabinet etc
57	Antique and Souvenirs dealers
58	Money Changer & Forex etc
59	Cloth merchants and dealers (all kinds)
60	Clay Pot and Manufacturing any kind of things in furnace
61	All kind of glass manufacture/glass design (Small Factory)
62	Cement pole, pre-stressed gadders and roofs etc (all kinds)
63	Private schools and academics (all categories)
64	Aluminum & Steel Sheet and Manufacturing (all kinds)
65	Private banks & saving centers etc
66	Steel and Iron Engineering Works
67	Manufacturing and sale of Air Coolers and Room Coolers etc
68	Manufacturing of Bus Body, Truck and Mazda etc
69	Stitching, Embroidery Manufacture
70	Electronics shops (all kinds)
71	Books, shops and stationary marts etc (all kinds)
72	Kites sellers and allied businesses
73	Circus and theaters etc
74	Wooden Furniture Manufacturing (all kinds)
75	Paper and Cardboard Products Manufacturing (all kinds)
76	Sale shop of TV, VCR and dish antenna etc
77	Plastic shopping bags & envelopes shops
78	Sale of Formica, hardboard and plywood, wall papers chipboard etc (all kinds)
79	Foam Manufacturing & Sale (all kinds)
80	Hakeem and homeopathic clinics including unanee medicines etc
81	Candle Manufacturing and sale
82	Cosmetics and Perfumes etc store (all kinds)
83	Carpet Dealers (all kind)
84	Livestock and Vetennary clinics and medicine shops etc
85	Cigarettes, snuffs (Naswar), phaana and Kohka etc

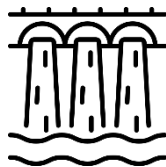
86	Cold storages and Godowns
87	Knitting Garments stitching units Small, Medium & Large
88	Computer shops & Computer training centers
89	Tailoring shops (all kinds)
90	Clothes and Readymade Garments shop, branded and locals
91	Swimming pools & private parks
92	Rent a car service shop or office
93	Wool Thread, button, lace and buckram sale
94	Music and internet clubs etc
95	Plants nursery (all kinds)
96	Printing press and allied businesses (all kinds)
97	Optical shops (all kinds)
98	Pharmaceutical products and sales
99	Old or 2nd hand items (Kabarr) shops or stores/go downs etc
100	Packing Factory Agency and Go downs etc
101	Leather Shoes Making Branded or locals (all kinds)
102	Gymnasium and body building clubs and video games etc
103	Sports items shops
104	Medical stores chemist & druggists (all kinds)
105	Color Paints stores and shops (all kinds)
106	Doctors clinics & labs, X-rays including dentists etc
107	Goldsmith & blacksmith and Carpenters
108	Steel and Plastic Pots selling
109	Wholesale Distributors
110	Mobile phone shops, including new/repairs, easy-load easy paisa etc
111	Fertilizers and pesticides dealers
112	Photographers, photo states machines (Colour, Black & White)
113	Karyana / General Store including Wholesalers
114	Hotels, restaurants and food points (all kinds)
115	Manyari Faroosh (all kinds)
116	Trunk and Iron box sale
117	Motor car bargain centers and property dealers
118	Timber Merchant / Wooden decoration work (all kinds)
119	Wooden/steel furniture showroom/sale
120	All other trades and businesses existing on ground but not mentioned above

Khyber Pakhtunkhwa is investing in green and sustainable energy to secure the future of the province and the country

SDG 7

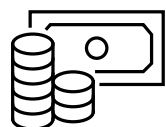


**Hydro Power
Projects**



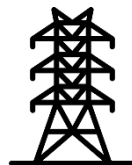
545 MW

Capacity agreements signed*



\$750 million

Investment in projects



Transmission & Grid Co.

Established by provincial government

*Balakot, Gabral-Kalam and Madyan

KP is keen on reducing its carbon footprint by focusing on green energy



1,276 mosques
Solarized



53 BHUs
Solarized



2,500 schools
Solarized



379 million
Trees planted



20.8 billion
Units of clean energy generated

- SDG 7
- SDG 13
- SDG 15

Hydro Station	Generation (MWh)
Tarbela	11,857,689
Tarbela 4th Extension	5,485,663
Warsak	1,095,462
Duber Khwar	609,396
Allai Khwar	469,474
Malakand-III	417,626
Khan Khwar	273,876
Daral Khwar	151,605
Jabban	137,672
Dargai	98,422
Golen Gol	86,131
Pehur	47,038
Gomal Zam	50,000
Ranolia	18,578
Kurram Garhi	15,110
Machai	4,938
Chitral	3,044

Housing for all



7
Projects ongoing and planned



5,786
number of units



7-10
Years installment plan



2,056
Apartments exclusively for laborers



Rs. 20.1 billion
Investment in housing



Development in the Newly Merged Areas

SDG 7

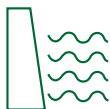
SDG 8

SDG 9



5 grid stations

Increasing load capacity by 264MW



800 MW

Mohmand dam with 1.2 MAF storage (PSDP)



45 km road

With 754m Nahakki tunnel



\$483 million

Investment in KPEC for increased trade



24/7

Operation of Torkham border



Health is being revolutionized in the Newly Merged Areas

SDG 7

Hospital	Specialists before outsourcing	Specialists after outsourcing	General Doctors before outsourcing	General Doctors after outsourcing	Nurses before outsourcing	Nurses after outsourcing
Mishti Mela	0	8	2	11	0	9
Mamad Gat	0	5	4	11	0	9
Cat-D Dogar	0	5	2	11	0	9
Molai Khan Serai	0	5	0	11	2	9
Cat-D Ghiljo	0	3	2	11	0	9
Cat-D Sholam	0	5	0	9	0	11
Toi Khula	0	6	0	10	0	11
Cat-D Darazinda	0	6	3	9	0	11

192

specialists, doctors and nurses working in remote areas after outsourcing

The outlook of the hospitals are being completely revamped

SDG 7

Before



After



13 Merged Areas Development

Quality services are being introduced in the far-fetched areas

SDG 7



Dental Unit



Labor Room



Neonatal Unit



Waste Disposal



Operation Theatre



IPD Ward

14 Bank of Khyber

The provincial bank made record profit in the last year despite COVID-19

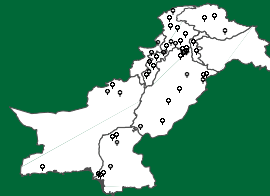
Bank of Khyber



Rs. 2,152 million
Profit after tax for FY20



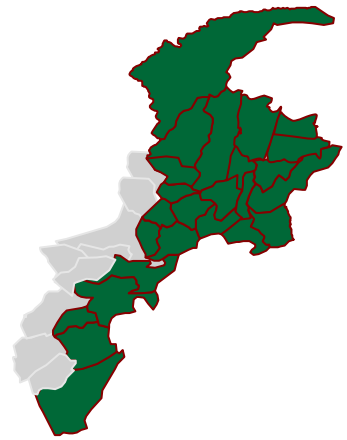
Rs. 5.09 billion
Cash dividend payout to GoKP since listing



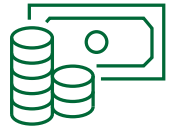
183 branches
Throughout Pakistan

Development progress

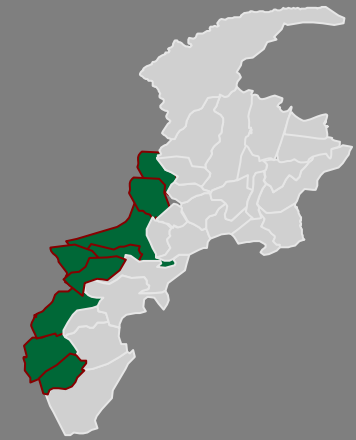
Projects approved by PDWP in 2020-21 (1/2)



252 projects
For settled districts



Rs. 248 billion
Cost of approved projects



90 projects
For Newly Merged Districts

Rs. 103 billion
Cost of approved projects

15 Development Planning

Projects approved by PDWP – Settled districts

Rs. Millions

Project Name	Cost
Khyber Pakhtunkhwa Rural Roads Development Project (KP-RRDP) (ADB Assisted)	27,700
Construction of 88MW Gabral-Kalam Hydro Power Project, District Swat- Under the WB Assisted Khyber Pakhtunkhwa Hydro Power and RE Development Prog. Project Cost Rs 37065.00 mn. HDF Share Rs 4.98Bn. Commercial Financing Rs 9.45Bn. (HDF/IDA Assisted).	22,630
Construction of Dual Carriageway from Chamkani to Badaber, Peshawar.	17,000
Construction of 157MW Madian Hydro Power Project, District Swat- Under the WB Assisted Khyber Pakhtunkhwa Hydro Power & RE Development Programme. Project Cost Rs 77Bn. HDF Share Rs 14.4Bn. Commercial Financing Rs 46.3Bn. (HDF/IDA Assisted).	16,275
Khyber Pakhtunkhwa Human Capital Investment Project. (IDA Credit of US\$ 49.6 million and IDA grant US\$ 35.4 million).	13,260
Reconstruction of 300 Govt Schools (100 Primary, 100 Middle & 100 High) (B&G) on need basis in KP	7,700
Integration of Health Services Delivery with special focus on MNCH, LHW and Nutrition Programme.	7,027
Reconstruction of ERRA leftover Strategy and Non- Strategy Schools in KP	6,718
Construction of Technically & Economically Feasible 294 KMs Roads in Malakand Division.	5,600
AAWAZ - Voice and Accountability Programme-II (DFID Assisted)	4,700
Dualization of Swabi Jehangira Road left over portion 11 Km i/c bridge on River Indus	4,388
Economic Growth & jobs Creation through Technical/Financial Assistance(ERKF Model)	4,159
PC-II for Hiring of Planning, Management Support Consultants & other Consultancies required for Energy Sector Development & Institutional Strengthening - under WB Assisted KP Hydro Power & RE Dev. Prog. Project Cost Rs 3.875 Bn (HDF/IDA Assisted).	3,875
Upgradation of 100 Middle schools to High level (B&G) on need basis in Khyber Pakhtunkhwa	3,752
Block provision for projects to be funded from 10% Net Hydel Profit	3,716
Construction of Technically & Economically Feasible 198 KMs Roads in Peshawar Division.	3,622
Upgradation of 100 High schools to Higher Secondary level (B&G) on need basis in Khyber Pakhtunkhwa	3,450
Construction of Technically & Economically Feasible 170 KMs Roads in Hazara Division.	3,410
Revamping of Non-Teaching DHQs across KP.	3,361
Construction of Roads & Bridges on need Basis	3,147
F/S, Design & Reconst: of Bridges: Arsala(S-11), Aghan Pur(S-10), Drwaza Kas(S-8), Doghi (S-12), Bada on Swabi Topi Rd(S-1), Khyali(S-1), Matra (S-4), Machni (S-4), kababian (S-4), Dehri (S-10), Aloch Puran(S-10A), Chena on Swari Ambela Rd (S-10A)	2,598
Establishment of Paramedics College & Male Nursing College in Lakki Marwat (PC-II approved by PDWP on 08-10-2019)	2,266
Upgradation of 150 Primary schools to Middle level (B&G) on need basis in Khyber Pakhtunkhwa	2,229
Development of Tourist Spots in Khyber Pakhtunkhwa	2,200
Establishment of 100 Primary Schools in Khyber Pakhtunkhwa	2,000

15 Development Planning

Projects approved by PDWP – Newly Merged districts Rs. Millions

Project Name	Cost
Permanent Reconstruction in MAs.	7,000
Economic Revitalization of District North Waziristan – Compensation for Businesses Lost (Phase-II)	5,767
Connectivity Roads (left over areas) in Merged Districts	5,000
Solarization of Schools in Merged Areas	3,186
Establishment of Khyber Pakhtunkhwa Emergency Services Academy at Shahkas, Khyber (Rescue-1122)	3,174
Merged Areas Integrated Development Forestry Sector Project.	3,003
Establishment/Development of Tourist Destinations, Tourism Information Centers, Picnic spots and Rest Areas	3,000
Capacity building programme for college faculty	2,800
Establishment of 100 Primary Schools in Merged Districts	2,031
Performance based package for the teaching faculty	1,899
Provision of staff to existing colleges (Commerce + General)	1,728
Provision of Additional Academic Infrastructure & Missing Facilities in the existing Government Colleges in Merged Areas on need basis	1,717
Provision of Stipends and scholarships for students of Merged Areas	1,700
Provision of Teachers at Primary, Middle, High & Higher Secondary Schools in Merged Areas	1,448
Construction of Kundiwan Weir in SW	1,326
Construction and Rehabilitation of Warsk Left Bank Canal District Mohmand	992
Extension of Prime Minister EHSAS Program to Merged Areas	990
Rural/Approach Roads in Merged Districts	900
Outsourcing of Non-Clinical Services	657
Establishment of IT labs in High & Higher Secondary Schools in Merged Areas	489
Installation of additional 40 Mva Power Transformer along with Civil Works at 132 Kv GSS in Wana, District South Waziristan	250
Construction of Fruit and Vegetable Market, Cattle Fair Markets, Slaughter Houses in District Orakzai.	215
Construction of Bus Terminal/ Taxi Stand, Fruit & Vegetable Market and Family Park in Sub-Division, Jandola Tank and Sub-Division, Darzinda, D.I.Khan.	204
Rapid Enrollment, Quality Improvement and School Governance Reforms	200
Construction of Bus Terminals, Beautification in Selected Urban Areas, Construction of Slaughter House, Solar based tube well in District South Waziristan.	199
Construction of Bus Terminal, Beautification of Urban Areas, Slaughter House, and Family Park in Sub-Division, Dara Adam Khel, Kohat	107



TABLE OF CONTENTS

1 | Understanding the budget

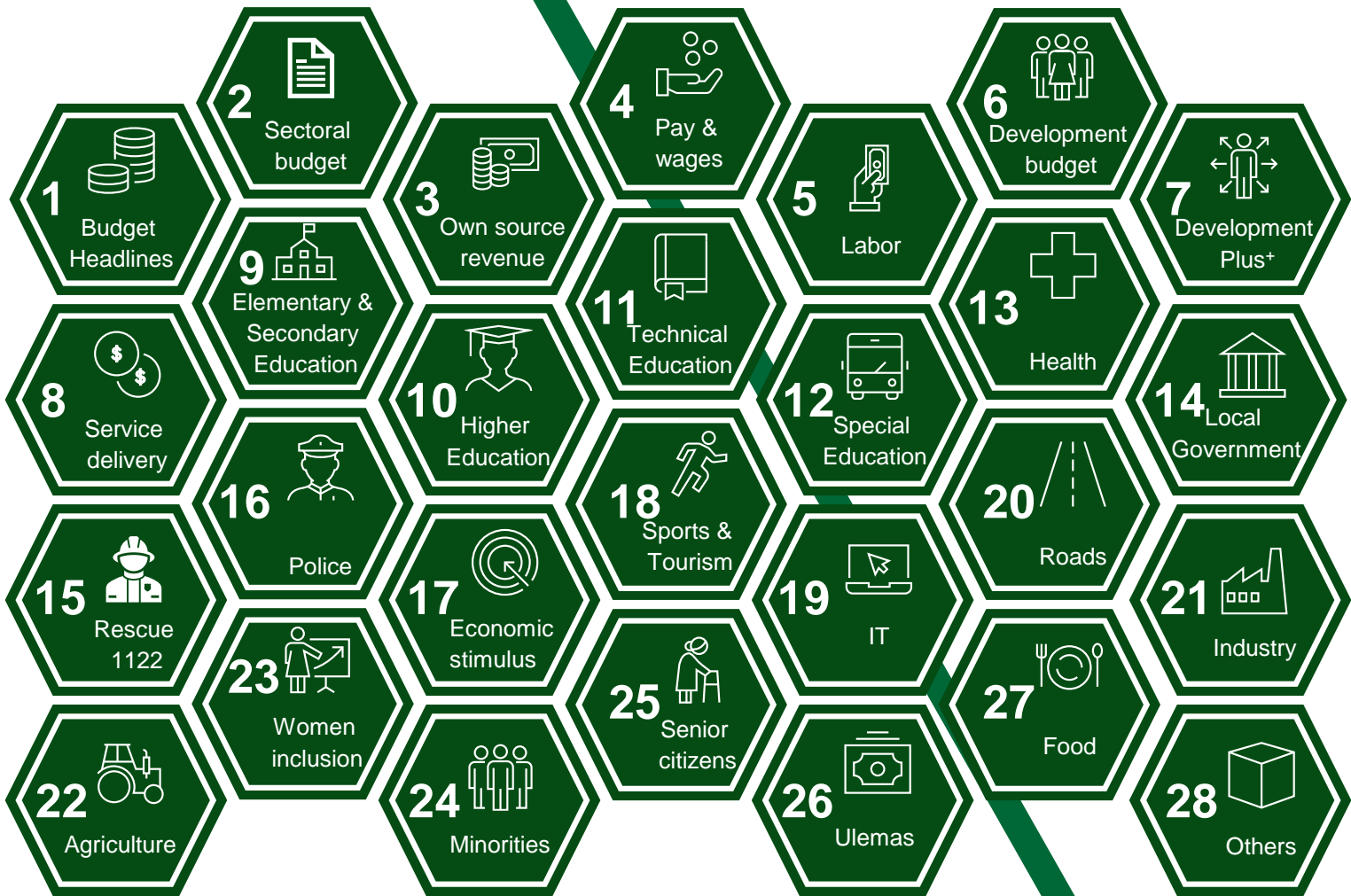
2 | 2020-21 in review

3 | **The 2021-22 budget**

4 | Something for everyone

5 | Deep dive on key issues

6 | Reform



The headline numbers 2021-22

Total budgeted expenditure	PKR 1,118.3 Bn
-----------------------------------	-----------------------

Settled districts	PKR 919.0 Bn
-------------------	--------------

Merged districts	PKR 199.3 Bn
------------------	--------------

Current budget	PKR 747.3 Bn
-----------------------	---------------------

Settled districts	PKR 648.3 Bn
-------------------	--------------

Merged districts	PKR 99.0 Bn
------------------	-------------

Development budget	PKR 371.0 Bn
---------------------------	---------------------

Settled districts	PKR 270.7 Bn
-------------------	--------------

Merged districts	PKR 100.3 Bn
------------------	--------------

Details of expenditure 2021-22

PKR Billions

Head	Settled	NMDs	Total
Salary	314.0	60.0	374.0
Pension	92.0	0.1	92.1
Non-salary (O&M and contingency and district non-salary)	164.9	38.9	203.9
Other current expenditure	77.4	-	77.4
Provincial ADP (plus AIP for NMDs)	150.0	94.6	244.6
Devolved ADP	15.0	2.4	17.4
Foreign Development Assistance	85.8	3.3	89.2
PSDP	19.9	-	19.9

Revenue / receipts 2021-22

Federal Tax Assignments	PKR 475.6 Bn
1% of the divisible pool to the province for the war on terror	PKR 57.2 Bn
Oil & Gas royalties and surcharges (straight transfers)	PKR 26.5 Bn
NHP as per 2015-16 MoU, including arrears	PKR 74.7 Bn
Provincial Tax and Non-Tax Revenue	PKR 75.0 Bn
Foreign Project Assistance (Settled districts)	PKR 85.8 Bn
Foreign Project Assistance (MA)	PKR 3.3 Bn
Grants for the merged tribal districts	PKR 187.7 Bn
Other receipts	PKR 132.5 Bn
Total receipts:	PKR 1,118.3 Bn

2 Sectoral Budget

Sector wise total budget (1/2)

PKR Millions

Sector	Budget 2021-22 Settled	Budget 2021-22 NMAs	Total Budget 2021-22
Agriculture	20,896	4,626	25,522
Auqaf & Religious Minority	3,769	271	4,040
Bureau of Stats	48	8	56
Communication & Works	43,315	15,474	58,789
Elementary & Secondary Education	175,240	30,656	205,896
Energy & Power	15,027	2,226	17,253
Environment	2,733	10	2,743
Excise and Taxation	1,714	77	1,791
Finance	32,735	9,076	41,811
Forestry	4,339	1,206	5,545
General Administration	5,214	367	5,581
Health	125,611	16,620	142,231
Higher Education	23,521	3,535	27,056
Home Department	67,668	24,041	91,709
Housing	707	50	757
Industries	3,626	1,385	5,011
Information and Public Relations	1,687	97	1,784

2 Sectoral Budget

Sector wise total budget (2/2)

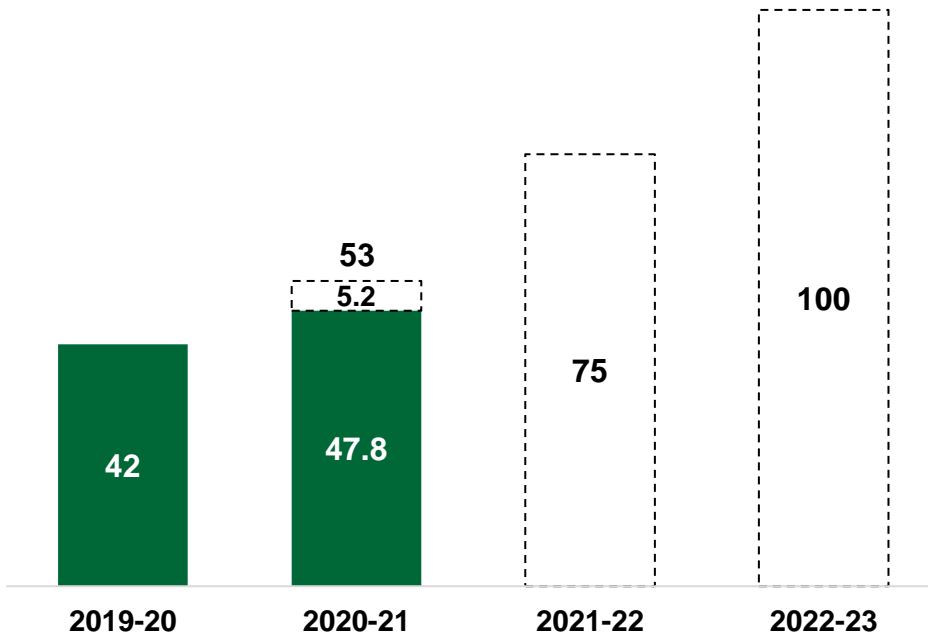
PKR Millions

Sector	Budget 2021-22 Settled	Budget 2021-22 NMAs	Total Budget 2021-22
Information Technology	2,429	155	2,584
Irrigation	17,501	5,082	22,583
Labor	896	21	917
Law & Justice	10,533	2,052	12,585
Local Government	33,632	4,229	37,861
Mines and Minerals	1,243	139	1,382
Planning and Development	36,025	7,732	43,757
Population Welfare	3,523	258	3,781
Public Health Engineering	14,855	3,948	18,803
Relief, Rehabilitation and Settlement	10,302	18,830	29,132
Revenue & Estate	16,226	5,660	21,886
Social Welfare	4,355	581	4,936
Special Initiatives	-	-	0
Sports, Culture, Tourism	17,893	2,657	20,550
Technical Education	2,522	223	2,745
Transport	12,153	60	12,213
Zakat & Usher	351	8	359

Aggressive commitment to raise revenue

Provincial own source receipts forecast
Rs. Billions

Projected
Actuals



STEPS BEING TAKEN TO STRENGTHEN REVENUE BASE

Continuation of pro-poor tax rate reductions

Transition 10+ services to online e-payment application

Introducing quarterly/advance filing for reduced rate taxpayers

Further reductions in rates for installation of Point-of-Sale System

Mobile user-friendly interface for effective communication

Tax Harmonization & one tax return to mitigate selective information sharing

Tax relief and pro-poor incentives to catalyze economic activity in FY 2021-22

KPRA

Pro-poor rates



- Introducing Reduced rates in 12 categories
- Extending Reduced Rates in 17 categories

Board of Revenue

Agriculture Sector Relief



- Removing Land Tax for FY 2021-22

Construction Sector Relief



- Exemptions & Reduced rates on CVT & Registration

Excise & Taxation

Professional Tax



- Annulment of Professional Tax

Motor Vehicle Registration



- Encourage registration by reducing rates to Rs. 1
- Free of cost re-registration

Education

Education



- Free of cost archives, library and hostels for higher education
- No admission fee for both Government Primary & Secondary Education Schools for Girls and Boys

Reduced rate for 10 pro-poor segments

1%
Sales Tax on Services

Print Media

Agriculture Cold Storage & Warehouse

Industrial Workshops

Quality Assurance & Inspection

Cinematographic Services

Car Wash Services

Auctioneers

Property Dealers

Installation & Commissioning

Under Writers

Retaining Reduced Rates in
17
Categories

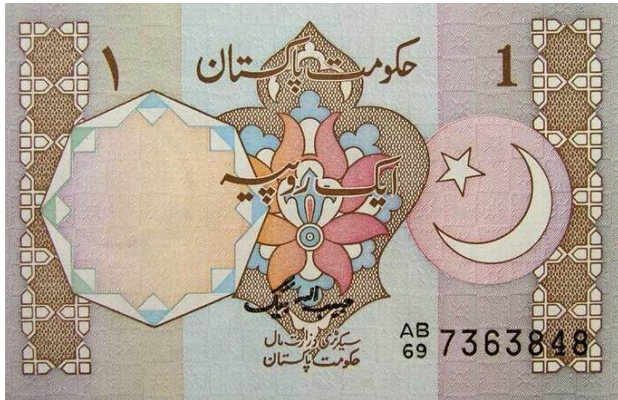
Extending reduced rates

SDG 8

2% on Construction
2% on Digital & IT Based Services
2% on Online Marketplace
2% on Ride Hailing services
2% on Cable TV Operators
5% on Beauty Parlours
5% on Restaurants with POS installed
5% on Hostels
5% on Manpower
5% on Fashion Designers
5% on Amusement & entertainment services
8% on Marriage Halls
8% on Tour Operators
8% on Exhibitions
8% on Freight Forwarding Services
8% on Stockbrokers
10% on Caterers

Rs. 0 Land Tax

Removing land tax for
the relief of small farmers



Rs. 1

- Reduced registration fee to Rs. 1 for all cars* under 2500CC
- Free re-registrations for all KP residents

Rs. 0

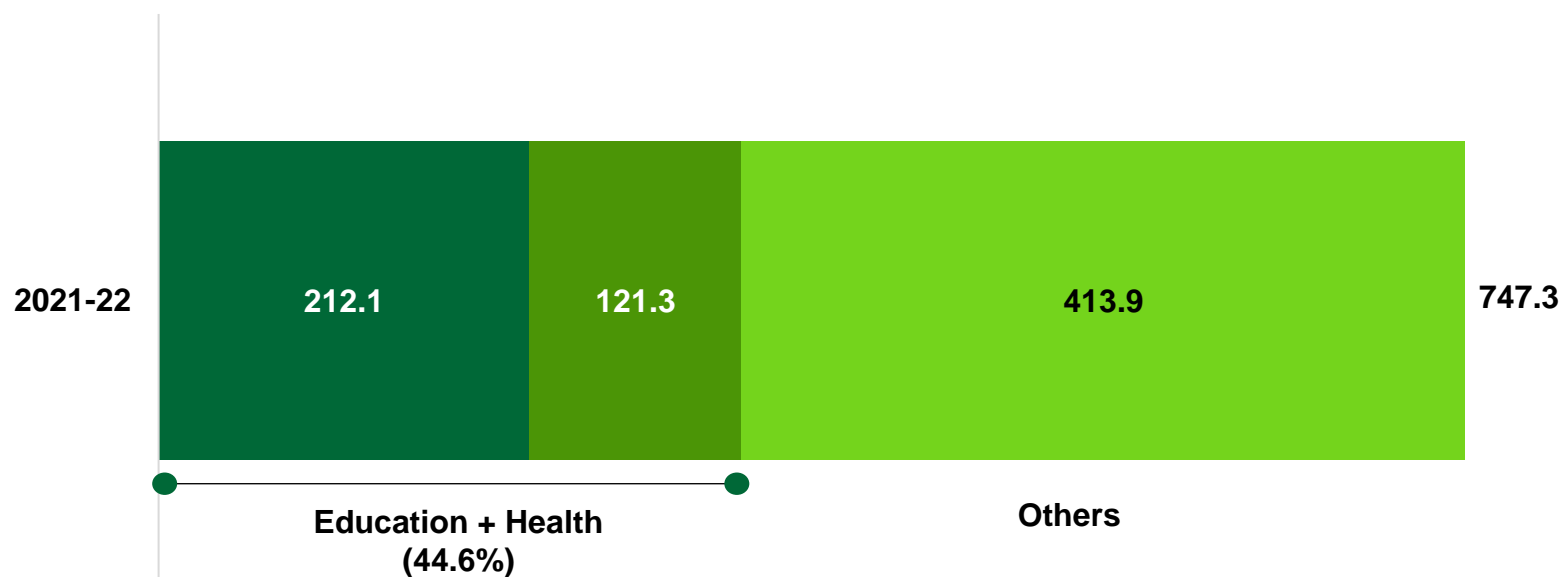
**Professional Tax annulled
for all professionals
across the province**

More than 40% of the current budget is allocated to education and health alone

SDG 3

SDG 4

Share of Education & Health in current budget – Settled & NMDs
Rs. Billions



Pay increases of 37% for employees not drawing special allowances



10% ad-hoc relief allowance for all employees



20% increase in functional or sectoral allowance for all employees not drawing a special allowance



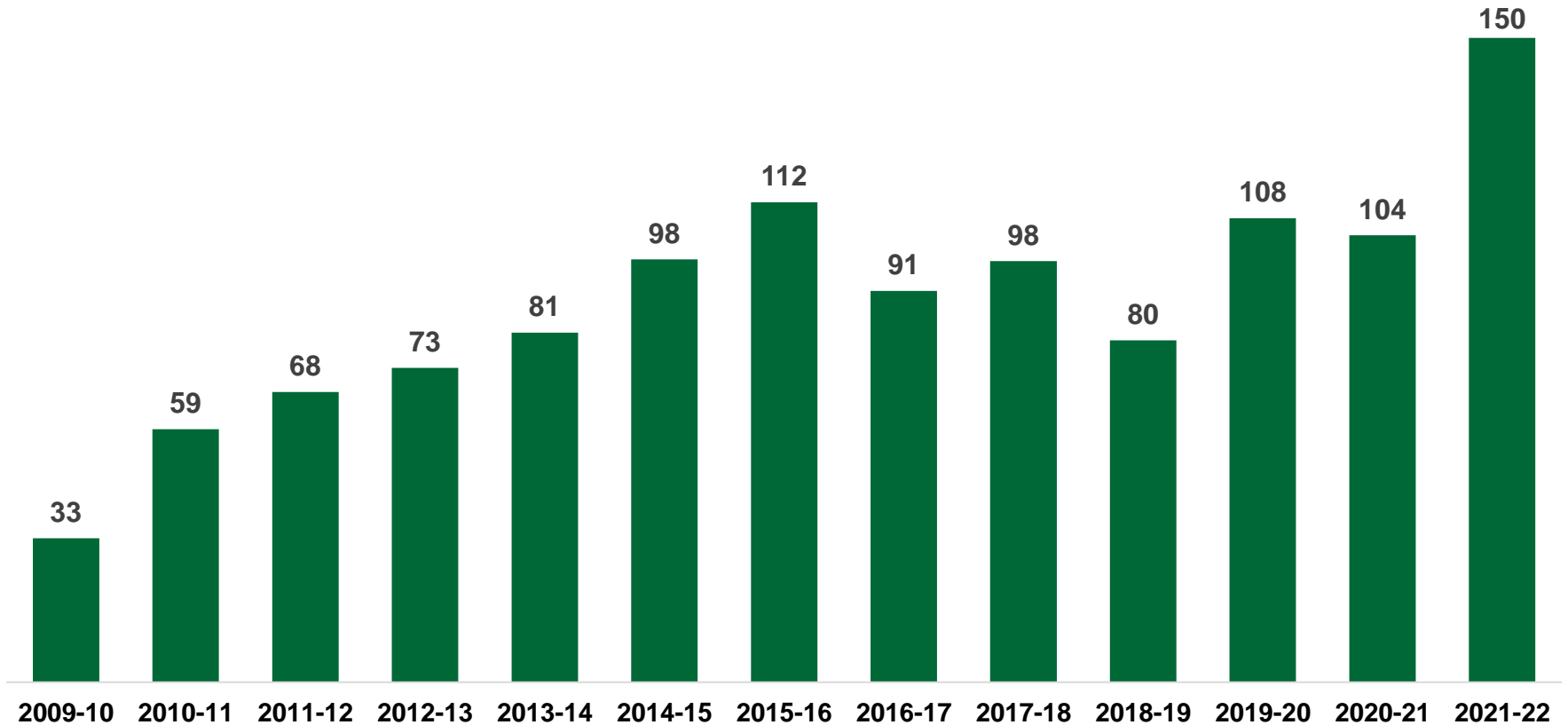
7% minimum increase in housing allowance for all employees not provided government accommodation



Minimum wage increased to
Rs. 21,000
for the labor of the province

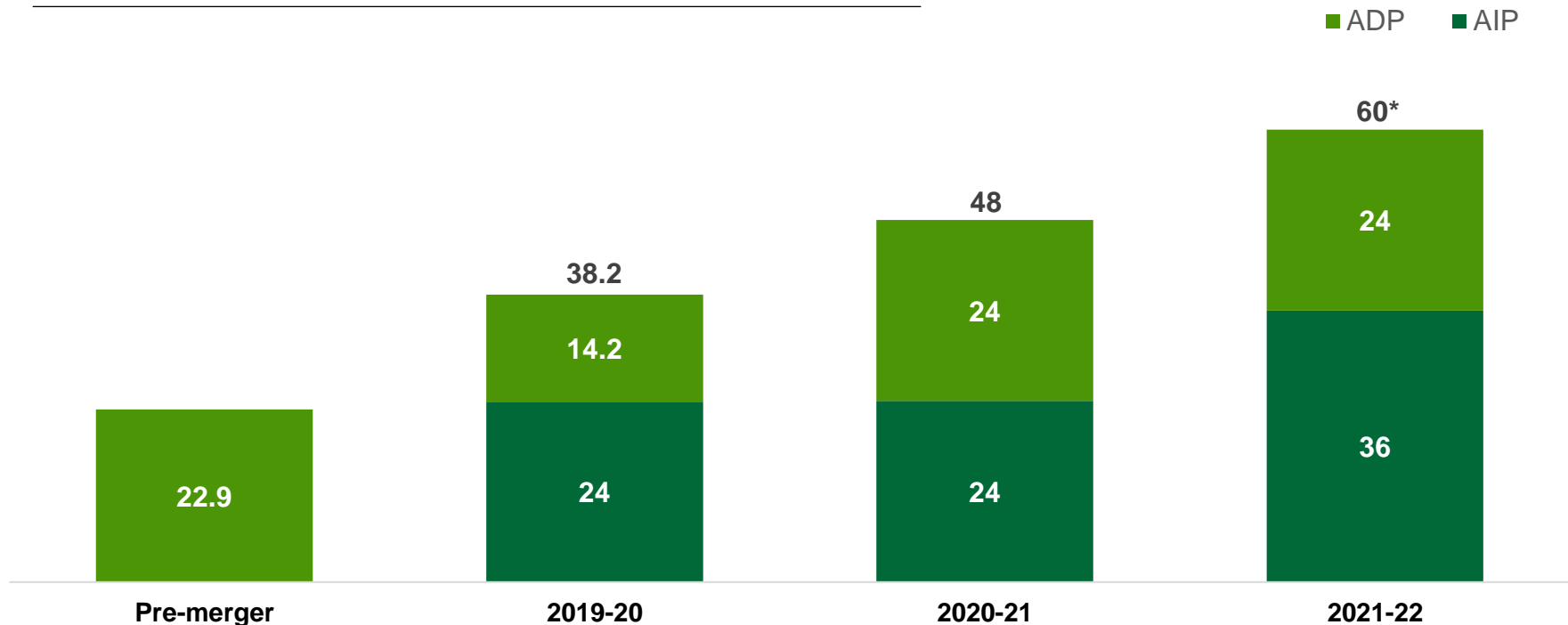
Development funding remains the top priority for Khyber Pakhtunkhwa and is seeing a record increase

ADP allocation comparison
Rs. Billions



Development funding has grown massively in the NMDs after its merger with KP

Development expenditure in NMDs
Rs. Billions



*If 3% of the NFC share committed by the other provinces for the Newly Merged Districts transferred, additional Rs. 34.7 billion will be available for development spending

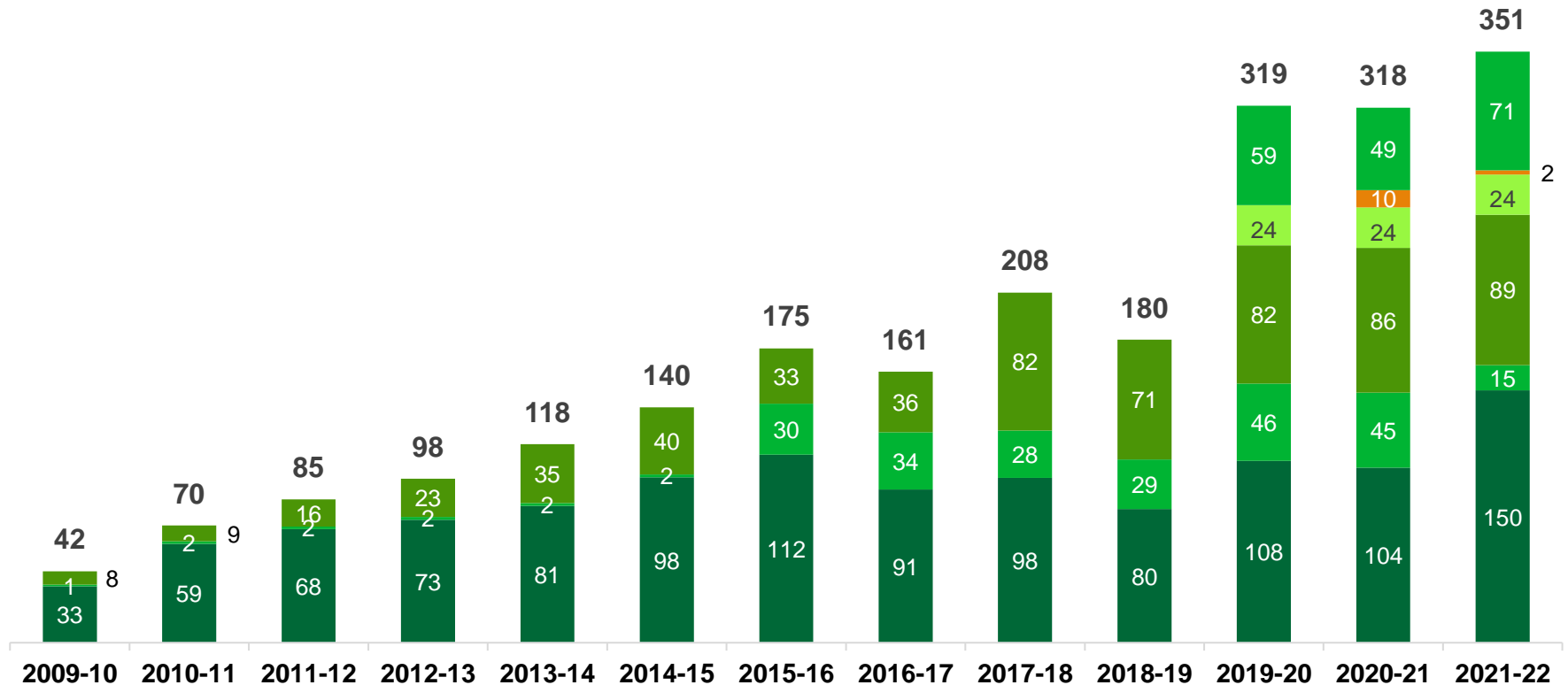
6 Development budget

Development funding remains the top priority for Khyber Pakhtunkhwa and is seeing a record increase

SDG 8

Development allocation comparison
Rs. Billions

- FPA
- Districts ADP
- Provincial ADP
- AIP
- MA Districts ADP
- MA ADP








**We are investing Rs. 500 billion
in development plus⁺ spend**








Key interventions being carried out across the departments through development + (1/2)

SDG 3

SDG 4

Sector	Intervention	Allocation (M)
 Health	Sehat Card Plus	22,000
	Provision of Sehat Card plus for merged districts	1,000
	Capacity Expansion /operational budget top-up for MTIs, Provincial Hospitals & other HFs	7,000
	Medicines Top-up	3,500
	Maintenance & repair through PCMCs/HMCs	1,325
	Operational budget top-up to secondary hospitals	1,000
	Outsourcing of services	1,000
 E&SE	Additional teachers	11,921
	Provision of missing furniture	3,000
	Scholarships & Stipends with 80% + for girls	3,005
	Free textbooks	2,500
	School PTCs	2,000
	Innovative approaches	4,300
	Teacher's trainings	1,550
 Relief	Ambulatory service for patient transfer	1,300
	Ambulatory service for expecting mothers (across KP)	800
	Enhancement of outreach of 1122 to Tehsil level	800
	Handing of fire service to 1122	500

Key interventions being carried out across the departments through development + (2/2)

	Sector	Intervention	Allocation (M)
	Sports & tourism	Grant to special purpose authorities Grant to tourism police Conservation of historical sites & improvement of museums	600 300 200
	Higher education	Operational budget top-up to universities Provision for furniture & missing facilities	2,000 1,000
	Local Government	Grants to grass root authorities Service delivery improvements Outsourcing of janitorial services	3,500 1,885 1,000
 	Other Departments	Wheat Subsidy	10,000
		Pro Poor initiatives	10,000
		Viability gap funding for service delivery	5,000
		Funding to combat COVID-19	3,500
		Urban Mobility Grant	3000
		Improvement of police stations & investigation services	2,000

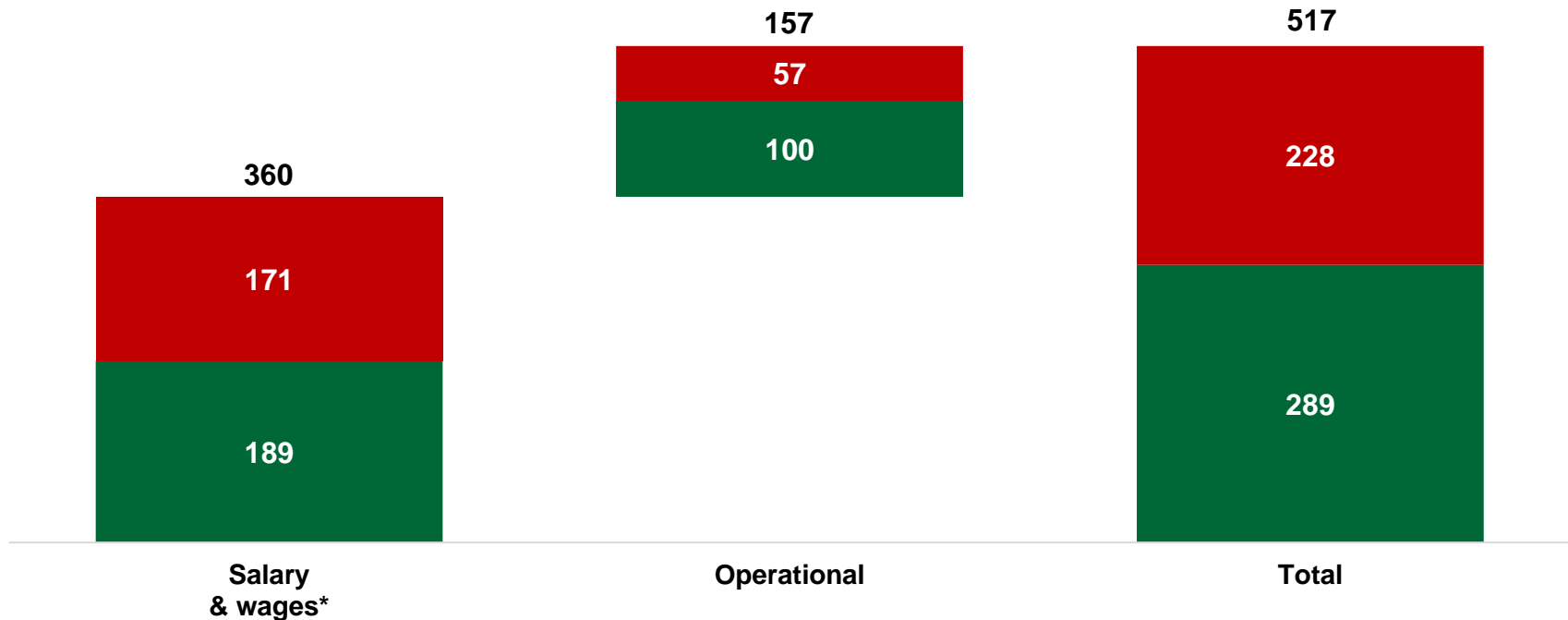
8 Service delivery

We are starting to measure service delivery spend in 2020-21. In FY21 service delivery spend was ~56% of the budget

Service delivery spend in settled districts – FY21

Rs. Billions

■ Service Delivery
■ Overheads



*includes Rs. 86 bln pension

Elementary & Secondary Education



1,600+
Schools to be
constructed, renovated
and standardized through
the ADP

Elementary & Secondary Education



20,000

School teachers &

3,000

School leaders to be recruited

Elementary & Secondary Education in NMDs



97 IT Labs will be equipped with IT equipment



276 Science Labs will be constructed



4,300 teachers will be hired at all levels in merged areas



10,000
Model classrooms to be established
through Early Childhood Education
Program

Elementary & Secondary Education

SDG 4

- Rs. 4.5 billion to be spent on furniture
- Free textbooks
- Outsourcing of low performing schools
- Halka Basta Act
- Establishment of model schools at Karak, Hangu, Haripur, Battagram and Charsadda



Rs. 1,000 million

SDG 4

Increase in operational budget of colleges for missing furniture and minor repairs

40

Colleges to be completed in 2021-22



Higher Education

Rs. 6 billion

Allocated for higher education in provincial development budget for upcoming year



Rs. 2.7 billion

To be spent on establishment of colleges in 2021-22



Rs. 1.3 billion

To be spent on provision of facilities and transportation to colleges in 2021-22



Rs. 1.6 billion

For upgradations and establishment of Universities



**Rs. 230 million
scholarship and
stipends to students of
NMDs**

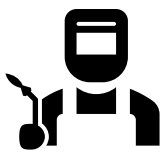
Khyber Pakhtunkhwa Skills Development Fund established



Technical Education

Rs. 3.2 billion

To be spent on technical education in the upcoming year from current and development budget



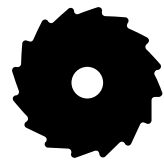
Rs. 2 billion

budgeted for TEVTA



Rs. 0.6 billion

To be spent on technical education in NMDs



13

Technical and vocational colleges in settled districts

Special Education

- | Establishment of center of excellence for special children with Autism
- | Rehmat ul lil Alameen stipends for physically challenged students
- | Establishment of model institute for street children at DI Khan, Abbottabad, Swat and Peshawar
- | Establishment of school for deaf & dumb children in Mardan

Health is leading the charge to drastically improve service delivery

Revamping of all 25 DHQs in Settled districts and 7 DHQs in NMAs

Improve the outlook of hospitals



Ensuring availability of essential equipment

245 types of Biomedical Equipment

34 types of Non-Biomedical Equipment

All major hospitals across the province to be revamped in 2 years at a total cost of Rs. 14.9 billion

SDG 3

Phase 1 at a cost of 3,361 million

DHQ Hospital Abbottabad

DHQ Hospital Charsadda

DHQ Hospital Haripur

DHQ Hospital Karak

Maulvi Jee Hospital, Peshawar

Naseer Ullah Baber Memorial Hospital,
Peshawar

Phase 3 at a cost of 6,512 million (50% PSDP)

DHQ Hospital Chitral

DHQ Hospital Alpuri Shangla

DHQ Hospital Battagram

DHQ Hospital Batkhela

DHQ Hospital Daggarr, Buner

DHQ Hospital Hangu

DHQ Hospital Mansehra

DHQ Hospital Mardan

DHQ Hospital Tank

DHQ Lakki Marwat

Emergency Mian Rasheed Hussain Shaheed
Hospital

Liaquat Memorial Hospital, Kohat

Phase 2 at a cost of 3,524 million (50% PSDP)

DHQ Hospital Timergara

DHQ Nowshera

DHQ Bannu

DHQ DI Khan

DHQ Hospital Dir Khas

DHQ Hospital KDA Kohat

DHQ Hospital Swabi

Phase 4 at a cost of 1,500 million

DHQ Khar

DHQ Wana

DHQ Mishti Mela

DHQ Ghallanai

DHQ Landikotal

DHQ Miranshah

DHQ Parachinar

Sehat Card Plus is being upgraded to provide more services and include every citizen of Pakhtunkhwa

**+0.3Mn**

New household registered to be eligible for the programme next year

**21Bn**

Allocation for FY 2021-22

**1Bn**

For inclusion of **Liver Transplant** to cover up to PKR 50Mn per patient expenses

**1Bn**

Allocated for Merged Areas to top-up their package

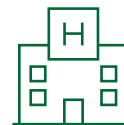
OPD included medical insurance plan for public sector employees to be introduced in 2021-22



Scope of services

Offer **additional** services:

- Outpatient services & *pre-approved list* of medicines
- **Expand IPD** offering with option to extend limits & upgrade (e.g., pvt. room) with surcharges



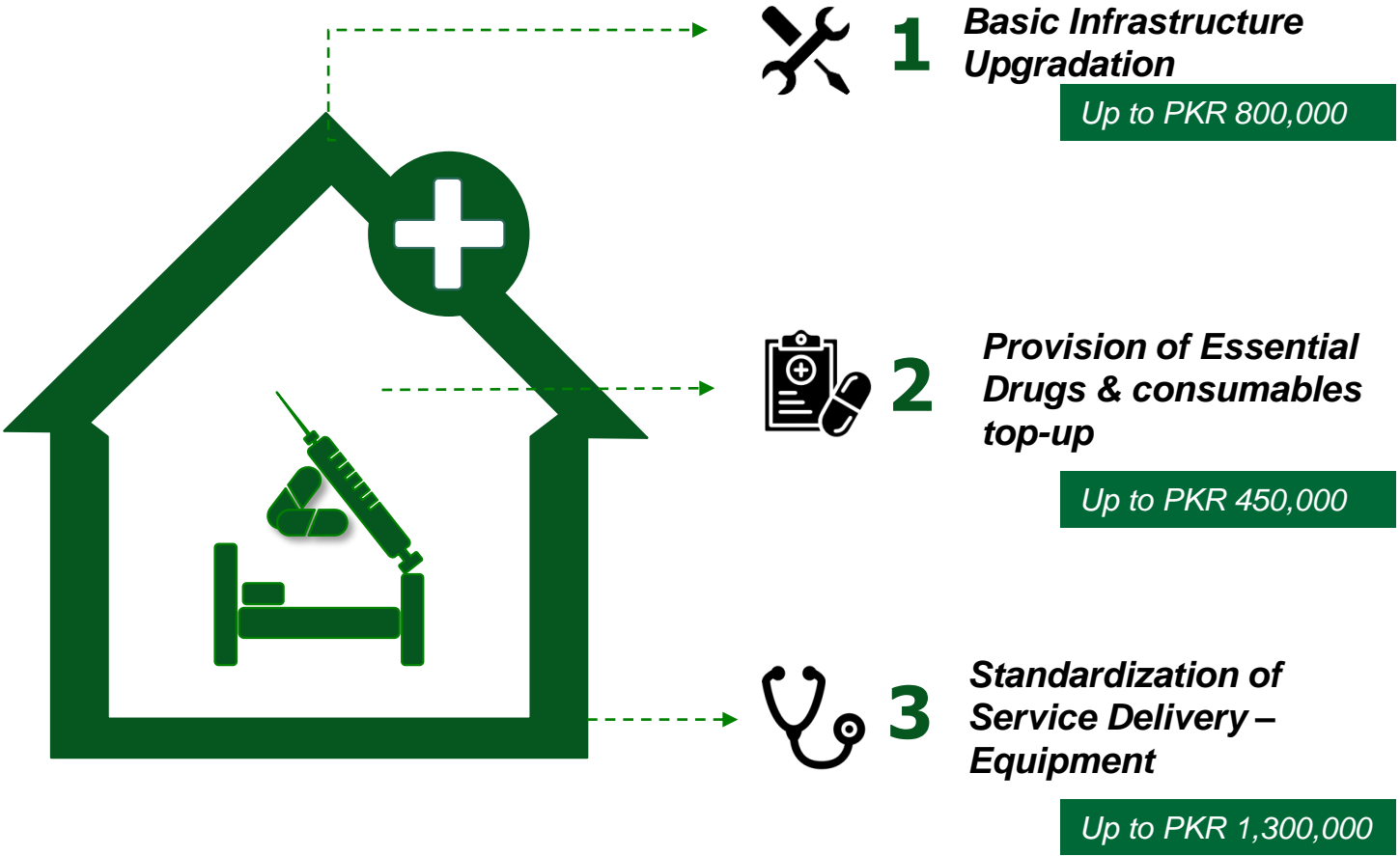
Provider network

IPD: All empaneled public & private hospitals

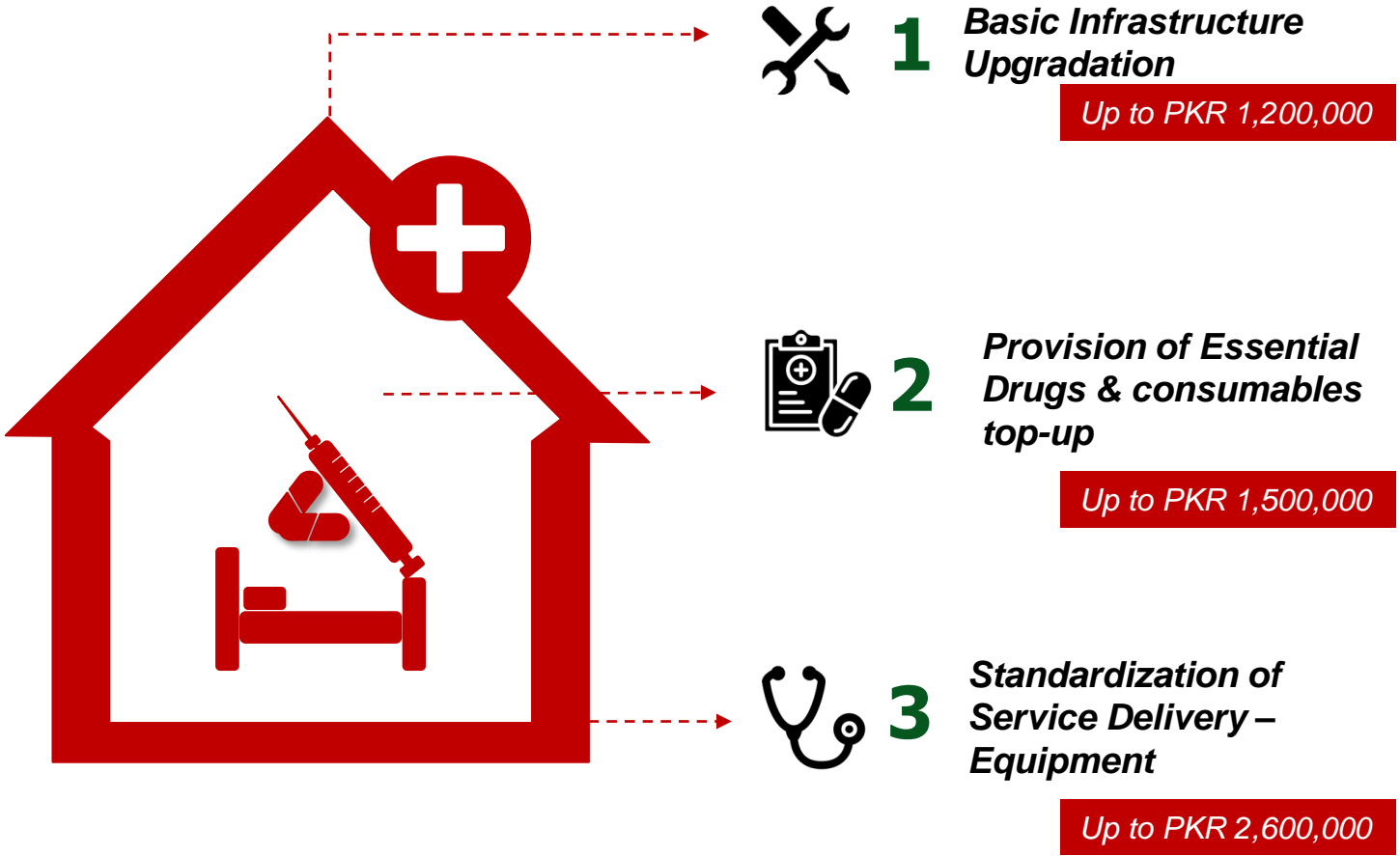
Outpatient & medicines: Closed network with select clinics/pharmacies for direct payments; reimbursements for outside ones

Biometric enabled **cash-less** transactions to ensure transparency within the network

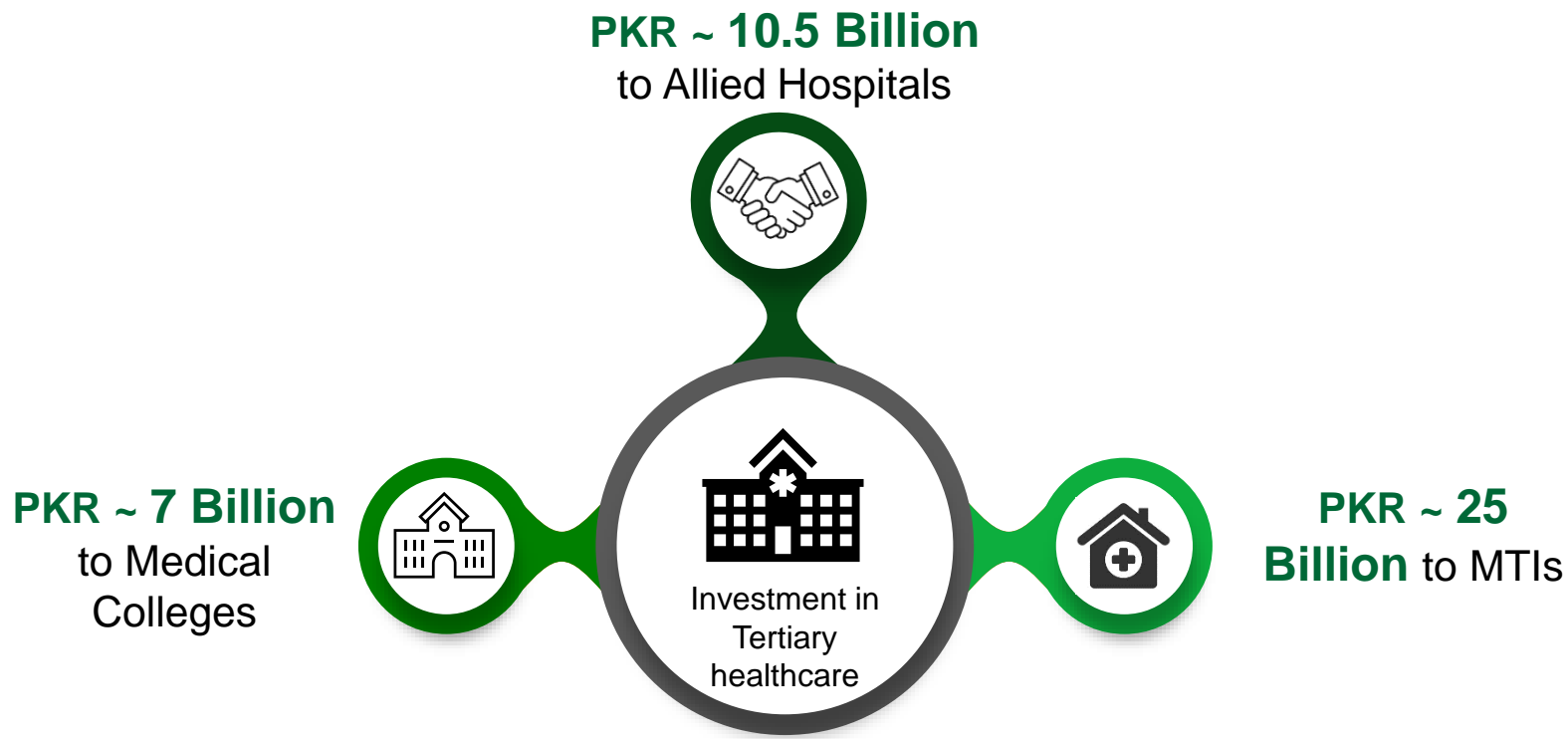
Strengthening of all BHUs across KP & conversion of 200 BHUs into 24/7 SBA facilities at a cost of Rs. 1.7 billion



Rehabilitation of all RHCs across KP & conversion of 50 RHCs into 24/7 facilities at a cost of Rs. 1 billion

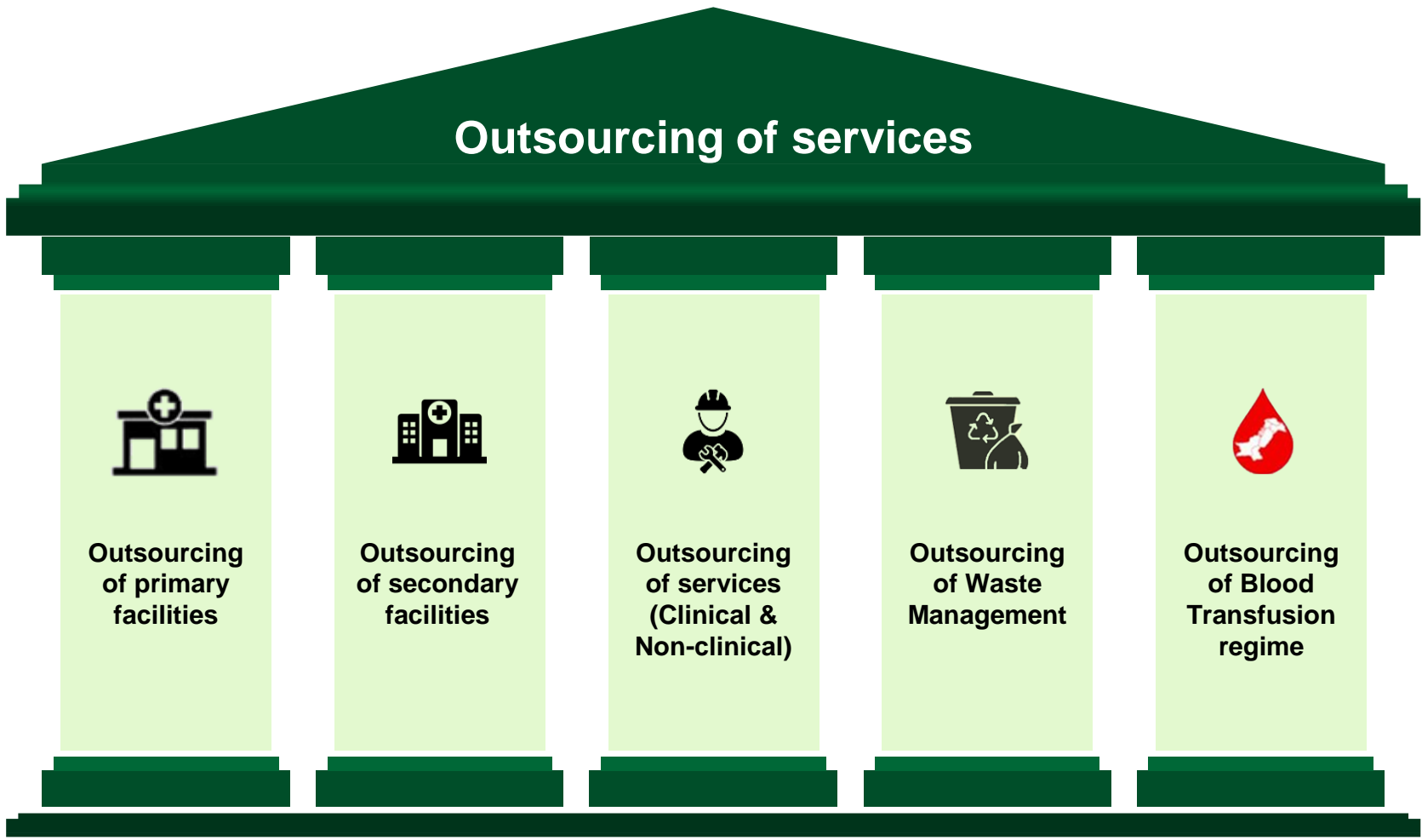


Record investment is being made in the tertiary healthcare

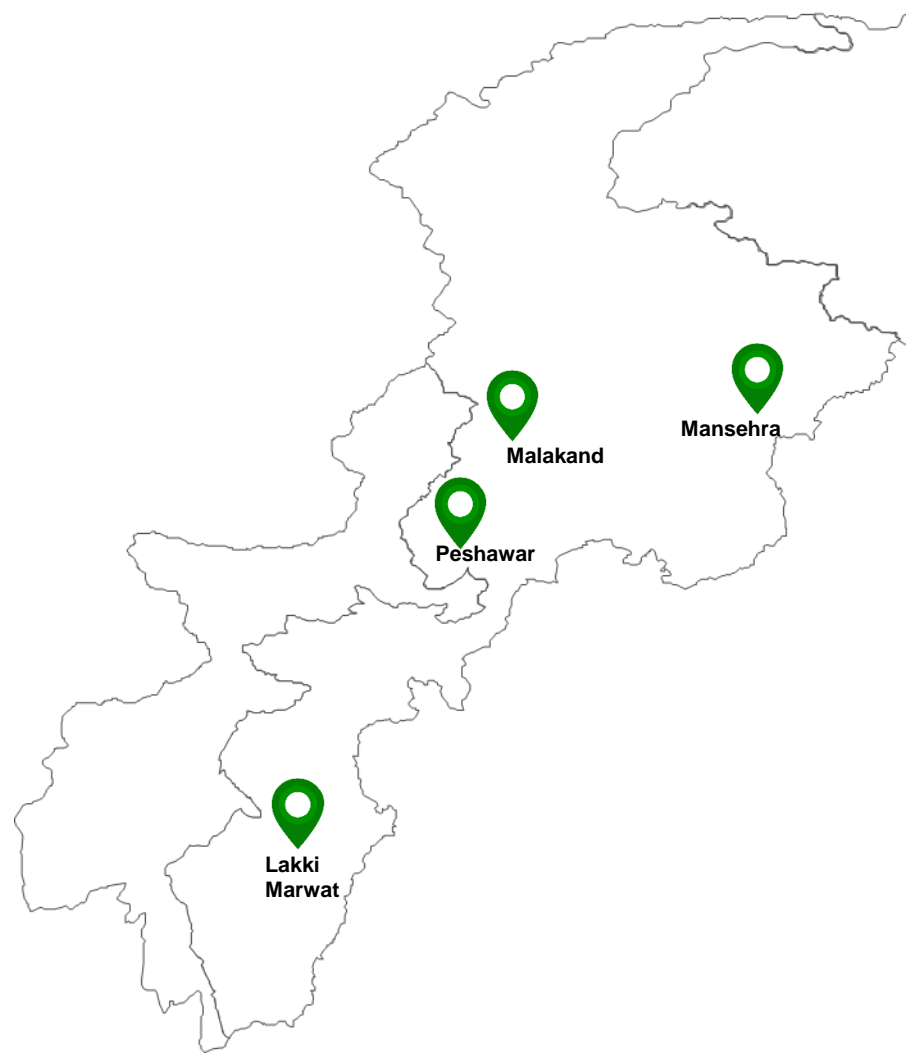


Total Investment of PKR ~ 42 Billion in MTIs, Allied Hospitals and Medical colleges

Public Private Partnerships to be used extensively in health to improve service delivery



~ Rs. 40 billion
Potential investment for establishment of 4 Tertiary Care Hospitals through Green Field Public Private Partnership Projects

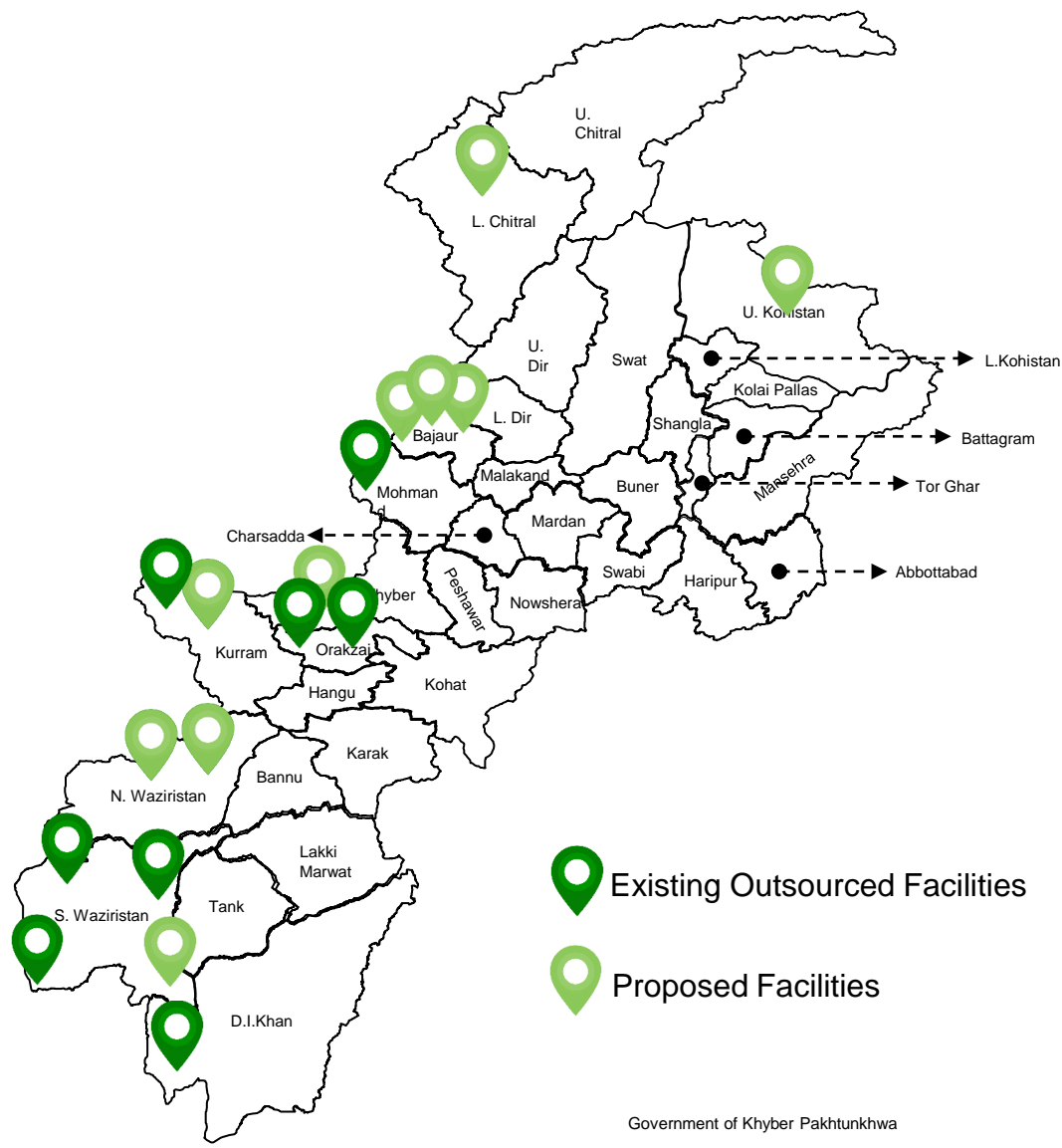


Public Private Partnerships to be used extensively in health to improve service delivery

SDG 3

S#	Outsourced Hospitals	District
1	Mishti Mela	Orakzai
2	Mamad Gat	Mohmand
3	Sholam	South Waziristan
4	Cat D Dogar	Kurram
5	Molai Khan Serai	SW
6	Cat D Ghiljo	Orakzai
7	Toi Khula	SW
8	Darazinda	FR DI Khan

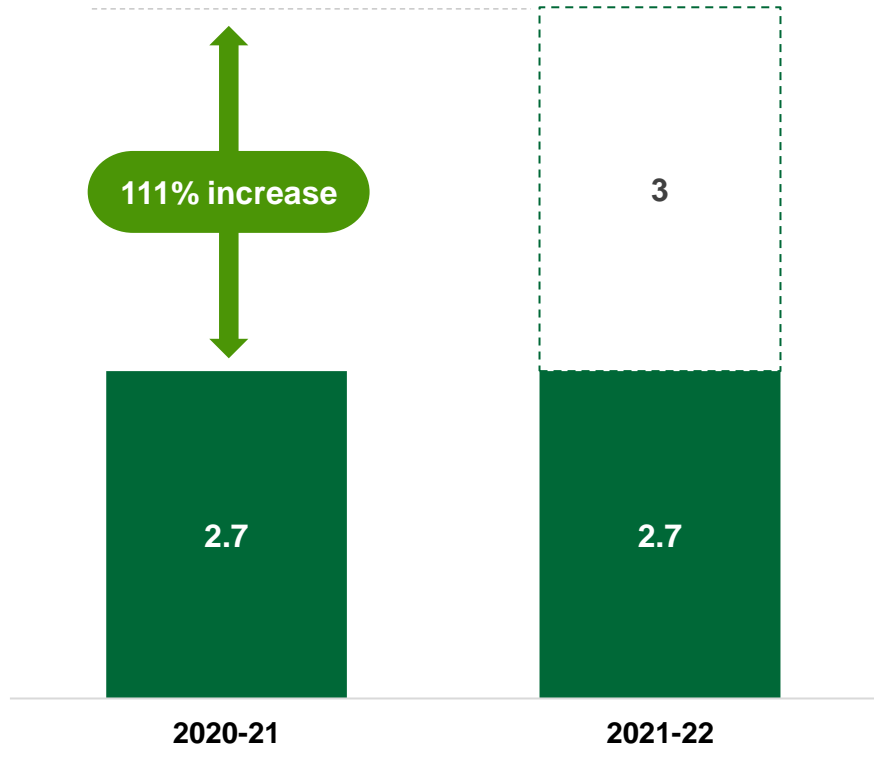
S#	Proposed Hospitals	District
1	DHQ Hospital, Wana	South Waziristan
2	DHQ Hospital	Kohistan
3	Cat-C Hospital, Mamund	Bajaur
4	THQ Hospital, Mir Ali	North Waziristan
5	Cat-D Hospital, Razmak	North Waziristan
6	Cat-D Hospital, Alizai	Kurram
7	Cat-D Hospital, Bazar Zakakhel	Khyber
8	Cat-D Hospital, Nawagai	Bajaur
9	Cat-D Hospital, Pashat	Bajaur
10	RHC, Shagram	Chitral



111% increase in medicine budget

Medicine Budget – settled districts hospitals
Rs. Billions

■ Utilization 2020-21
□ Top-up 2021-22



Health developmental projects to deliver better services

SDG 3

Project	Cost
Establishment of Saidu College of Dentistry in the existing Saidu Medical College.	708
Establishment of Fountain House in Peshawar.	2,053
Establishment of Orthopedic & Spine Surgery Block at Hayatabad Medical Complex (HMC), Peshawar.	445
Upgradation of existing Accident & Emergency Unit and ICU at HMC, Peshawar.	1,205
Establishment of Children and Maternity Hospital at Charsadda	1,380
Establishment of Bacha Khan Medical College, Mardan (Phase-II).	1,847
Improvement & Standardization of DHQ Hospital Mardan (Phase-III)	2,940
Establishment of Shaheed Mohtarma Benazir Bhutto Children Hospital in Mardan.	2,607
Upgradation of Bacha Khan Medical Complex for Teaching purpose of Gajju Khan Medical College Swabi.	1,389
Reconstruction of Old DHQ Hospital, Swabi (Phase-I).	945
Establishment of Women & Children Hospital in District Swabi (Phase-I) .	3,846
Outsourcing of supply chain of medicines and supplies.	312
Establishment of Safe Blood Transfusion Project (Phase-II) (German Grant).	477
Integration of Health Services Delivery with special focus on MNCH, LHW and Nutrition Programme.	7,027
Treatment of Poor Cancer Patients (Phase-II)	4,943
Topping up of Preventive Healthcare Regime (Hepatitis, TB, EPI, NCD, HIV etc.)	960
Extension of D-Talk and Insulin for Life	235
Improvement and Rehabilitation of Women & Children Hospital, Bannu	90
Establishment of Timergara Medical College Dir Lower.	2,262
Establishment of Kohat Institute of Medical Sciences (KIMS).	2,197
Establishment of Trauma Centre in DHQ Hospital Lakki Marwat	371

Khyber Pakhtunkhwa is committed to reduce regional disparity through 'District Development Plans' with a total cost of Rs. 61 billion

SDG 11

Rs. 10.4 Billion

to be spent in 2021-22



Investments are being done in various domains of urban development – Settled districts



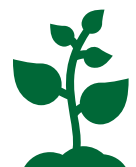
100,000 rft

Drains for an effective sewerage system



200,000 sft pavements

Will be developed throughout the province



18 Cities

Will be beautified through entry gates, monuments, greenbelts etc.



500 km

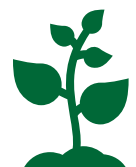
Rural approach roads

The landscape of NMDs is also being uplifted through extensive interventions



200,000 rft

Drains for an effective sewerage system



7 Cities

Will be beautified through entry gates, monuments, greenbelts etc.



285,000 sft pavements

Will be developed throughout the province



69 km

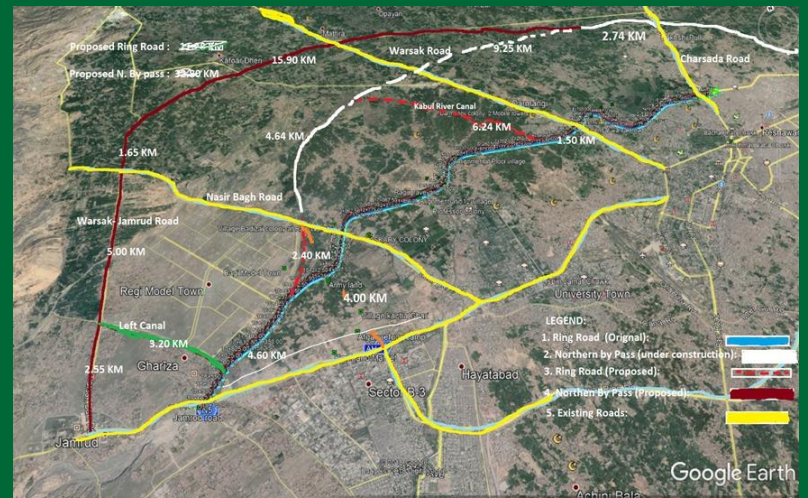
Rural approach roads

Transport and traffic management in the provincial capital is planned to be streamlined

SDG 11



General bus stand to be developed on an area of 345 kanals



Missing sections of ring road from Pajjagi to Warsak road and onwards to Nasir Bagh road

WSSP will be expanding its services to 24 Semi Urban UCs



Rs. 3 billion budgeted for WSSP

Sufficient grants to WSSCs for improved services

WSSC Name	Funding (Rs. Millions)
Abbottabad	255.2
Bannu	148.3
D.I.Khan	200.8
Kohat	216.7
Mardan	356.6
Swat	242.4
Total	1,420



**Additional Rs. 262 million
budgeted through the ADP**



**Additional Rs. 1,000 million
budgeted for additional initiatives**

SDG 6

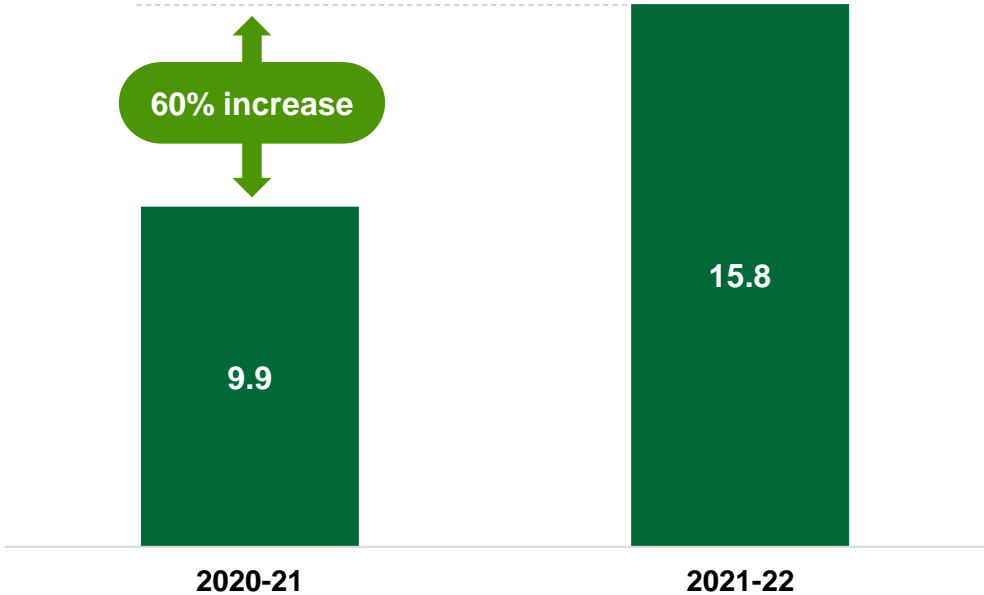
SDG 11



Rs. 2 billion
allocated for janitorial
services for VCs/NCs

TMA's are being strengthened to deliver quality services to the citizens

Spend by TMAs* – Settled districts
Rs. Billions



*Including grants to local councils, UIPT, own source revenue, weak TMA's, new TMA's and other operational improvement grants

District development through PFC

Devolved development portfolio
Rs. Billions

- Settled
- NMDs



Devolved development budget is 20% of the respective ADPs for the settled and NMDs development budget however the amount has been allocated for 6 months period

14 Local Government
Equipment and vehicles for
TMAs

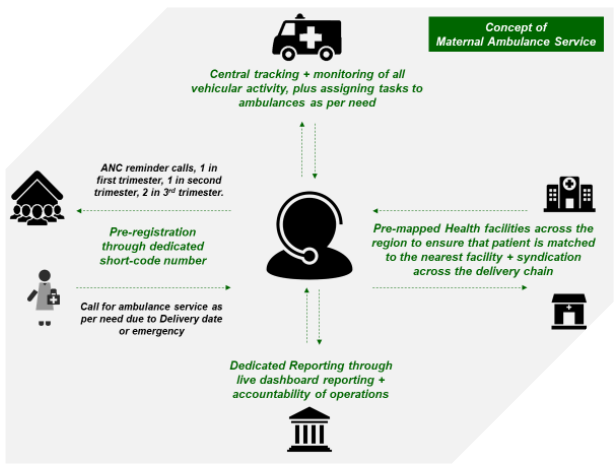
Rs. 980 million
(Rs. 60 million) for
procurement of
vehicles and equipment
for 25 TMAs in newly
merged districts



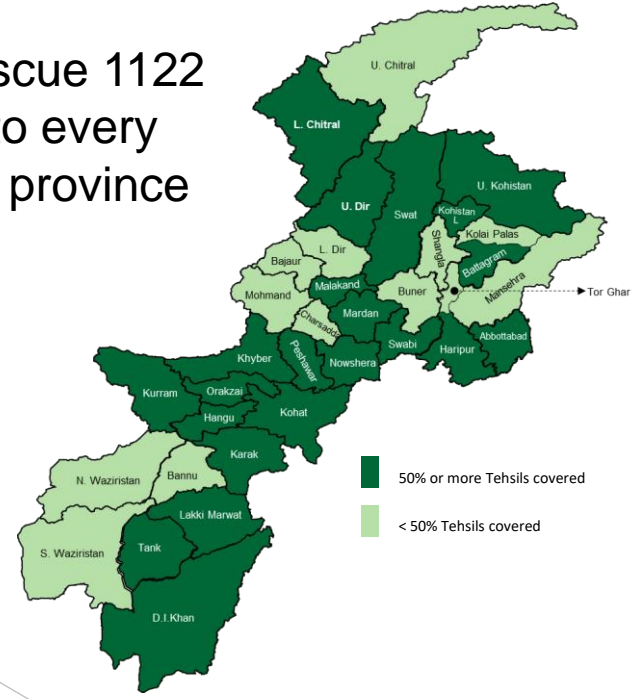


Rs. 1 billion
allocated for local government elections

Rescue 1122



Expand Rescue 1122 operations to every tehsil of the province



Maternal ambulance service

Integrate fire brigade service

Fire Services	Current	Proposed
Local Government	✓	
District Governments	✓	
Cantonment Boards	✓	
Rescue 1122	✓	✓

Police

- | Establishment of Asaan Insaaf Marakiz
- | Training programs for Police and Levies
- | Construction of police stations including Levies transformations in NMDs





Rs. 10 Billion

Economic stimulus package through Bank of Khyber for small and medium size enterprises, entrepreneurs and youth

Tourism/Culture

- | Madaklasht chair lift
- | Pakistan's first motorsports arena
- | Arbab Niaz stadium
- | Hayatabad cricket stadium
- | Rehabilitation of Dilip Kumar and Raj Kapoor ancestral homes
- | Outsourcing of rest houses
- | Kalam cricket stadium
- | Female indoor sports facilities at divisional headquarters
- | Innovation fund for youth, women and entrepreneurs
- | Revival of squash

- | Citizen facilitation centers at NMDs
- | Supporting entrepreneurial ecosystem through Durshal
- | Early age programming for children of government schools
- | Enhancing industrial competitiveness and innovativeness
- | Model science labs in NMDs

Roads

- | Peshawar – Dera Ismail Khan Motorway
- | Peshawar Northern bypass
- | Circular bypass road, Bannu
- | Swat Motorway – Phase II
- | Dir-Chakdara Motorway
- | Thall – Mirali road, North Waziristan
- | Haripur bypass road

Industry

■ Mohmand Marble City

■ Insaf Rozgar scheme

■ Interest free microfinance schemes to promote entrepreneurship in NMDs

■ Salt & Gypsum City, Karak

Agriculture

- | Water conservation in barani areas of KP
- | Poverty alleviation through development of rural poultry
- | Establishment of trout villages in Malakand and Hazara divisions
- | Promotion of olive in NMDs
- | Project to enhance wheat productivity
- | Establishment of dairy farms and seed industry

Women inclusion

- | 21 readymade garment centers for women employment of 840 females
- | 20% quota for micro-finance loans by BoK
- | 25% quota for women in 1 billion fund to be disbursed by Akhuwat SIDB
- | Quota in Insaf Rozgar scheme across merged districts
- | Cadet college for girls in Mardan
- | Qarz e Hasana to women-owned small scale registered businesses
- | Rs. 580 million (Rs. 31 million) for women empowerment in NMDs
- | Rs. 100 million budgeted for women empowerment

Females contribute majorly to the healthcare sector

Doctors:

2,030 (23%)

Nurses:

5,400 (85%)

Paramedics:

1,800 (12%)

Medical Students:

4,430 (52%)



Female participation in the Elementary & Secondary education sector is encouraging

SDG 4

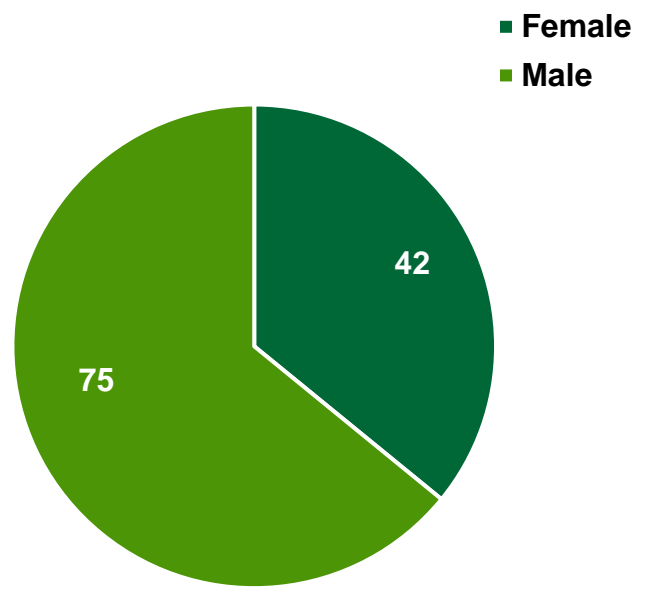
SDG 5

Girls' Schools:
13,346 (40%)

Female teachers:
61,823 (36%)

Girl students enrolled:
2,320,077 (43%)

Gender-wise salary breakdown - Annual
Rs. Billions



For every 3 boys' colleges, KP invests in 2 girls' colleges Higher Education

SDG 4

SDG 5

Female Colleges:

141 (41%)

Female Teachers:

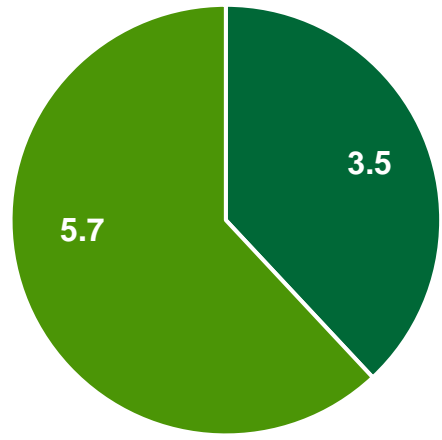
2,716 (38%)

Female Students enrolled:

109,005 (40%)

Gender-wise salary breakdown - Annual
Rs. Billions

■ Female
■ Male



Minorities

- | Hindu Samadhi in Karak
- | Ancient Kalash graveyard protection
- | Rs. 50 million (Rs. 20 million) for minorities to establish enterprises and startups
- | Provision of land for minority graveyards and Shamshan ghats
- | Renovation and improvement of worship places (Gurdwara, Church, Jestakhan, Mandir)
- | Rs. 450 million (Rs. 50 million) for mainstreaming of minorities
- | Rs. 30 million (Rs. 20 million) for skills development of minorities

Senior Citizens

- | Provision of assistive devices

- | Implementation of Senior Citizen Act providing the following privileges
 - Free of charge entry to public museums, libraries, parks and recreation facilities;
 - Financial supports to deserving senior citizens;
 - Separate counters for senior citizens in hospitals;
 - Concession in medical and medicine charges;
 - Separate medical wards;
 - Membership of organization of senior citizens corps.

Ulema stipends



Rs. 2.6 billion
As stipends for khateebis

Food for all

SDG 2



Rs. 10 billion

Allocation for wheat subsidy



Rs. 10 billion

Allocation for providing food basket
to poor segment of the society



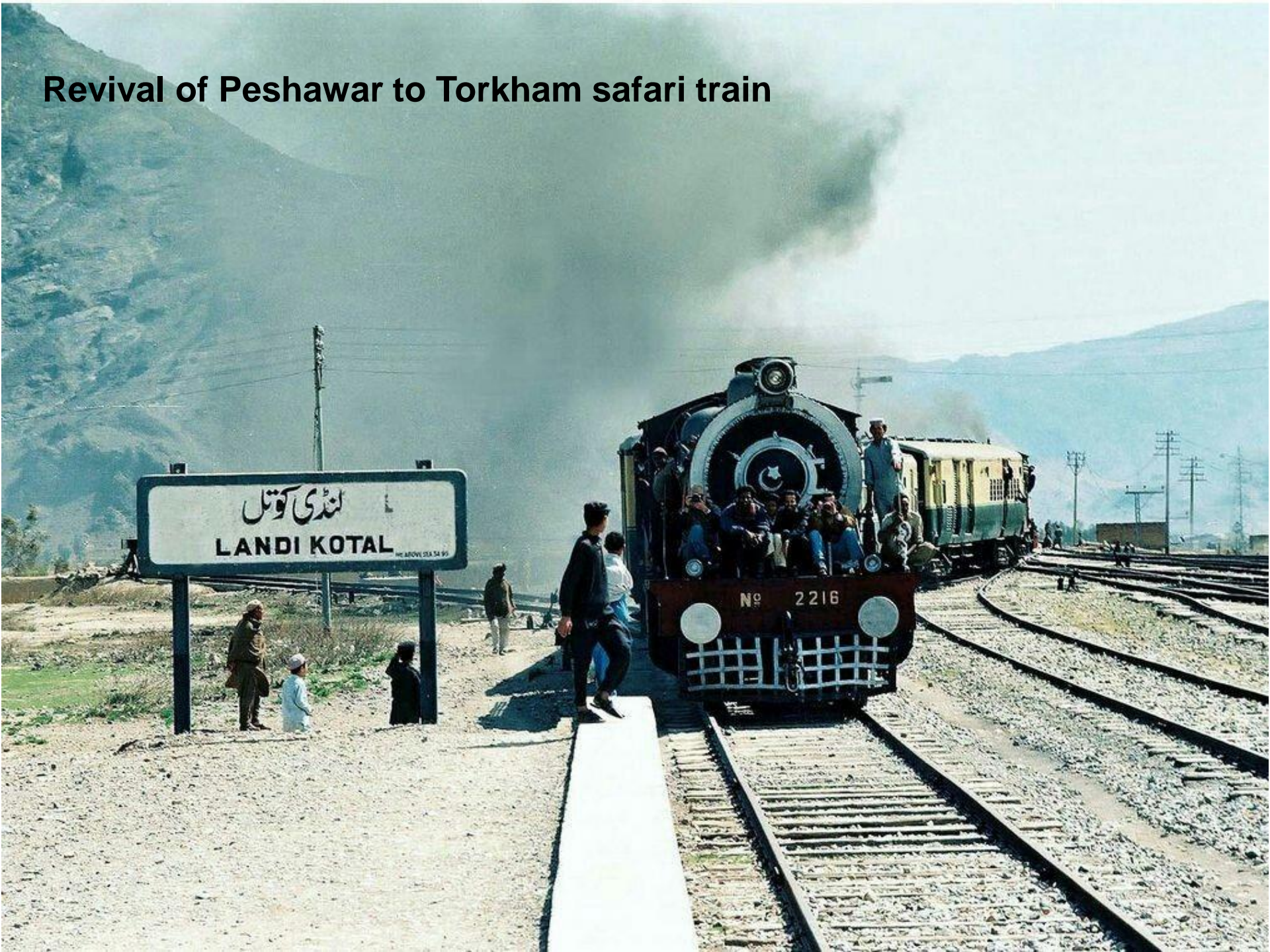
Public Private Partnerships are a priority for the Government

Large scale projects will be undertaken through PPP mode such as

- Swat Motorway Phase II
- Peshawar to Dera Ismail Khan Motorway
- Establishment of Small Industrial Estates
- Establishment of Special Technology Zones



Revival of Peshawar to Torkham safari train



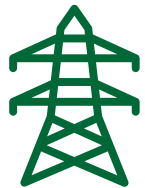
Others

SDG 6

SDG 9

SDG 7

SDG 11



146 MW

Of capacity will be available generating more than PKR 10 billion revenue per annum



260,000 acres

Land will be irrigated



3000+ Km

construction of new roads benefitting 5.6 million people and reducing travel time by 35%



2,900 tube wells

Will provide access to drinking water to 8.4 million people

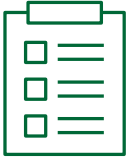


TABLE OF CONTENTS

1 | Understanding the budget

2 | 2020-21 in review

3 | The 2021-22 budget

4 | **Something for everyone**

5 | Deep dive on key issues

6 | Reform

Government of Khyber Pakhtunkhwa is committed to developing the entire length and breadth of the province, with no region being left behind.

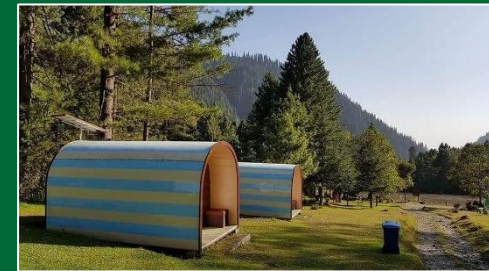
Malakand

- Swat Expressway Phase-II
- Saidu Sharif airport re-operationalized after 17 years
- Master plan for developing Mahodhand Lake
- Agriculture University Swat
- Gabral Kalam (88 MW) and Madyan (157 MW) Hydropower Projects
- Strengthening of Veterinary Hospital, Matta
- University of Engineering and Technology
- Kalam Cricket Stadium
- Buner Marble City
- Chitral Economic Zone
- Dir-Chakdara Motorway
- Kumrat-Madaklasht cable car
- Construction of access roads to tourist destinations in Malakand division



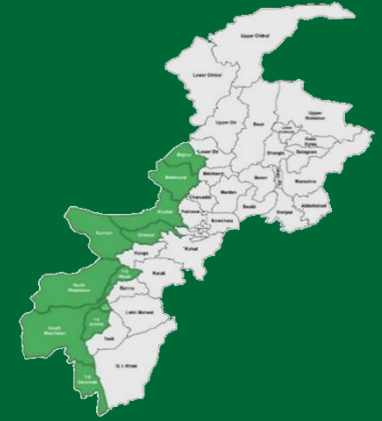
Hazara

- Pak Austria Facchochsule Institute in Haripur
- Hattar Special Economic Zone
- Pakistan Digital City, Haripur
- Tourist resorts in Nathiagali & Thandiani
- Outsourcing of Karnak House, Police House & 28 rest houses
- Upgradation of Ayubia chairlift
- Havelian-Dhamtor Bypass
- Suki Kinari Hydropower Project (870 MW)
- Lower Spat Gah Hydropower Project (496 MW)
- Balakot Hydropower Project (300 MW)
- Batakundi Hydropower Project (96 MW)
- Construction of access roads to tourist destinations in Hazara division



Newly Merged Districts

- Mohmand Marble City
- Bajaur Sports Complex
- Kurram Tangi Dam
- Barang Tunnel, Bajaur
- Outsourcing of hospitals via Health Foundation
- Bank of Khyber branches opened in Torkham and Angoor Adda to facilitate trade with Afghanistan
- Establishment of satellite towns in Bajaur, Mohmand, Khyber and North Waziristan



The South

- Peshawar – DI Khan Motorway
- Daraban Economic Zone, D I Khan
- Bannu Medical College – new building
- Chashma Right Bank Lift Canal
- University of Lakki Marwat
- Kohat Institute of Medical Sciences
- Bannu Economic Zone
- Kohat Sports Complex
- Salt & Gypsum City, Karak



Peshawar Valley

- Improvement of DHQ Hospital, Mardan
- Dualization of Mardan-Swabi Road
- Bacha Khan Medical College
- Low-cost housing project (high-rise flats)
- Reconstruction of Old DHQ Hospital, Swabi
- Hund Water Theme Park
- Kundal Dam, Swabi
- Nowshera Medical College
- Jalozai Housing Scheme, Phase III
- CPEC City, Nowshera
- Jalozai Economic Zone, Nowshera
- Dualization of Naguman-Shabqadar Road
- Women & Children Hospital, Rajjar
- Kuladher Flyover
- Improvement of Rajjar-Takht-i-bhai Road



The Capital

- Construction of missing link of Peshawar Ring Road
- Peshawar Expo Centre
- Peshawar Uplift Programme
- Construction of new General Bus Stand (345 kanals)
- Upgradation of Arbab Niaz Cricket Stadium
- Orthopedic & Spine Surgery Block at Hayatabad Medical Complex
- Naya Pakistan Housing Scheme, Surizai
- World standard gemstone laboratory with HDL
- Northern Bypass, Peshawar
- Gandhara City (Peshawar Model Town)
- Fountain House
- Hayatabad cricket stadium





TABLE OF CONTENTS

1 | Understanding the budget

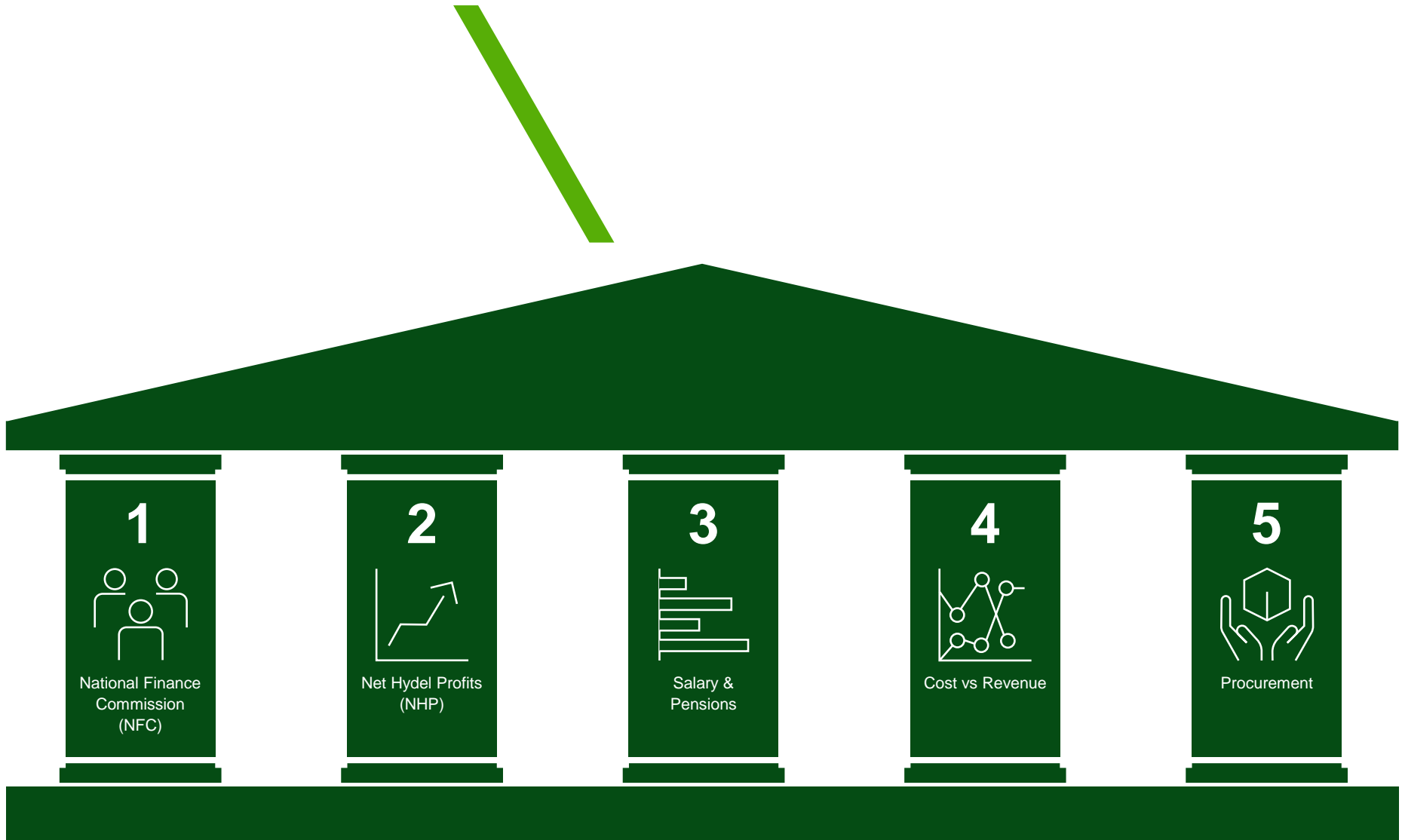
2 | 2020-21 in review

3 | The 2021-22 budget

4 | Something for everyone

5 | **Deep dive on key issues**

6 | Reform

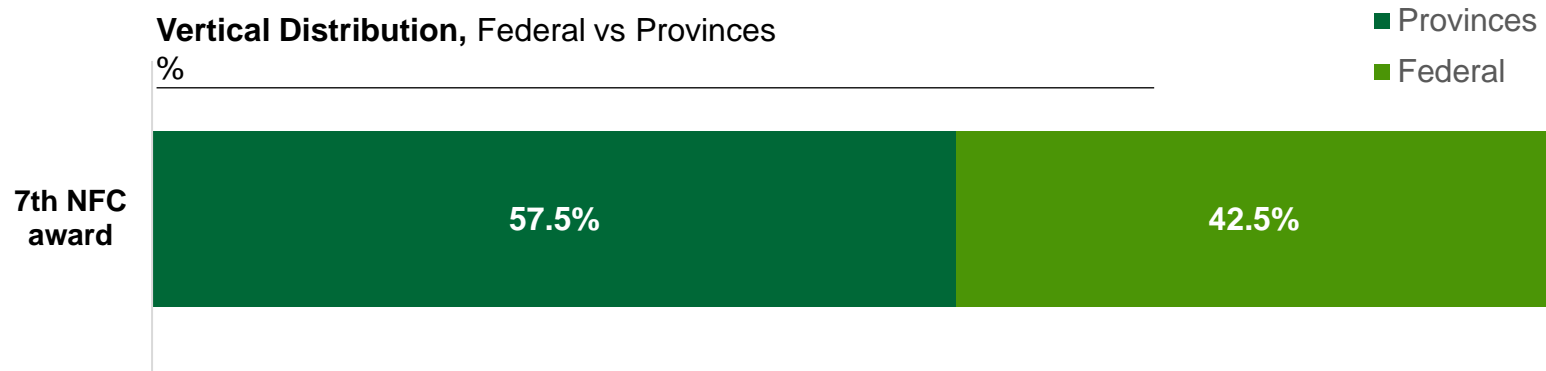


1 National Finance Commission (NFC)

Part IV- chapter 1 of the 1973 constitution governs the distribution of revenues

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

7th NFC Award is in vogue since 2010



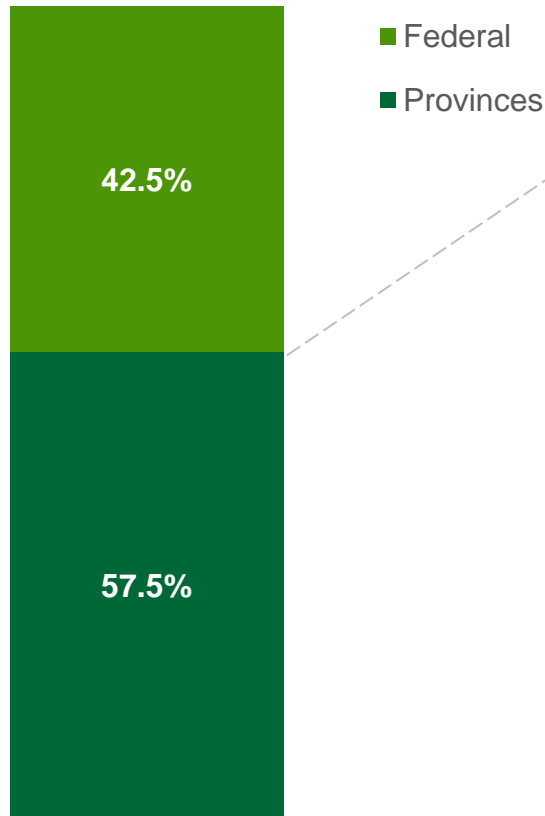
Indicators for distribution among provinces

%

#	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%

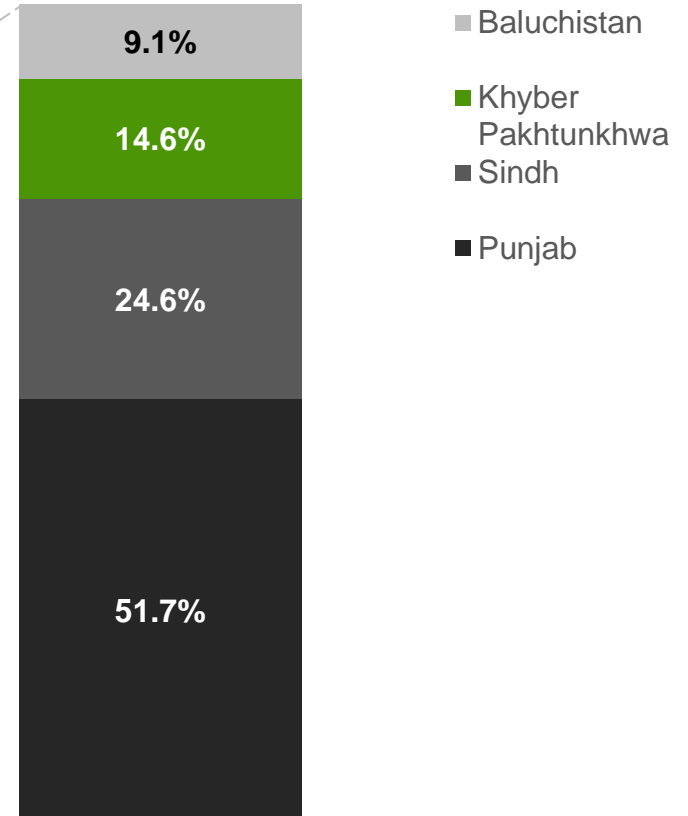
7th NFC Award is in vogue since 2010

Vertical Distribution, Federal vs Provinces
%



Vertical distribution

Horizontal Distribution among provinces
%



Horizontal distribution

1 National Finance Commission (NFC)

KP's population has increased from 13.5% to 17.3% necessitating an update in the existing NFC

	Population share according to 1998 census	Population share according to 2017 census
Khyber Pakhtunkhwa	13.5%	14.8%
Ex-FATA	2.4%	2.4%
KP with ex-FATA	15.9%	17.3%

KP proposes a set of key principles to guide the 10th NFC award

- a. The only award that will work is a win-win
- b. The key is to focus on increase the size of the pie – lets keep this at the core of the award
- c. The poorer provinces deserve fiscal equalization to be part of the award in letter and spirit
- d. Use the NFC as an opportunity to improve the fiscal management of the country,
e.g. commit to solve the pension issue together
- e. Set up an independent NFC secretariat
- f. Consider alternative formulae that incentive better fiscal management

KP issues to be solved as part of the 10th NFC

Correction to the 7th NFC:

- a. Urgently removing continued non-compliance of the 7th NFC with the constitution after KP-FATA merger

Key issues for the 10th NFC:

- a. Formalizing national commitments to the development of the tribal 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 10th award is based on the 2017 population census
- d. Considering other revenue sources part national fiscal distribution (e.g. FED on crude) 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.

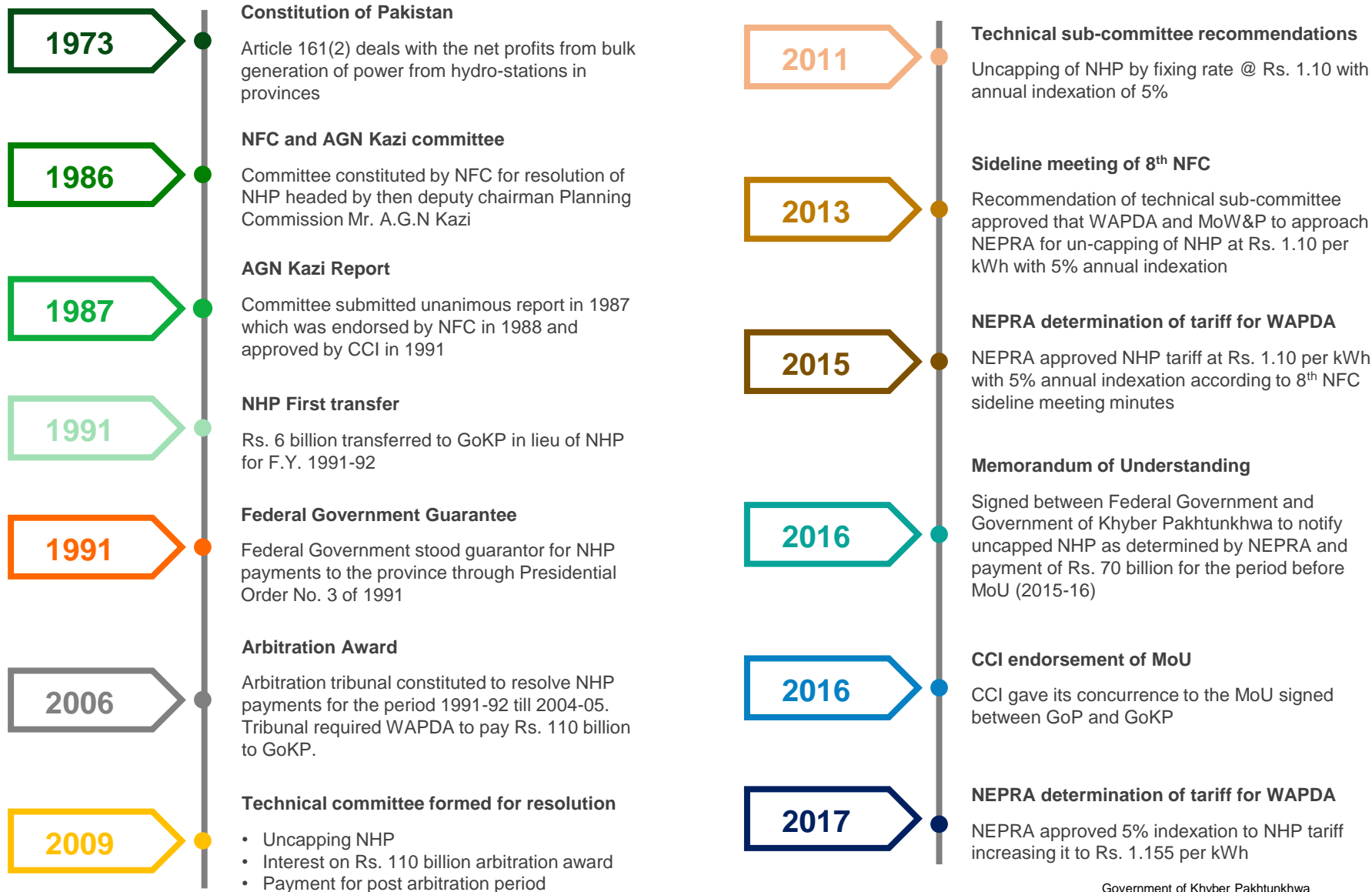
Net Hydel Profit (NHP) is granted through the 1973 constitution

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



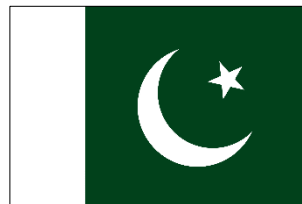
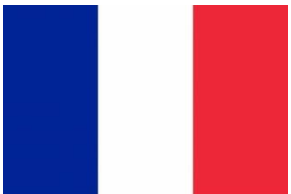
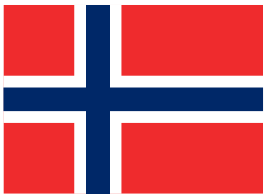
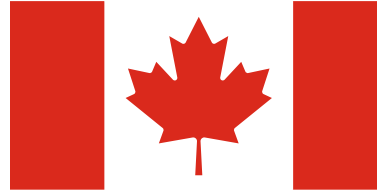
2 Net Hydel Profits (NHP)

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

NHP royalties are consistent with similar payments in other countries



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

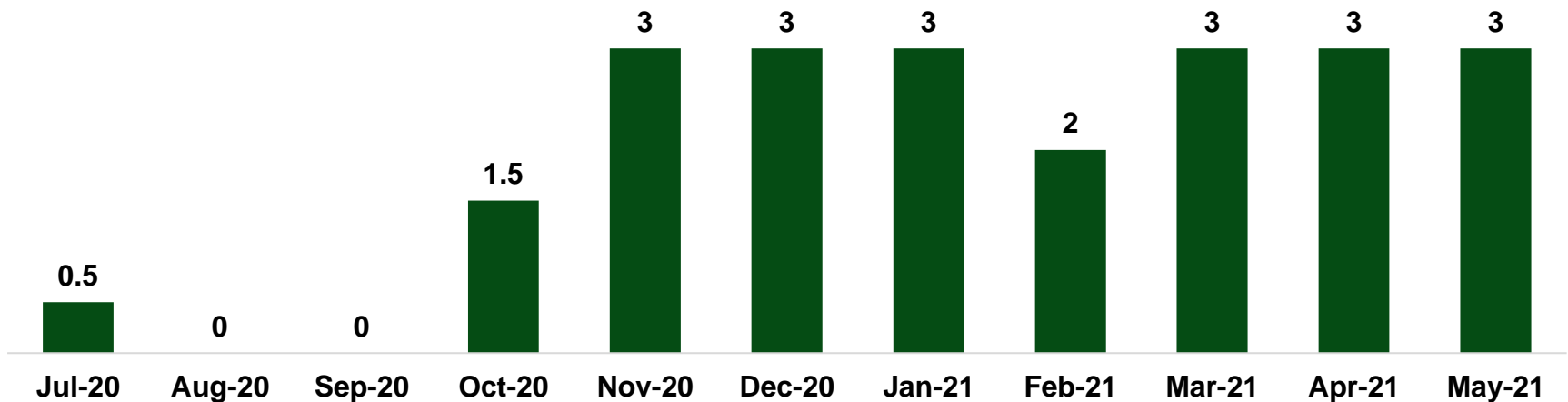
Annual payments have not been consistently in line with dues

Fiscal Year	Budgeted in FY (Rs. Billion)	Received in FY (Rs. Billion)
2017-18	35.8	41.5
2018-19	65.3	20
2019-20	55.7	16
2020-21	58.3	22

2 Net Hydel Profits (NHP)

Rigorous engagement with the Federal Government by the political leadership has resulted in regular monthly transfers for the first time ever

Monthly NHP transfers to Khyber Pakhtunkhwa
Rs. Billions



2 Net Hydel Profits (NHP)

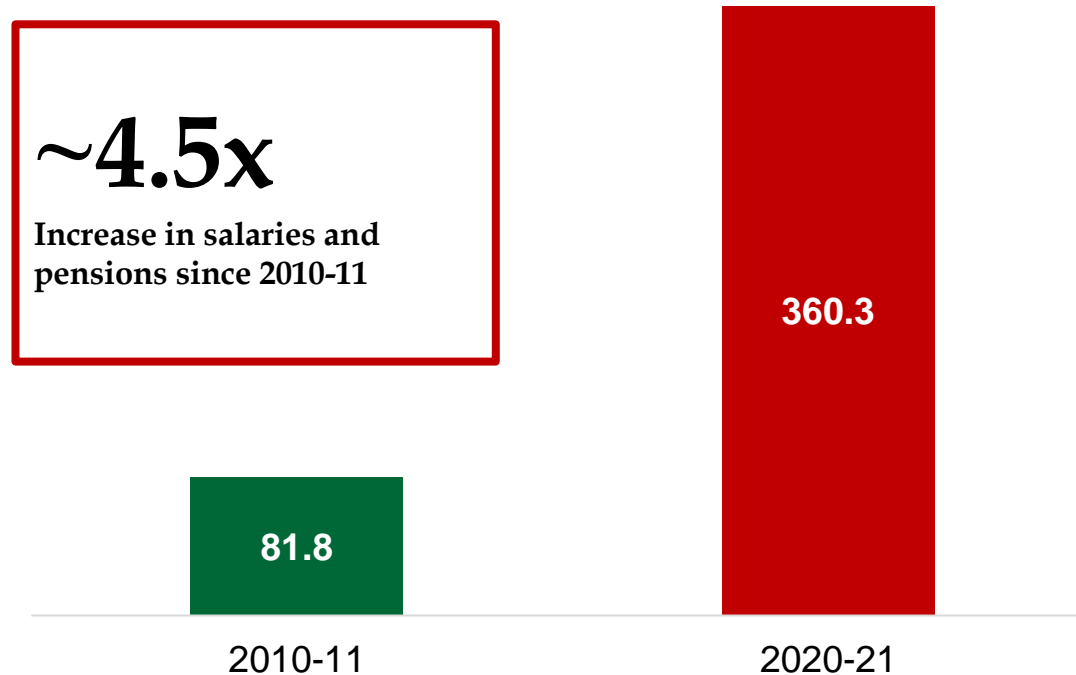
Issues on the NHP being pursued by the Khyber Pakhtunkhwa government

- a) 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) One off payment to settle current liabilities which has been positively committed to by the new Federal Finance Minister

3 Salary & Pensions

The government salary and pension bill has increased by 450% in the last 10 years

Salary & Pensions bill comparison, 2010 - 2021
Rs. Billions - Settled Districts



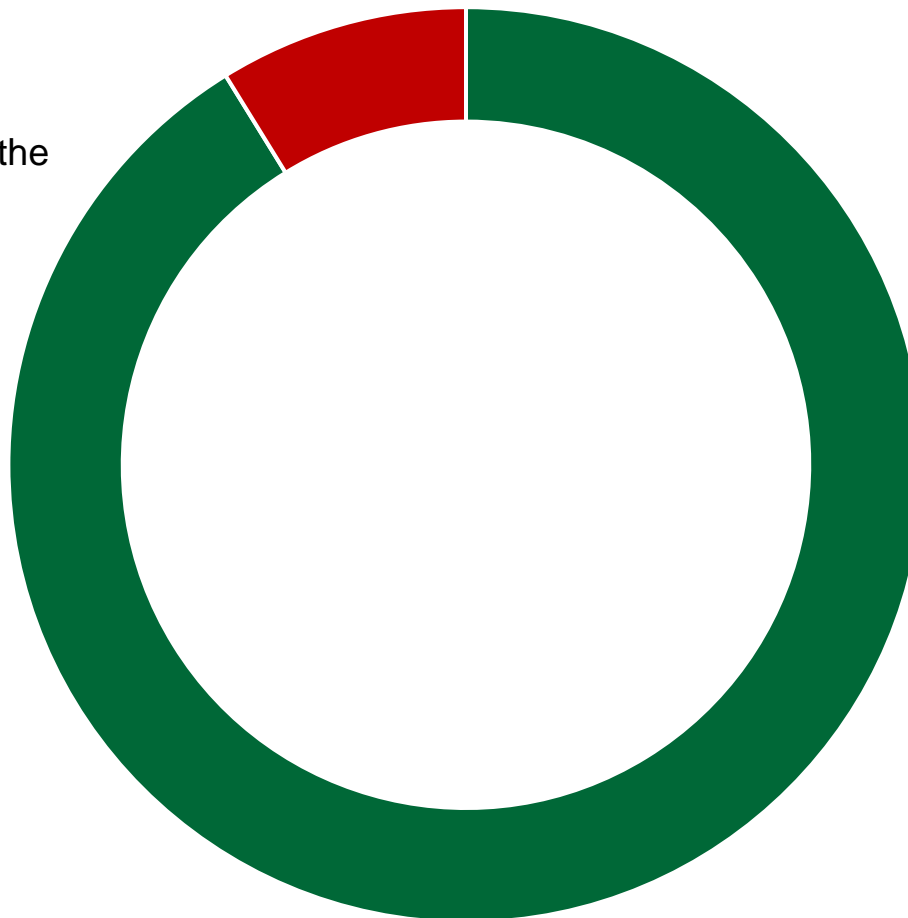
3 Salary & Pensions

Government budget has to take care of the entire labor force. Only 8% of the labor force works in government.

533,763 people are employed in the public sector, or

7.4% of the labor force –

supported through 45% of the budget



6,634,091 people are employed in the private sector, or

92.6% of the labor force –

supported through 34% of the budget

3 Salary & Pensions

Despite challenges, pay packages in government are competitive relative to the market

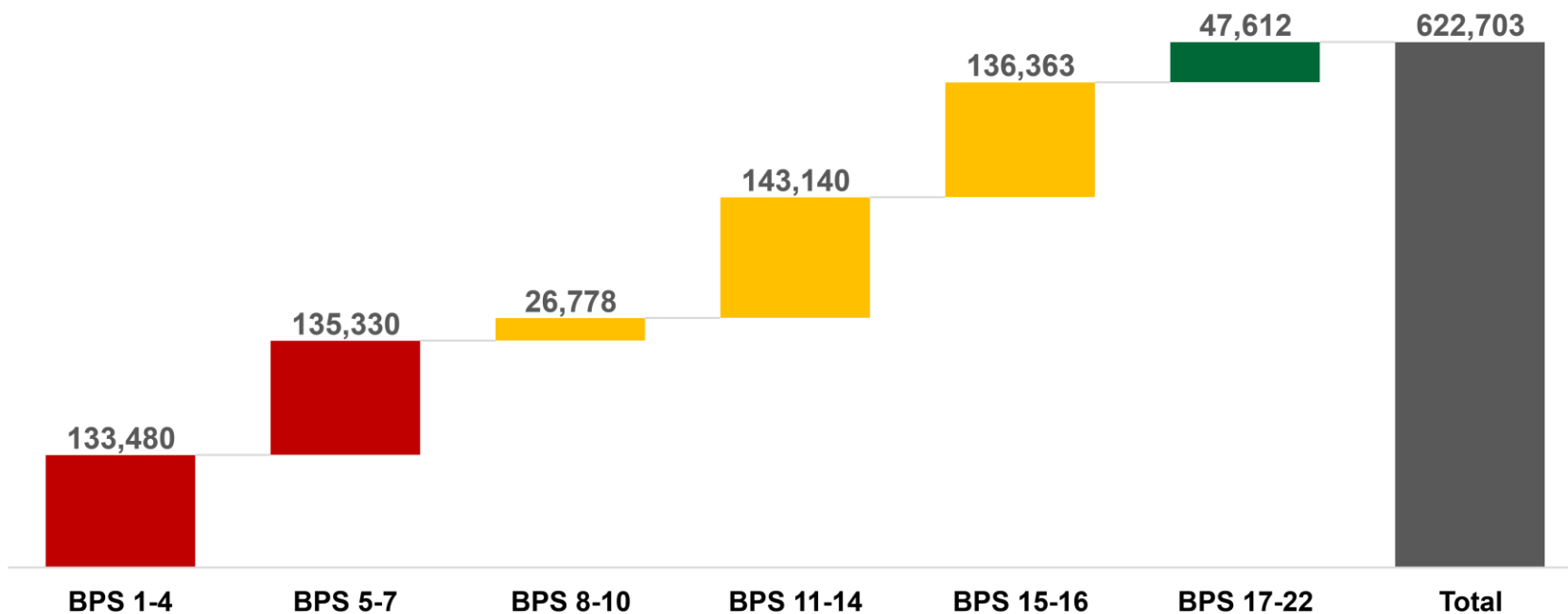
Government & Market Monthly Compensation Comparison
Rs.

■ Govt. Compensation
■ Market Compensation



How government staff is structured

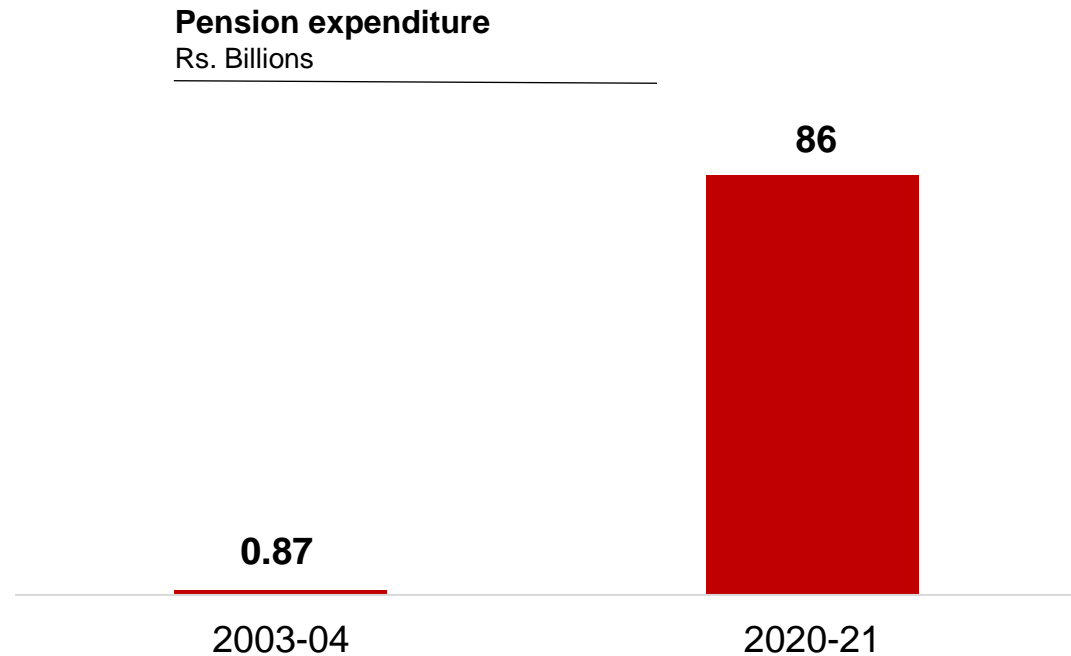
Grade-wise breakdown of sanctioned posts – settled districts



3 Salary & Pensions

Pension expenditure has gone from 1% to more than 13% of the budget in last 17 years

~100x
Increase in pensions since 2003-04 from 1% of the budget, to 13.8% of the budget

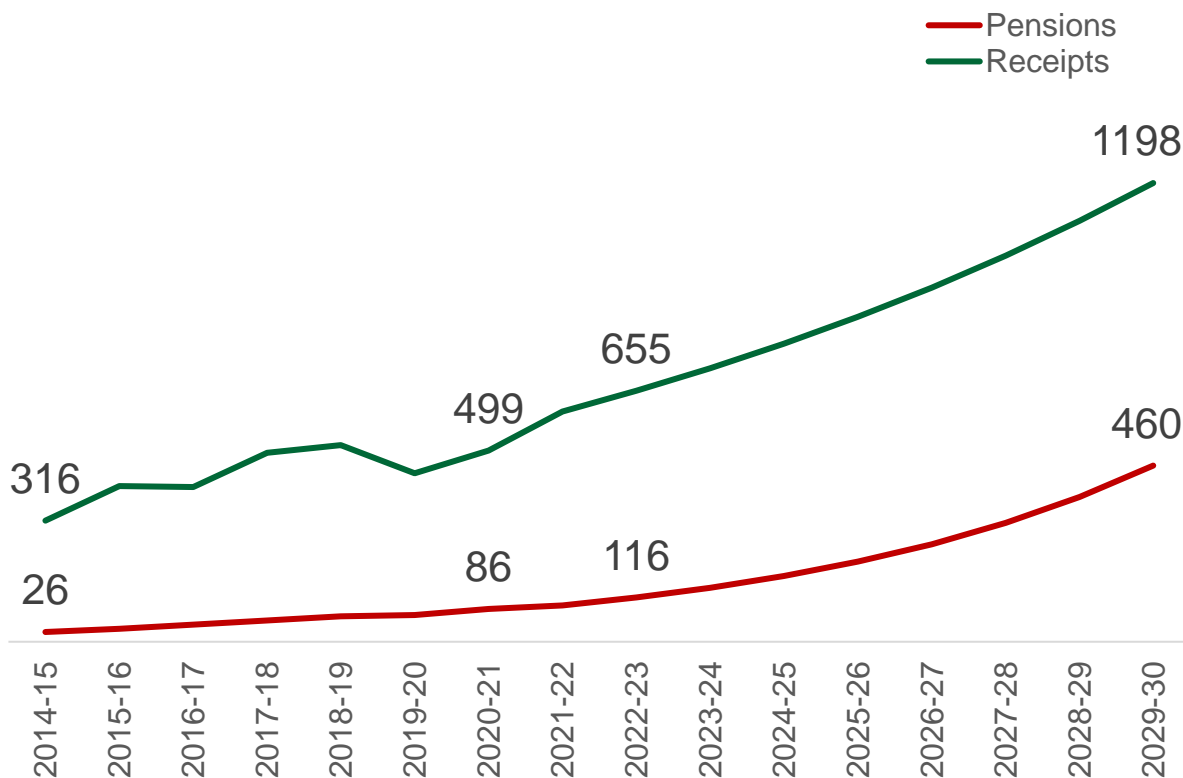


3 Salary & Pensions

With this trend continuing, pensions will rise to PKR 116 Bn by 2023 and 460 Billion by 2030

Pension Projections - till 2030

Rs. Billions



40%

Pensions as a % of Receipts in 10 years.

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

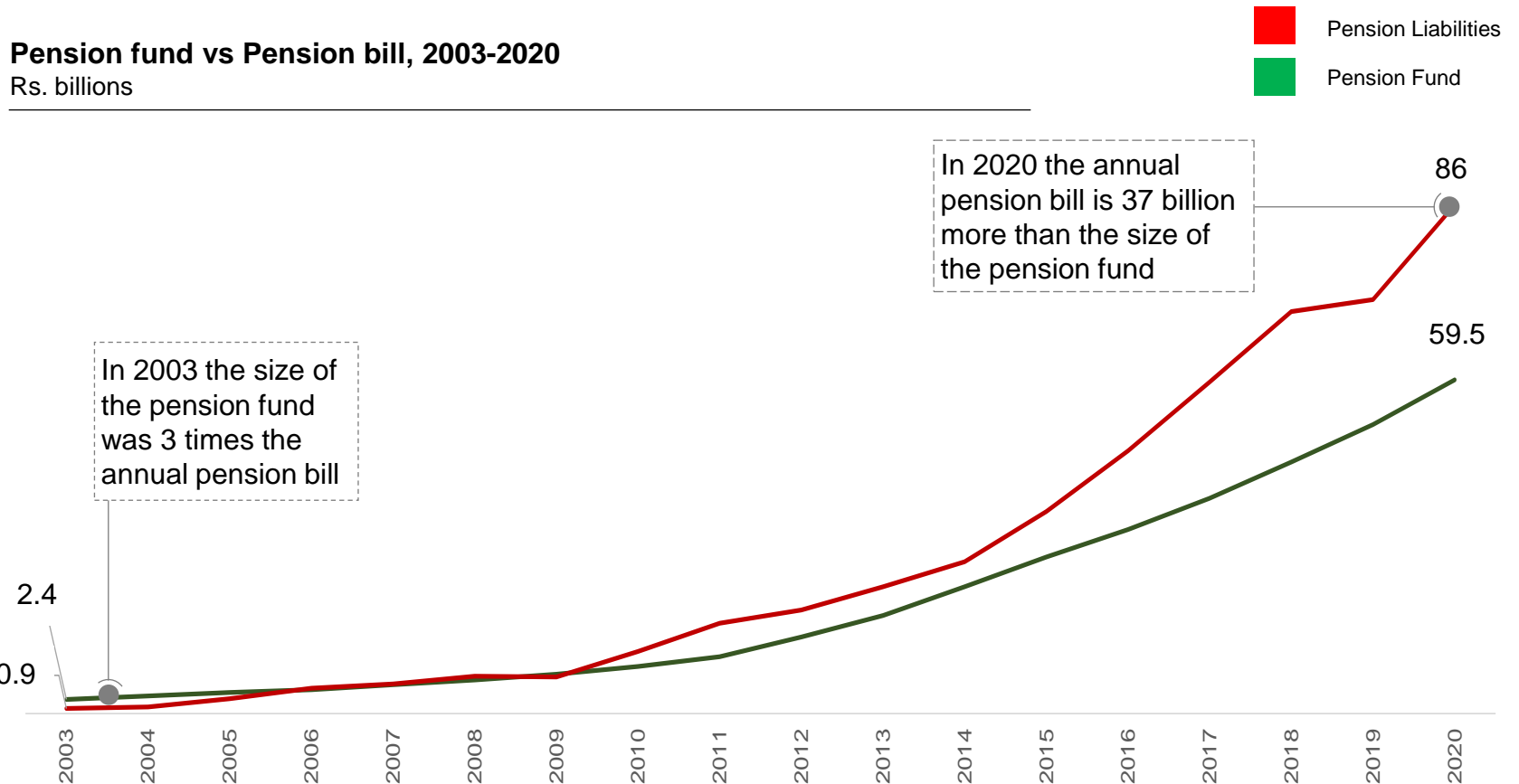
With the same trend, in 10 years, pensions will reach around half a trillion

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, 2003-2020

Rs. billions



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

Transition towards Contributory Pension

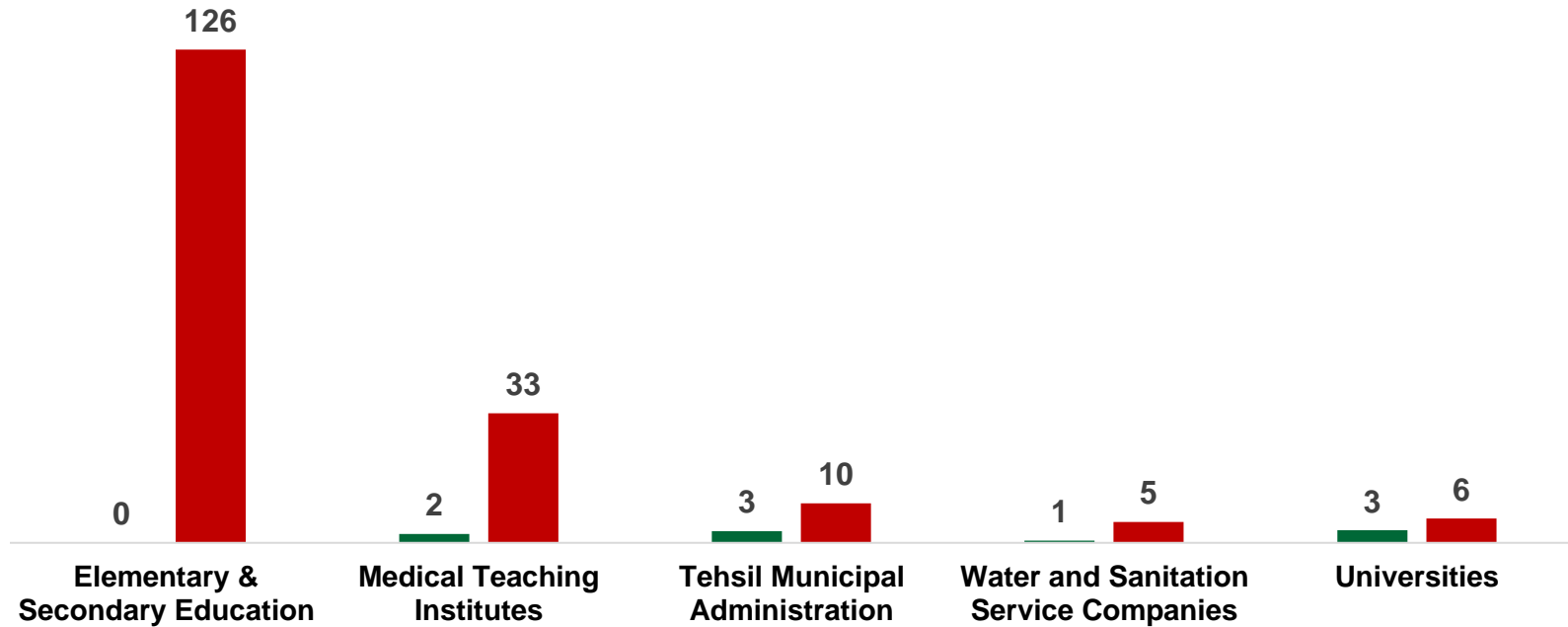
- Cabinet has approved for Khyber Pakhtunkhwa Civil Servants Act to be amended so that new employees from July,2021 will participate in contributory pension programme.

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



5 Procurement

Government is working on streamlining procurements and attaining annual savings of Rs. 5 billion through the use of framework contracting

Volume of Transactions:

- Data collected for 12,085 procurement transactions.
- On average, 504 Procurement contracts awarded every month.

Spending Levels:

- Study focused on 09 categories with PKR 26 bn spent in FY 18-19 and FY 19-20

Spending Units:

- 30 spending units covered under the activity.
- 22 Departments and 08 Autonomous Bodies were covered.

Procurement Method:

- Contracts were awarded through open competitive bidding method under KPPRA.

Vendor Type:

- More than 2,000 vendors provided goods, works or services.

Contracting Procedures:

- Pharmaceuticals and medical devices is major area where framework agreement mechanism is in use currently.

Government of Khyber Pakhtunkhwa is establishing a Procurement Centre of Excellence

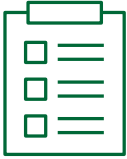


TABLE OF CONTENTS

1 | Understanding the budget

2 | 2020-21 in review

3 | The 2021-22 budget

4 | Something for everyone

5 | Deep dive on key issues

6 | **Reform**

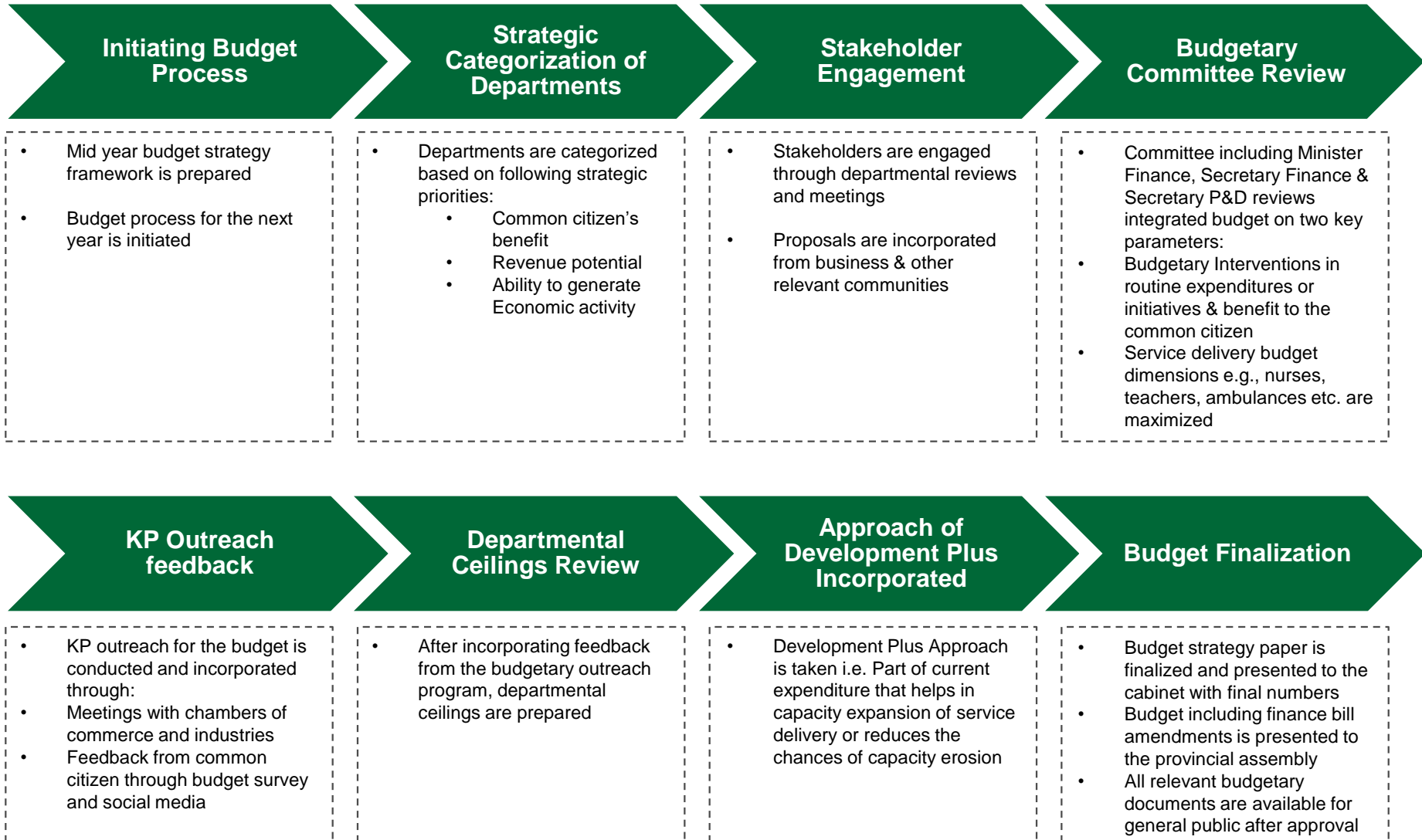
Surplus or deficit budgets; budgeting in Pakistan, and how KP is leading change

A perennial confusion exists on whether provincial budgets are surplus or deficit. This confusion exists because traditionally budget reporting in KP, and across Pakistan, is based on budget estimates, followed by mid-year revised estimates. Budget data has not been followed by transparency on actual spending, which KP is changing. **KP is the first province in Pakistan to publish actuals data, through the annual 'Actual Revenue and Expenditure Report', the second edition of which has been recently published for the FY 2019-20.**

This is important in understanding financial management as budgeting practice in the province shows that receipts typically include all claims on the divisible pool based on FBR collections, but FBR targets have traditionally been stretch targets that have not been met; similarly, expenditure figures reflect provisions for maximum expenditure. **In practice however, actuals receipts have traditionally lagged budgeted receipts, and actual expenditure has been adjusted to reflect actual receipts.**

Year	Budgeted Receipts	Actual Receipts	Actual / Budget	Budgeted Expenditure	Actual Expenditure	Actual / Budget	Actual Expenditure/ Receipts
	Rs. Bln	Rs. Bln	%	Rs. Bln	Rs. Bln	%	%
Total	5,136.9	4,300.1	84%	5,209.4	4,437.4	85%	103%
2004-05	64.4	53.7	83%	67.3	61.8	92%	115%
2005-06	75.7	81.5	108%	77.9	79.1	102%	97%
2006-07	81.5	82.7	101%	85.3	84.8	99%	103%
2007-08	102.3	89.8	88%	107.7	96.0	89%	107%
2008-09	113.7	98.0	86%	113.7	106.9	94%	109%
2009-10	131.4	140.3	107%	134.4	150.7	112%	107%
2010-11	208.3	215.0	103%	208.3	194.7	93%	91%
2011-12	232.8	226.4	97%	249.2	241.0	97%	106%
2012-13	279.5	255.2	91%	303.0	269.1	89%	105%
2013-14	298.0	307.7	103%	344.0	289.6	84%	94%
2014-15	404.8	316.3	78%	404.8	352.1	87%	111%
2015-16	487.9	406.4	83%	487.9	392.7	80%	97%
2016-17	505.0	404.2	80%	505.0	458.2	91%	113%
2017-18	603.0	493.2	82%	603.0	504.3	84%	102%
2018-19	648.7	514.2	79%	618.0	520.8	84%	101%
2019-20	900.0	615.4	68%	900.0	635.7	71%	103%

Budget making process has been revised from bottom-up approach to a forensic top-down approach



Fiscal management throughout the year

The following interventions were made to carry out dynamic in year budget management:

1 Ambitious revenue targets were set and tracked through regular reviews. This exercise was not limited to KPRA but done so with other own source revenue generating departments. As a result, over the last couple of years, the province has grown its own source revenue faster than any other province in the country.

2 Monthly Statements replaced the traditional practice of tracking day to day cash balance, and as such monthly expenditure across individual head of accounts like salaries, non-salaries, pensions, unbudgeted expenditure etc. were tracked, with timely adjustments accordingly.

3 Monthly Receipts from Federal Government were tracked against FBR collection and targets to ensure KP receives its due share. In addition, the Federal Government was engaged and convinced to make regular NHP payments, in order to improve predictability.

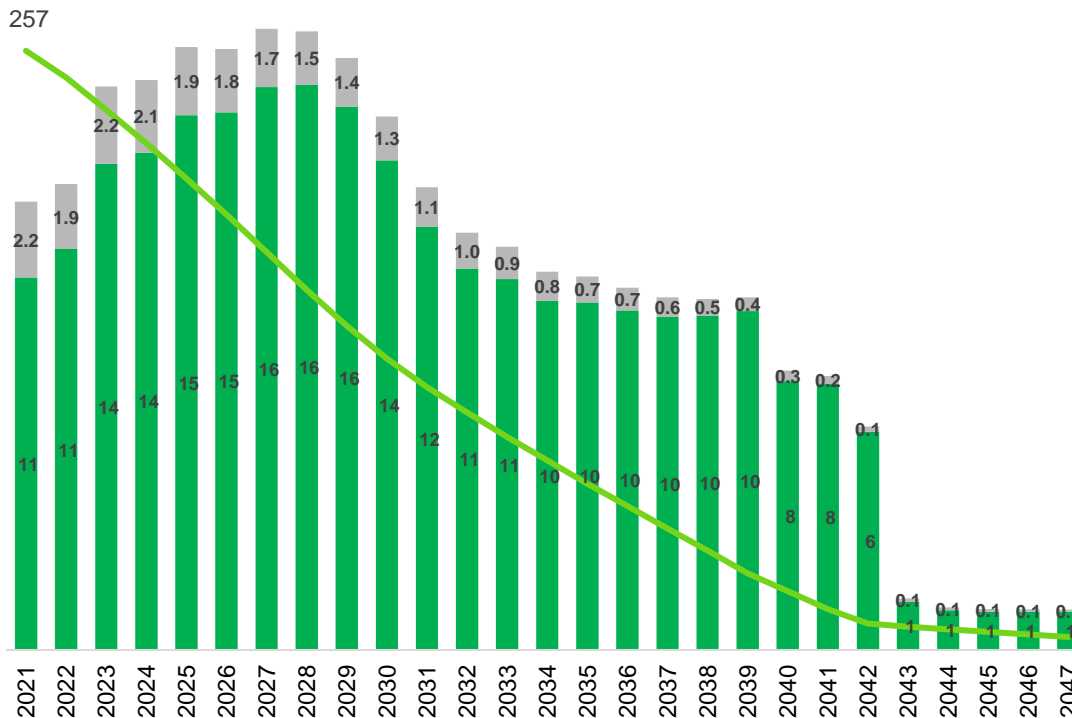
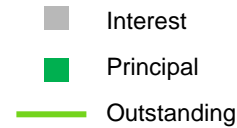
4 Early Releases were made possible in both the current and development side as a result of tracking cash cover, projected receipts, and spending patterns. During the COVID-19 pandemic, MTIs were released 3rd quarter budgets well within the 2nd quarter in order to quicken their procurement. Similarly early releases in the ADP, transformed decades old trend of spending pattern, where sluggish expenditure during the year would be followed by a surge in the final quarter, resulting in wastages in pursuit of consuming the full budget

5 Actual Monthly Expenditure Reports were sent to departments, equipping the respective principal accounting officers with the tools to make informed financial decisions and improve the department efficiency and service delivery.

Pakhtunkhwa reviews its debt profile on a 6 monthly basis and has a very sustainable debt profile, less than 3% of receipts

Debt portfolio from international financing institutions with low interest rates and long payback tenures (typically 20+ years)

Debt redemption profile (30th June 2021)
Rs. Billions



Rs. 0

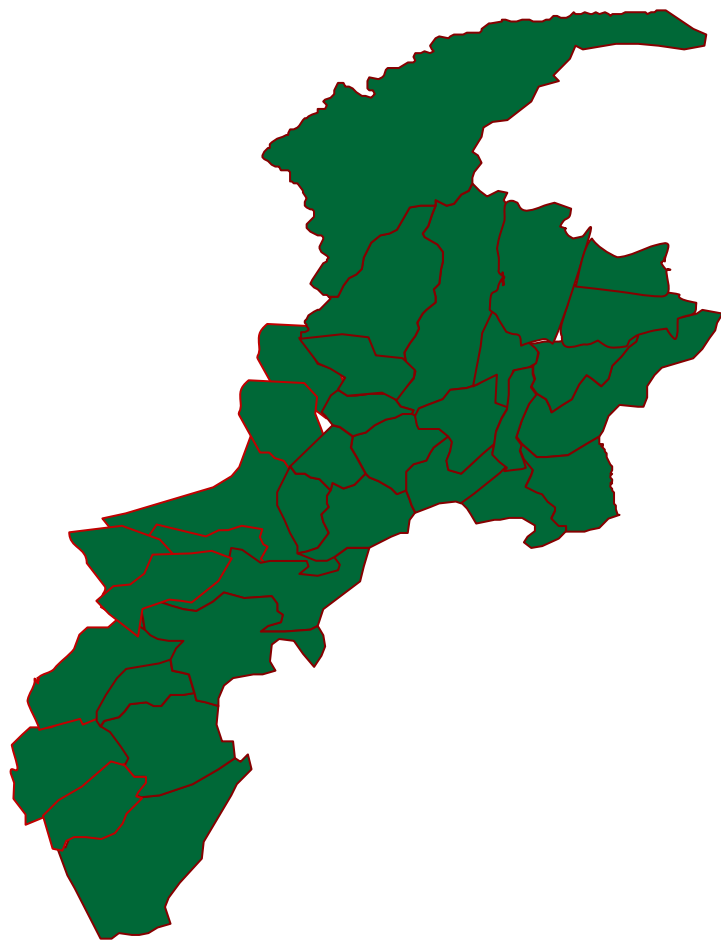
Domestic debt

2.6%

Debt service as % of KP revenue

1%-2%

Weighted average interest rates



Sector-wise budget – All KP

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

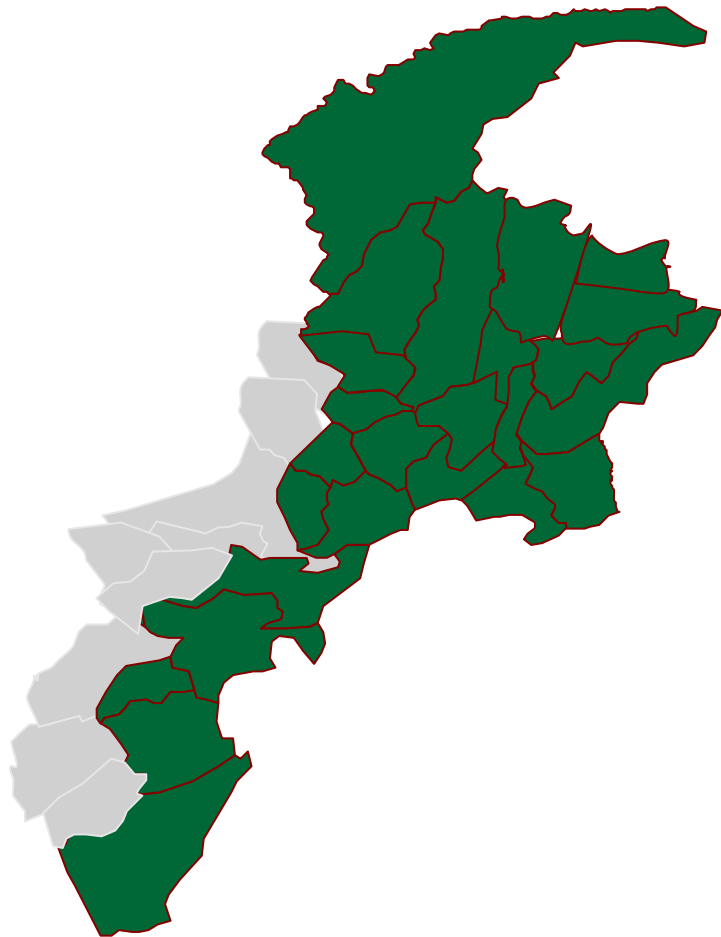
PKR Millions

Department	Current	Development	FPA	Total
Agriculture	12,330	8,298	4,894	25,522
Auqaf & Religious Minority	3,040	1,000	0	4,040
Bureau of Statistics	56	0	0	56
Communication & Works	10,570	37,476	10,743	58,789
Elementary & Secondary Education	185,205	17,581	3,110	205,896
Energy & Power	356	4,297	12,600	17,253
Environment	2,693	50	0	2,743
Excise and Taxation	1,586	205	0	1,791
Food	0	329	0	329
Finance	14,414	147	27,250	41,811
Forestry	1,528	3,717	300	5,545
General Administration	5,281	300	0	5,581
Health	117,766	22,477	1,988	142,231
Higher Education	20,073	6,983	0	27,056
Home Department	88,859	2,850	0	91,709
Housing	157	600	0	757

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

PKR Millions

Department	Current	Development	FPA	Total
Industries	751	3,260	1,000	5,011
Information and Public Relations	1,421	363	0	1,784
Information Technology	906	1,396	282	2,584
Irrigation	5,502	15,660	1,421	19,945
Labour	561	306	50	917
Law & Justice	10,021	2,564	0	12,585
Local Government	18,395	15,104	4,362	37,861
Mines and Minerals	1,056	326	0	1,382
Planning and Development	746	34,057	8,954	44,032
Population Welfare	2,912	869	0	3,781
Public Health Engineering	9,470	8,933	400	18,803
Relief, Rehabilitation and Settlement	25,179	3,953	0	29,132
Revenue & Estate	20,620	1,266	0	21,886
Social Welfare	4,048	888	0	4,936
Sports, Culture, Tourism	2,935	14,495	3,120	20,550
Technical Education	2,745	0	0	2,745
Transport	3,360	174	8,679	12,213
Zakat & Usher	359	0	0	359



Sector-wise budget – Settled Districts

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

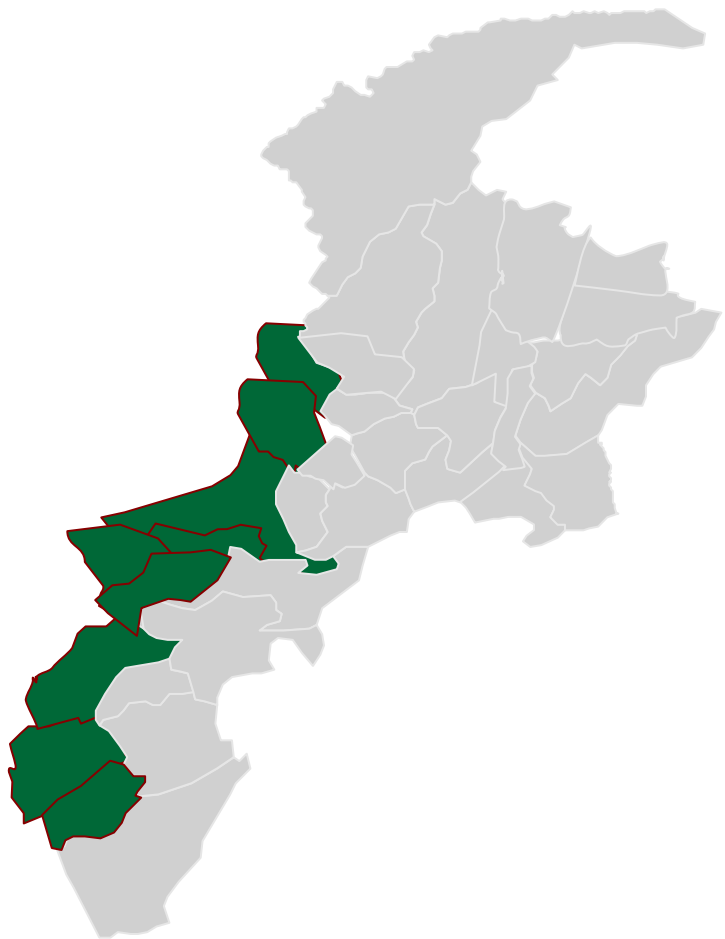
PKR Millions

Department	Current	Development	FPA	Total
Agriculture	10,603	5,656	4,637	20,896
Auqaf & Religious Minority	3,040	729	0	3,769
Bureau of Statistics	48	0	0	48
Communication & Works	8,637	23,935	10,743	43,315
Elementary & Secondary Education	162,363	10,877	2,000	175,240
Energy & Power	356	2,071	12,600	15,027
Environment	2,693	40	0	2,733
Excise and Taxation	1,539	175	0	1,714
Food	-	329	0	329
Finance	5,348	137	27,250	32,735
Forestry	800	3,239	300	4,339
General Administration	4,948	266	0	5,214
Health	107,003	16,620	1,988	125,611
Higher Education	17,949	5,572	0	23,521
Home Department	65,945	1,723	0	67,668
Housing	157	550	0	707

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

PKR Millions

Department	Current	Development	FPA	Total
Industries	737	1,889	1,000	3,626
Information and Public Relations	1,407	280	0	1,687
Information Technology	906	1,241	282	2,429
Irrigation	5,284	10,796	1,421	17,501
Labour	540	306	50	896
Law & Justice	8,839	1,694	0	10,533
Local Government	18,148	11,122	4,362	33,632
Mines and Minerals	997	246	0	1,243
Planning and Development	678	28,363	6,984	36,025
Population Welfare	2,776	747	0	3,523
Public Health Engineering	8,547	5,908	400	14,855
Relief, Rehabilitation and Settlement	7,989	2,313	0	10,302
Revenue & Estate	15,540	686	0	16,226
Social Welfare	3,853	502	0	4,355
Sports, Culture, Tourism	2,899	11,874	3,120	17,893
Technical Education	2,522	-	-	2,522
Transport	3,360	114	8,679	12,153
Zakat & Usher	351	-	-	351



Sector-wise budget – Newly Merged Districts

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

PKR Millions

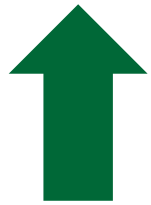
Department	Current	Development	FPA	Total
Agriculture	1,727	2,642	257	4,626
Auqaf & Religious Minority	-	271	0	271
Bureau of Statistics	8	-	-	8
Communication & Works	1,933	13,541	0	15,474
Elementary & Secondary Education	22,842	6,704	1,110	30,656
Energy & Power	-	2,226	0	2,226
Environment	-	10	0	10
Excise and Taxation	47	30	0	77
Finance	9,066	10	0	9,076
Forestry	728	478	0	1,206
General Administration	333	34	0	367
Health	10,763	5,857	0	16,620
Higher Education	2,124	1,411	0	3,535
Home Department	22,914	1,127	0	24,041
Housing	-	50	0	50

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

PKR Millions

Department	Current	Development	FPA	Total
Industries	14	1,371	0	1,385
Information and Public Relations	14	83	0	97
Information Technology	-	155	0	155
Irrigation	218	4,864	0	5,082
Labour	21	-	0	21
Law & Justice	1,182	870	0	2,052
Local Government	247	3,982	0	4,229
Mines and Minerals	59	80	0	139
Planning and Development	68	5,694	1,970	8,007
Population Welfare	136	122	0	258
Public Health Engineering	923	3,025	0	3,948
Relief, Rehabilitation and Settlement	17,190	1,640	0	18,830
Revenue & Estate	5,080	580	0	5,660
Social Welfare	195	386	0	581
Sports, Culture, Tourism	36	2,621	0	2,657
Technical Education	223	-	-	223
Transport	-	60	0	60
Zakat & Usher	8	-	-	8

Development Budget increases Settled



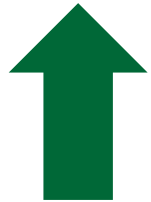
419%

Information Technology



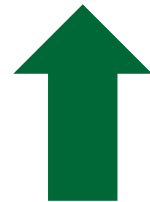
293%

Energy & Power



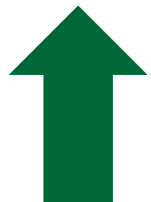
307%

Sports, Culture &
Tourism



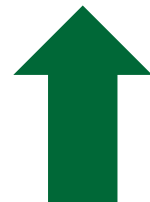
57%

Roads



101%

Social Welfare



44%

Health

KP has reserved the highest percentage of its total budget for development expenses amongst the provinces

