



Finance Department- Government of Khyber Pakhtunkhwa

[Integrated Budget Call Circular](#)

Financial Year 2020-21



**Disclaimer**

All figures quoted are preliminary only and for the purpose of departmental decision making, and may change through the course of the budget making process.



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BUDGETARY MATTER/TOP PRIORITY



GOVERNMENT OF KHYBER PAKHTUNKHWA  
FINANCE DEPARTMENT

Finance Department Civil Secretariat Peshawar

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No. BO.1/ FD/5-20/2020-21/IBCC

Dated Peshawar the 13/1/2020

To

1. The Additional Chief Secretary, Govt. of Khyber Pakhtunkhwa, P&D Department.
2. The Senior Member, Revenue & Estate Department, Govt. of Khyber Pakhtunkhwa.
3. All Administrative Secretaries to Government of Khyber Pakhtunkhwa.
4. The Secretary, Provincial Assembly Khyber Pakhtunkhwa, Peshawar.
5. Registrar Peshawar High Court, Peshawar.

**Subject: - INTEGRATED BUDGET CALL CIRCULAR FOR THE FINANCIAL YEAR 2020-21**

Dear Sir,

I am directed to refer to the subject noted above and to enclose herewith the **Integrated Budget Call Circular** comprising of Budget Call Circular, Current and ADP guidelines, budget forms & budget calendar and indicative budgetary ceilings to facilitate the Administrative Departments in the preparation of their Budget Estimates for FY 2020-21 and Revised Estimates for FY 2019-20.

2. Under the 25<sup>th</sup> Constitutional Amendment Act, 2018, FATA has been merged with Khyber Pakhtunkhwa. Therefore, as part of the annual budget preparation cycle for next financial year i.e. 2020-21, the fiscal/budgetary requirements of the entities working in the Newly Merged Areas (Erstwhile FATA) will also be assessed and consolidated under this document.

3. The realization of socio-economic outcomes of the Province largely depends on the aggregate fiscal discipline, strategic and prioritized resource distribution and operational efficiencies. In this backdrop, a shared commitment of all Departments through a unified and results focused approach to next year's budget is imperative. Hence, it would be appreciated if top-most priority is accorded to the preparation of budget for FY 2020-21 in line with the parameters entailed by the Integrated Budget Call Circular.

4. In order to facilitate the departments, an online interface has been activated offering relevant departmental credentials vis-à-vis historical allocation, spending/revenue to help formulation of budget/revised estimates based on the evidence of need. Hence, a focal person may kindly be nominated by each Administrative Department latest by 20<sup>th</sup> January, 2020, to be oriented by Finance Department on making use of this online portal as an integral part of the budget preparation cycle. The authorisations will be provided to the focal persons during orientation sessions as per the budget calendar embodied in the integrated budget call circular.



5. The receipt of this letter may kindly be acknowledged. The Integrated Budget Call Circular 2020-21 can also be accessed via the web portal of Finance Department: [www.finance.gkp.pk](http://www.finance.gkp.pk).

Yours faithfully,

Encl: as above

(SAEED AHMAD KHAN)  
BUDGET OFFICER.I

**Endst: No. and Date even:**

Copy forwarded for information and necessary action to:

1. The Accountant General, Khyber Pakhtunkhwa, Peshawar
2. The Principal Secretary to Governor, Khyber Pakhtunkhwa.
3. The Principal Secretary to Chief Minister, Khyber Pakhtunkhwa.
4. The Registrar, Peshawar High Court, Peshawar.
5. The Registrar, Khyber Pakhtunkhwa Services Tribunal, Peshawar.
6. All Heads of Attached Departments in Khyber Pakhtunkhwa.
7. All Divisional Commissioners / Deputy Commissioners including Tribal Districts in the Khyber Pakhtunkhwa.
8. The Military Secretary to Governor, Khyber Pakhtunkhwa.
9. The Secretary, Provincial Ombudsman Secretariat, Phase V, near NADRA Office, Hayatabad Peshawar.
10. The Director FMIU, Finance Department, Peshawar.
11. All District Controllers of Accounts/Accounts Officers in Khyber Pakhtunkhwa.
12. The Budget/Section Officers (II-XI/PFC/Coord/PAC/F&L, Res: Dev: NMAs & Admin.). Finance Department.
13. PS to Minister for Finance, Khyber Pakhtunkhwa, Peshawar.
14. PSs to Finance Secretary/Special Secretary Finance and Special Secretary Finance (NMAs).
15. PAs to all Additional Secretaries, Finance Department.
16. PA to Advisor (PFM), Finance Department.
17. PAs to Deputy Secretary (Budget/Dev, PFC/PAC/Resources/NFC & NMAs), Finance Dept.

BUDGET OFFICER.I



### What is different this year?

This year's budget introduces several changes, that senior leadership and staff at departments ought to take note of, as they go through this Integrated Budget Call Circular (IBCC).

- **A much more integrated approach to budgeting**, with an aligned calendar for the current and development budgets, and a budget oversight committee across the Departments of Finance, and of Planning and Development, to ensure that strategic decisions are taken at a senior level during budget-making.
- **A more top-down approach to budgeting**, ensuring that the most important priorities of government get funded first, maximizing development in the province.
- **An intent to more accurately forecast both revenue and expenditure**, making the budget process more strategic and less of a run-of-the-mill exercise, and necessitating continuous top-down involvement of departmental leadership, and more accurate forecasting of actual budgetary needs through the year.
- **More say for departments within their financial envelopes, and greater involvement of senior departmental leadership**, including both the Minister and the Secretary of the Department, to ensure that the budget can be better aligned with departmental priorities and the vision of the government.
- **The concept of a “financial cushion”, which will give departments greater choice on where to appropriate additional funding**, between the current and development budget.
- **The establishment of a Finance Budget Web Portal** for easy access to all relevant information, data and forms during the budget-making process.

To ensure that all these changes are made possible, this **Integrated Budget Call Circular** includes the former documents that used to be part of the budget cycle.

- i) Budget Call Circular
- ii) Current Budget Guidelines
- iii) ADP Guidelines
- iv) Departmental Ceilings
- v) Budget Calendar
- vi) Budget Forms



## Executive Summary

For the upcoming FY 2020-21, the total budget is estimated at PKR 979 Billion for both settled and newly merged districts- 9% increase over FY 2019-20 estimates. This added fiscal space has been the result of multiple measures rolled out by the Government of Khyber Pakhtunkhwa. These interventions include but are not limited to: cost cutting by removing redundant posts; increasing retirement age from 60 to 63 years; improving province own-source revenue generation and managing the cost of doing business.

On the revenue side, provincial tax and non-tax revenue is expected to increase to PKR 56 Billion in FY 2020-21- up by 5.6% from current year estimates. The government is constantly on the lookout for avenues to improve its revenue generation capacity. KPRA alone has been able to grow its revenue generation by more than 50% for the past few months.

In order to improve the budget process, several steps are being taken. This time, we are publishing a single document by the name IBCC which shall include the Budget Call Circular, Current Budget and ADP Guidelines, One-line Indicative Departmental Budget Ceilings as well as the calendar and forms. This shall make the budget planning more coherent by releasing all required information at once, instead of doing it in phases.

Moreover, a three member Budget Steering Committee stands constituted and is chaired by Minister for Finance and has ACS P&D and Secretary Finance as its members. Individual departments will pitch their budget requirements at this forum for the next financial year 2020-21.

In addition, departmental and ministerial role will be enhanced through their early engagement in the budget prioritization process. Finance Department has already initiated the process of accepting inputs of concerned ministers/ administrative secretaries in respect of their priorities, to be funded out of current and development budget 2020-21. Furthermore, another such change in the process is making available an upfront financial cushion (additional fiscal space), in the indicative departmental ceiling, that the departments shall be able to utilize in the manner they deem most appropriate. Departments may prefer to use this financial cushion for development or new interventions on the current side. This implies utilization of this additional space at their discretion.

Thus, for budget 2020-21 each department is being conveyed their budget ceilings along with one amount mentioning the financial cushion. The estimates have been derived by raising the budgeted salary by 10% and the actual / budgeted non-salary expenditure by 10%. In these estimates, allocation for salary component for all sanctioned posts shall be protected by the department. While it is the department's discretion how they may choose to use the financial cushion, it is expected that the bulk of it, if not all of it may be allocated for development, unless intervention in the current side is necessary for improving service delivery. For instance, in departments where additional allocation directly impacts service delivery, new positions (SNEs) can be created, or departmental operational efficiency can be increased by adding to the non-salary budget. This availability of financial cushion aligns departmental priorities with the budget making process hence request for additional grants during the year would be discouraged.

Furthermore, in order to make the budget process efficient and improve accuracy, an online interface has been established at the formal web portal of KP Finance Department. This shall enable departments to access relevant forms, data and comprehensive information for this process, streamlining the process as well as saving time. The flow chart for using this portal has been added to the document below.

Lastly, the Medium-Term Fiscal Framework (MTFF) has also been included in this document in order to review our fiscal movement over the next 3 years. Projected figures have been worked out and have been made part of MTFF for ensuring strategic direction and planning.



## 1. Next Year's Budget Outlay

For FY 2020-21, total Revenue forecasts equal PKR 979 Billion while total Expenditure is Budgeted at PKR 913 Billion. This anticipates a 9% increase from the budget 2019-20 (900 Billion).

**Table 1 – Budget Outlay 2020-21 (PKR Million)**

Budget Head	BE 2019-20	Forecast 2020-21	Change
<b>Total Revenue</b>	<b>900,000</b>	<b>979,656</b>	<b>9%</b>
Federal Transfers	533,261	586,588	10%
NMAs Receipts	151,000	166,100	10%
Provincial Tax & Non Tax Revenue	53,404	56,074	5%
<i>Provincial Tax Receipts</i>	33,023	34,674	5%
<i>Provincial Non-Tax Receipts</i>	20,382	21,401	5%
Profits from Hydro electricity	21,183	25,420	20%
NHP arrears	34,492	10,000	-71%
Financing From Past Savings/Cash Balance/Operational Shortfall	24,410	45,000	84%
Grants	33,446	36,791	10%
Capital Receipts	48,804	53,684	10%
<b>Total Expenditure</b>	<b>855,000</b>	<b>920,819</b>	<b>8%</b>
Current Expenditure - Settled	447,300	488,949	9%
Current Expenditure - NMAs	79,000	86,900	10%
Capital Expenditure	9,700	10,670	10%
<b>Fiscal Space</b>	<b>364,000</b>	<b>393,138</b>	<b>8%</b>
<b>Development Expenditure</b>	<b>319,000</b>	<b>334,300</b>	<b>5%</b>
ADP(Provincial)	108,000	115,000	6%
ADP (NMAs)	24,000	26,400	10%
AIP (NMAs)	59,000	64,900	10%
ADP(Districts)	46,000	46,000	0%
Foreign Project Assistance	82,000	82,000	0%
<b>Surplus /Deficit</b>	<b>45,000</b>	<b>58,838</b>	<b>31%</b>



## 2. Three-Year running Forecast (2020-23)

The Medium-Term Fiscal Framework (MTFF) sets out expectations for broad categories of revenue and identifies obligatory expenditure priorities and hard budget constraints under a business as usual scenario, against which fiscal space for development and investment expectations are mapped. The complete breakdown has been annexed to this document.

**Table 2 – MTFF Major Heads (PKR Million)<sup>1</sup>**

Budget Head	BE 2018-19	BE 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23
<b>Total Revenue</b>	<b>648,000</b>	<b>900,000</b>	<b>979,656</b>	<b>1,077,086</b>	<b>1,201,663</b>
Federal Transfers	426,095	533,261	586,588	645,246	709,771
NMAs Receipts		151,000	166,100	182,710	200,981
Provincial Tax & Non Tax Revenue	41,262	53,404	56,074	64,079	73,524
<i>Provincial Tax Receipts</i>	23,823	33,023	34,674	41,608	49,930
<i>Provincial Non-Tax Receipts</i>	17,439	20,382	21,401	22,471	23,594
Profits from Hydro electricity	39,985	21,183	25,420	26,691	28,025
NHP arrears	25,293	34,492	10,000	-	-
Financing From Past Savings/Cash Balance/Operational Shortfall	39,015	24,410	45,000	58,838	79,887
Grants	26,756	33,446	36,791	40,470	44,517
Capital Receipts	49,594	48,804	53,684	59,053	64,958
<b>Total Expenditure</b>	<b>618,000</b>	<b>855,000</b>	<b>920,819</b>	<b>997,199</b>	<b>1,100,178</b>
Current Expenditure - Settled	430,000	447,300	488,949	530,342	575,645
Current Expenditure - NMAs		79,000	86,900	95,590	105,149
Capital Expenditure	8,000	9,700	10,670	11,737	12,911
<b>Fiscal Space</b>	<b>210,000</b>	<b>364,000</b>	<b>393,138</b>	<b>439,417</b>	<b>507,958</b>
<b>Development Expenditure</b>	<b>180,000</b>	<b>319,000</b>	<b>334,300</b>	<b>359,530</b>	<b>406,473</b>
ADP(Provincial)	79,555	108,000	115,000	126,500	150,000
ADP (NMAs)		24,000	26,400	29,040	31,944
AIP (NMAs)		59,000	64,900	71,390	78,529
ADP(Districts)	29,345	46,000	46,000	50,600	64,000
Foreign Project Assistance	71,100	82,000	82,000	82,000	82,000
<b>Surplus /Deficit</b>	<b>30,000</b>	<b>45,000</b>	<b>58,838</b>	<b>79,887</b>	<b>101,485</b>

<sup>1</sup> Revenue and Surplus figures are based on simple 10% projections on last year's federal transfers so they may not be actual figures.



## 2.1 Assumptions & Basis of Medium-Term Projections 2019-20

The Medium-Term Projections in Table 2 are based on a series of financial assumptions:

### Total Revenue:

i. **Federal Transfers:** Federal Tax Assignment, 1% for war on terror and Straight Transfers are based on 5 years trend analysis of actual realization about 10% increase over FY 2019-20.

ii. **Provincial Tax & Non-Tax Revenue:** This is expected to increase by 5% in the coming year and by 20% each in the outer years. Provincial tax is expected to increase by 5% which is about 20% versus expected actual revenue.

### Total Expenditure:

i. **Salaries:** This includes provision for regular/sanctioned positions as well as creation of new posts in the medium term, increase in Housing Subsidy, effect of annual increment, and provision for expected pay increase. Salaries are expected to increase by 10% for each of the three years.

ii. **Pension:** The effect of pension reforms is expected to show in medium term. For the coming three years, pension bill is expected to be static.

iii. **Non-Salary and O&M:** This is expected to show a 10% increase per year based on the bigger economic outlook.

iv. **Debt Management:** Capped at the existing level.

vi. **Investment & Committed Contributions:** Expected growth is 10% in the medium term based on actual requirements.



### 3. Budget 2020-21: Revenue Receipts

**Table 3 – Revenue Forecasts (PKR Millions)**

Budget Head	BE 2019-20	Forecast 2020-21	Change
<b>Total Revenue</b>	<b>900,000</b>	<b>979,656</b>	<b>9%</b>
<b>Federal Transfers</b>	<b>533,261</b>	<b>586,588</b>	<b>10%</b>
Federal Tax Assignment	453,200	498,520	10%
1% for War on Terror	54,455	59,901	10%
Straight Transfers	25,606	28,167	10%
<b>NMAs Receipts</b>	<b>151,000</b>	<b>166,100</b>	<b>10%</b>
<i>Non Development Grant</i>	79,000	86,900	10%
<i>Development Grant</i>	72,000	79,200	10%
<b>Provincial Tax &amp; Non Tax Revenue</b>	<b>53,404</b>	<b>56,074</b>	<b>5%</b>
<b>Provincial Tax Receipts</b>	<b>33,023</b>	<b>34,674</b>	<b>5%</b>
<i>Other</i>	9,109	9,564	5%
<b>Provincial Non-Tax Receipts</b>	<b>20,382</b>	<b>21,401</b>	<b>5%</b>
<i>Others</i>	14,137	14,844	5%
<b>Profits from Hydro electricity</b>	<b>21,183</b>	<b>25,420</b>	<b>20%</b>
<b>NHP arrears</b>	<b>34,492</b>	<b>10,000</b>	<b>-71%</b>
<b>Financing From Past Savings/Cash Balance/Operational Shortfall</b>	<b>24,410</b>	<b>45,000</b>	<b>84%</b>
<b>Grants</b>	<b>33,446</b>	<b>36,791</b>	<b>10%</b>
Foreign Grants (FPA)	33,446	36,791	10%
<b>Capital Receipts</b>	<b>48,804</b>	<b>53,684</b>	<b>10%</b>

#### 3.2 Strategies to Enhance Fiscal Space

Khyber Pakhtunkhwa’s current budget is increasing at a high pace leaving reduced space for the development portfolio. The GoKP plans to enhance fiscal space by exploring new areas for revenues mobilization and curtailing current expenditures;

##### 1. Adopt bold measures to significantly reduce costs in addition to business as usual

- Pension Automation and Revised Pension Rules extending age of superannuation from 60 to 63 years along with other ancillary amendments.
- Full HR Audit conducted to avoid irregular payments, if any, in the form of pay and allowances.
- Decision taken to abolish posts of redundant designations.
- Review non-salary expenditures by departments and propose revised rules for better cost management (e.g. on vehicle usage and condemnation).



## **2. Rationalize the ADP to increase fiscal space**

- Each department required to rationalize its ADP keeping in view the ultimate objective of bringing down throw forward to 3 years and reducing thin spreading
- Throw forward for all on-going schemes reduced to under 5 years by reviewing and reducing scope of work
- Departments to ensure any new schemes proposed for inclusion in the ADP have a throw forward of less than 3 years

## **3. Resolve key financial issues with the Federal Government**

- Rigorously pursue Federal Government for transferring provincial share of divisible pool and payment of full amount of NHP Arrears in a predictable and timely manner
- Approach Federal Government regarding formulation of new NFC Award to give due consideration and weightage to fiscal needs of newly Merged Areas

## **4. Increase revenue**

- Khyber Pakhtunkhwa Revenue Authority (KPRA) brought under administrative control of Finance Department to streamline collection mechanisms.
- Own source revenue estimates reviewed. Also exploring Excise and Taxation (Urban Immovable Property), Mines and Minerals as well as Board of Renewable Energy.
- Efficient and effective measures adopted to modernize the Provincial Taxation regime into an integrated framework and boost collection from various sources.

## **5. Consider other innovative measures**

- Explore potential for increased development partners' portfolio (local and international)
- Tap into alternate models of delivery by involving the private sector.



**4. Budget 2020-21: Expenditure Estimates**

**Table 4 – Expenditure Forecast (PKR Millions)**

Budget Head	BE 2019-20	Forecast 2020-21	Change
<b>Total Expenditure</b>	<b>855,000</b>	<b>920,819</b>	<b>8%</b>
<b>Current Expenditure - Settled</b>	<b>447,300</b>	<b>488,949</b>	<b>9%</b>
Provincial Salary	120,971	133,069	10%
District Salary	135,029	148,531	10%
Pension	69,913	69,913	0%
Non-Salary O&M and Contingency	75,506	83,056	10%
District Non Salary	18,209	20,030	10%
Local Councils	5,772	6,349	10%
Subsidy	2,900	2,900	0%
Investment & committed contribution	9,000	9,900	10%
Interest Payments	10,000	15,200	52%
<b>Current Expenditure - NMAs</b>	<b>79,000</b>	<b>86,900</b>	<b>10%</b>
Salary	47,437	52,181	10%
Non Salary	31,563	34,719	10%
<b>Capital Expenditure</b>	<b>9,700</b>	<b>10,670</b>	<b>10%</b>
Domestic Debt		-	
Federal Debt	-	-	
Foreign Debt	9,490	10,439	10%
Initiatives & Others	210	231	10%
<b>Fiscal Space</b>	<b>364,000</b>	<b>393,138</b>	<b>8%</b>
<b>Development Expenditure</b>	<b>319,000</b>	<b>334,300</b>	<b>5%</b>
ADP(Provincial)	108,000	115,000	6%
ADP (NMAs)	24,000	26,400	10%
AIP (NMAs)	59,000	64,900	10%
ADP(Districts)	46,000	46,000	0%
Foreign Project Assistance	82,000	82,000	0%
<b>Surplus /Deficit</b>	<b>45,000</b>	<b>58,838</b>	<b>31%</b>



#### 4a. Department Ceilings

##### i) Settled Districts

**Table 4a – Department Ceilings for Settled Districts (PKR Millions)**

FY 2020-21 BE has been derived by giving budgeted salary a 10% increase and non-salary budgeted/actual by 10%. The Cushion consists of the ADP and any assigned growth.

##### Service Delivery Departments<sup>2</sup>

Department	2019-20 BE	2020-21 BE	Cushion
<b>ELEMENTARY &amp; SECONDARY EDUCATION</b>	<b>132,913</b>	<b>139,027</b>	<b>10,668</b>
<b>Settled</b>	<b>132,913</b>	<b>139,027</b>	
Provincial	17,705	<b>12,415</b>	
Salary	976	<b>1,074</b>	
Non-Salary O&M and Contingency	7,031	<b>673</b>	
ADP (Provincial)	9,698		
District	115,208	<b>126,612</b>	
Salary	110,444	<b>121,488</b>	
Non-Salary O&M and Contingency	4,764	<b>5,124</b>	
<b>HEALTH</b>	<b>85,338</b>	<b>88,289</b>	
<b>Settled</b>	<b>85,338</b>	<b>88,289</b>	
Provincial	64,976	<b>65,976</b>	
Salary	30,343	<b>30,343</b>	
Non-Salary O&M and Contingency	24,630	<b>24,630</b>	
ADP (Provincial)	10,003		
District	20,362	<b>22,313</b>	
Salary	18,695	<b>20,565</b>	
Non-Salary O&M and Contingency	1,666	<b>1,748</b>	
<b>HOME &amp; TRIBAL AFFAIRS, POLICE &amp; JAILS</b>	<b>54,425</b>	<b>57,010</b>	<b>2,059</b>
<b>Settled</b>	<b>54,425</b>	<b>57,010</b>	
Provincial	54,425	<b>57,010</b>	
Salary	43,599	<b>47,959</b>	
Non-Salary O&M and Contingency	8,954	<b>6,992</b>	
ADP (Provincial)	1,872		

<sup>2</sup> Indicative ceilings are subject to established practice of scrutiny by P&D for ADP and Finance Department for Current Budget.



**Integrated Budget Call Circular 2020-21**  
Government of Khyber Pakhtunkhwa

Department	2019-20 BE	2020-21 BE	Cushion
<b>HIGHER EDUCATION, ARCHIVES AND LIBRARIES</b>	<b>19,652</b>	<b>20,818</b>	<b>6,333</b>
<b>Settled</b>	<b>19,652</b>	<b>20,818</b>	
Provincial	19,652	20,818	
Salary	12,315	13,547	
Non-Salary O&M and Contingency	1,580	938	
ADP (Provincial)	5,757		
<b>COMMUNICATION &amp; WORKS</b>	<b>20,156</b>	<b>20,145</b>	<b>13,290</b>
<b>Settled</b>	<b>20,156</b>	<b>20,145</b>	
Provincial	20,156	20,145	
Salary	2,731	3,004	
Non-Salary O&M and Contingency	5,344	3,851	
ADP (Provincial)	12,082		
<b>IRRIGATION</b>	<b>14,138</b>	<b>14,847</b>	<b>10,492</b>
<b>Settled</b>	<b>14,138</b>	<b>14,847</b>	
Provincial	14,138	14,847	
Salary	2,683	2,952	
Non-Salary O&M and Contingency	1,916	1,403	
ADP (Provincial)	9,538		
<b>AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES</b>	<b>11,924</b>	<b>11,853</b>	<b>4,410</b>
<b>Settled</b>	<b>11,924</b>	<b>11,853</b>	
Provincial	8,300	7,866	
Salary	2,622	2,884	
Non-Salary O&M and Contingency	1,478	572	
ADP (Provincial)	4,200		
District	3,624	3,986	
Salary	3,053	3,358	
Non-Salary O&M and Contingency	571	629	
<b>PUBLIC HEALTH ENGINEERING</b>	<b>10,951</b>	<b>11,346</b>	<b>4,179</b>
<b>Settled</b>	<b>10,951</b>	<b>11,346</b>	
Provincial	10,951	11,346	
Salary	3,703	4,074	
Non-Salary O&M and Contingency	3,449	3,093	
ADP (Provincial)	3,799		
<b>LOCAL GOVERNMENT AND RURAL DEVELOPMENT</b>	<b>10,966</b>	<b>10,033</b>	<b>3,541</b>
<b>Settled</b>	<b>10,966</b>	<b>10,033</b>	
Provincial	8,271	7,255	
Salary	165	181	
Non-Salary O&M and Contingency	4,887	3,532	
ADP (Provincial)	3,219		
District	2,695	2,779	
Salary	2,149	2,364	
Non-Salary O&M and Contingency	546	414	



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Department	2019-20 BE	2020-21 BE	Cushion
<b>ADMINISTRATION OF JUSTICE</b>	<b>7,975</b>	<b>8,727</b>	<b>1,144</b>
<b>Settled</b>	<b>7,975</b>	<b>8,727</b>	
Provincial	7,975	8,727	
Salary	5,707	6,277	
Non-Salary O&M and Contingency	1,228	1,306	
ADP (Provincial)	1,040		
<b>ENVIRONMENT &amp; FORESTRY (WILDLIFE)</b>	<b>7,645</b>	<b>8,005</b>	<b>4,332</b>
<b>Settled</b>	<b>7,645</b>	<b>8,005</b>	
Provincial	7,645	8,005	
Salary	2,860	3,146	
Non-Salary O&M and Contingency	659	528	
ADP (Provincial)	4,126		
<b>REVENUE &amp; ESTATE</b>	<b>11,800</b>	<b>7,618</b>	<b>513</b>
<b>Settled</b>	<b>11,800</b>	<b>7,618</b>	
Provincial	1,826	1,553	
Salary	656	722	
Non-Salary O&M and Contingency	681	318	
ADP (Provincial)	489		
District	9,974	6,064	
Salary	4,476	4,924	
Non-Salary O&M and Contingency	5,498	1,141	
<b>SPORTS, CULTURE, TOURISM, ARCHAEOLOGY &amp; MUSEUMS</b>	<b>7,143</b>	<b>7,532</b>	<b>6,498</b>
<b>Settled</b>	<b>7,143</b>	<b>7,532</b>	
Provincial	6,816	7,201	
Salary	413	454	
Non-Salary O&M and Contingency	496	248	
ADP (Provincial)	5,907		
District	327	331	
Salary	232	255	
Non-Salary O&M and Contingency	95	76	
<b>INDUSTRIES, COMMERCE, STATIONERY &amp; PRINTING AND TECHNICAL EDUCATION</b>	<b>4,706</b>	<b>5,157</b>	<b>1,626</b>
<b>Settled</b>	<b>4,706</b>	<b>5,157</b>	
Provincial	4,706	5,157	
Salary	2,352	2,587	
Non-Salary O&M and Contingency	876	944	
ADP (Provincial)	1,478		



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Department	2019-20 BE	2020-21 BE	Cushion
<b>RELIEF REHABILITATION AND SETTLEMENT</b>	<b>10,322</b>	<b>5,057</b>	<b>2,510</b>
<b>Settled</b>	<b>10,322</b>	<b>5,057</b>	
Provincial	10,309	<b>5,044</b>	
Salary	1,788	<b>1,967</b>	
Non-Salary O&M and Contingency	6,239	<b>567</b>	
ADP (Provincial)	2,282		
District	12	<b>13</b>	
Salary	11	<b>12</b>	
Non-Salary O&M and Contingency	2	<b>1</b>	
<b>ZAKAT, USHR, SOCIAL WELFARE, SPECIAL EDUCATION AND WOMEN EMPOWERMENT</b>	<b>3,054</b>	<b>2,749</b>	
<b>Settled</b>	<b>3,054</b>	<b>2,749</b>	
Provincial	1,522	<b>1,191</b>	
Salary	364	<b>401</b>	
Non-Salary O&M and Contingency	770	<b>383</b>	
ADP (Provincial)	388		
District	1,532	<b>1,559</b>	
Salary	1,241	<b>1,365</b>	
Non-Salary O&M and Contingency	291	<b>194</b>	
<b>TRANSPORT &amp; MASS TRANSIT</b>	<b>2,320</b>	<b>2,411</b>	<b>2,071</b>
<b>Settled</b>	<b>2,320</b>	<b>2,411</b>	
Provincial	2,320	<b>2,411</b>	
Salary	263	<b>290</b>	
Non-Salary O&M and Contingency	84	<b>50</b>	
ADP (Provincial)	1,972		
<b>POPULATION WELFARE</b>	<b>2,371</b>	<b>2,161</b>	<b>254</b>
<b>Settled</b>	<b>2,371</b>	<b>2,161</b>	
Provincial	869	<b>549</b>	
Salary	221	<b>244</b>	
Non-Salary O&M and Contingency	405	<b>51</b>	
ADP (Provincial)	242		
District	1,502	<b>1,613</b>	
Salary	1,279	<b>1,407</b>	
Non-Salary O&M and Contingency	223	<b>206</b>	
<b>MINES &amp; MINERAL DEVELOPMENT</b>	<b>1,372</b>	<b>1,337</b>	<b>397</b>
<b>Settled</b>	<b>1,372</b>	<b>1,337</b>	
Provincial	1,372	<b>1,337</b>	
Salary	559	<b>615</b>	
Non-Salary O&M and Contingency	436	<b>325</b>	
ADP (Provincial)	378		



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Department	2019-20 BE	2020-21 BE	Cushion
<b>EXCISE &amp; TAXATION</b>	<b>949</b>	<b>1,034</b>	<b>194</b>
<b>Settled</b>	<b>949</b>	<b>1,034</b>	
Provincial	949	<b>874</b>	
Salary	618	<b>680</b>	
Non-Salary O&M and Contingency	146	<b>161</b>	
ADP (Provincial)	185		
<b>FOOD</b>	<b>953</b>	<b>1,008</b>	<b>404</b>
<b>Settled</b>	<b>953</b>	<b>1,008</b>	
Provincial	953	<b>1,008</b>	
Salary	549	<b>604</b>	
ADP (Provincial)	404		
<b>ENERGY &amp; POWER</b>	<b>965</b>	<b>1,003</b>	<b>853</b>
<b>Settled</b>	<b>965</b>	<b>1,003</b>	
Provincial	965	<b>1,003</b>	
Salary	112	<b>123</b>	
Non-Salary O&M and Contingency	41	<b>26</b>	
ADP (Provincial)	812		
<b>SCIENCE &amp; TECHNOLOGY AND INFORMATION TECHNOLOGY</b>	<b>750</b>	<b>782</b>	<b>670</b>
<b>Settled</b>	<b>750</b>	<b>782</b>	
Provincial	750	<b>782</b>	
Salary	89	<b>98</b>	
Non-Salary O&M and Contingency	23	<b>14</b>	
ADP (Provincial)	638		
<b>AUQAF, HAJJ, RELIGIOUS &amp; MINORITY AFFAIRS</b>	<b>544</b>	<b>574</b>	<b>445</b>
<b>Settled</b>	<b>544</b>	<b>574</b>	
Provincial	544	<b>574</b>	
Salary	42	<b>46</b>	
Non-Salary O&M and Contingency	77	<b>82</b>	
ADP (Provincial)	424		



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<b>Department</b>	<b>2019-20 BE</b>	<b>2020-21 BE</b>	<b>Cushion</b>
<b>INFORMATION AND PUBLIC RELATION</b>	<b>709</b>	<b>539</b>	<b>164</b>
<b>Settled</b>	<b>709</b>	<b>539</b>	
Provincial	709	<b>539</b>	
Salary	257	<b>283</b>	
Non-Salary O&M and Contingency	296	<b>92</b>	
ADP (Provincial)	156		
<b>LABOUR</b>	<b>551</b>	<b>535</b>	<b>61</b>
<b>Settled</b>	<b>551</b>	<b>535</b>	
Provincial	551	<b>535</b>	
Salary	332	<b>365</b>	
Non-Salary O&M and Contingency	160	<b>109</b>	
ADP (Provincial)	58		
<b>HOUSING</b>	<b>353</b>	<b>367</b>	<b>326</b>
<b>Settled</b>	<b>353</b>	<b>367</b>	
Provincial	353	<b>367</b>	
Salary	34	<b>37</b>	
Non-Salary O&M and Contingency	10	<b>4</b>	
ADP (Provincial)	310		
<b>INTER PROVINCIAL COORDINATION</b>	<b>56</b>	<b>50</b>	<b>-</b>
<b>Settled</b>	<b>56</b>	<b>50</b>	
Provincial	56	<b>0</b>	
Salary	43	<b>48</b>	
Non-Salary O&M and Contingency	12	<b>2</b>	



**Administrative Departments<sup>3</sup>**

Department	2019-20 BE	2020-21 BE	Cushion
<b>FINANCE, TREASURIES &amp; LOCAL FUND AUDIT</b>	<b>104,242</b>	<b>103,757</b>	<b>229</b>
<b>Settled</b>	<b>104,242</b>	<b>103,757</b>	
Provincial	104,242	<b>103,757</b>	
Subsidy	3,150	<b>3,342</b>	
Salary	1,296	<b>1,426</b>	
Pension	69,913	69,913	
Non-Salary O&M and Contingency	954	<b>1,050</b>	
Loans & Advances - Account I	210	<b>231</b>	
Investment and Committed Contributions	9,000	<b>9,000</b>	
Interest Payments	10,000	<b>11,000</b>	
Debt Servicing - Account I	9,490	<b>7,566</b>	
ADP (Provincial)	229		
<b>PLANNING &amp; DEVELOPMENT AND BUREAU OF STATISTICS</b>	<b>26,933</b>	<b>26,913</b>	<b>26,314</b>
<b>Settled</b>	<b>26,933</b>	<b>26,913</b>	
Provincial	26,933	<b>26,913</b>	
Salary	469	<b>516</b>	
Non-Salary O&M and Contingency	150	<b>83</b>	
ADP (Provincial)	26,314		
<b>ESTABLISHMENT &amp; ADMINISTRATION</b>	<b>5,930</b>	<b>4,840</b>	<b>-</b>
<b>Settled</b>	<b>5,930</b>	<b>4,840</b>	
Provincial	5,600	<b>4,689</b>	
Salary	3,357	<b>3,693</b>	
Non-Salary O&M and Contingency	2,243	<b>996</b>	
District	330	<b>151</b>	
Salary	104	<b>114</b>	
Non-Salary O&M and Contingency	226	<b>37</b>	

<sup>3</sup> Finance Department's own budget for FY 2020-21 is PKR 2,775 Million.



**ii) Newly Merged Districts**

**Table 4b – Department Ceilings for Newly Merged Districts (PKR Millions)**

Note: These figures for NMAs are exclusive of Accelerated Implementation Programme (AIP) which is estimated to be PKR 59 Billion. Its details have been annexed to this document.



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Department	2019-20 BE	2020-21 BE
<b>ADMINISTRATION OF JUSTICE</b>	<b>890</b>	<b>979</b>
<b>NMAs</b>	<b>890</b>	<b>979</b>
Provincial	890	979
<b>Current</b>	<b>851</b>	<b>936</b>
Salary	563	620
Non-Salary O&M and Contingency	288	317
<b>Development</b>	<b>39</b>	<b>43</b>
ADP (NMAs)	39	43
<b>AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES</b>	<b>2,366</b>	<b>2,602</b>
<b>NMAs</b>	<b>2,366</b>	<b>2,602</b>
Provincial	1,483	1,631
<b>Current</b>	<b>161</b>	<b>177</b>
Salary	140	154
Non-Salary O&M and Contingency	21	23
<b>Development</b>	<b>1,321</b>	<b>1,454</b>
ADP (NMAs)	1,321	1,454
District	883	971
<b>Current</b>	<b>883</b>	<b>971</b>
Salary	872	959
Non-Salary O&M and Contingency	11	12
<b>AUQAF, HAJJ, RELIGIOUS &amp; MINORITY AFFAIRS</b>	<b>20</b>	<b>22</b>
<b>NMAs</b>	<b>20</b>	<b>22</b>
Provincial	20	22
<b>Development</b>	<b>20</b>	<b>22</b>
ADP (NMAs)	20	22
<b>COMMUNICATION &amp; WORKS</b>	<b>7,148</b>	<b>7,863</b>
<b>NMAs</b>	<b>7,148</b>	<b>7,863</b>
Provincial	7,148	7,863
<b>Current</b>	<b>1,484</b>	<b>1,633</b>
Salary	1,140	1,254
Non-Salary O&M and Contingency	344	379
<b>Development</b>	<b>5,664</b>	<b>6,230</b>
ADP (NMAs)	5,664	6,230
<b>ELEMENTARY &amp; SECONDARY EDUCATION</b>	<b>21,504</b>	<b>23,654</b>
<b>NMAs</b>	<b>21,504</b>	<b>23,654</b>
Provincial	3,776	4,153
<b>Current</b>	<b>90</b>	<b>99</b>
Salary	82	90
Non-Salary O&M and Contingency	8	9
<b>Development</b>	<b>3,685</b>	<b>4,054</b>
ADP (NMAs)	3,685	4,054
District	17,728	19,501
<b>Current</b>	<b>17,728</b>	<b>19,501</b>
Salary	17,583	19,341
Non-Salary O&M and Contingency	145	160



Department	2019-20 BE	2020-21 BE
<b>ENERGY &amp; POWER</b>	<b>535</b>	<b>588</b>
<b>NMAs</b>	<b>535</b>	<b>588</b>
Provincial	535	588
<b>Development</b>	<b>535</b>	588
ADP (NMAs)	535	588
<b>ENVIRONMENT &amp; FORESTRY (WILDLIFE)</b>	<b>1,214</b>	<b>1,335</b>
<b>NMAs</b>	<b>1,214</b>	<b>1,335</b>
Provincial	1,214	1,335
<b>Current</b>	<b>339</b>	<b>373</b>
Salary	316	348
Non-Salary O&M and Contingency	22	25
<b>Development</b>	<b>875</b>	<b>963</b>
ADP (NMAs)	875	963
<b>ESTABLISHMENT &amp; ADMINISTRATION</b>	<b>549</b>	<b>604</b>
<b>NMAs</b>	<b>549</b>	<b>604</b>
Provincial	549	604
<b>Current</b>	<b>549</b>	<b>604</b>
Salary	198	218
Non-Salary O&M and Contingency	351	386
<b>EXCISE &amp; TAXATION</b>	<b>10</b>	<b>11</b>
<b>NMAs</b>	<b>10</b>	<b>11</b>
Provincial	10	11
<b>Development</b>	<b>10</b>	<b>11</b>
ADP (NMAs)	10	11
<b>FINANCE, TREASURIES &amp; LOCAL FUND AUDIT</b>	<b>9,140</b>	<b>10,054</b>
<b>NMAs</b>	<b>9,140</b>	<b>10,054</b>
Provincial	9,140	10,054
<b>Current</b>	<b>9,130</b>	<b>10,043</b>
Salary	132	145
Non-Salary O&M and Contingency	8,998	9,898
<b>Development</b>	<b>10</b>	<b>11</b>
ADP (NMAs)	10	11
<b>FOOD</b>	<b>20</b>	<b>22</b>
<b>NMAs</b>	<b>20</b>	<b>22</b>
Provincial	20	22
<b>Development</b>	<b>20</b>	<b>22</b>
ADP (NMAs)	20	22



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<b>Department</b>	<b>2019-20 BE</b>	<b>2020-21 BE</b>
<b>HEALTH</b>	<b>8,493</b>	<b>9,343</b>
<b>NMAs</b>	<b>8,493</b>	<b>9,343</b>
Provincial	3,292	3,621
<b>Current</b>	<b>1,533</b>	<b>1,687</b>
Salary	1,437	1,580
Non-Salary O&M and Contingency	97	106
<b>Development</b>	<b>1,758</b>	<b>1,934</b>
ADP (NMAs)	1,758	1,934
District	5,202	5,722
<b>Current</b>	<b>5,202</b>	<b>5,722</b>
Salary	4,949	5,444
Non-Salary O&M and Contingency	252	278
<b>HIGHER EDUCATION, ARCHIVES AND LIBRARIES</b>	<b>2,650</b>	<b>2,915</b>
<b>NMAs</b>	<b>2,650</b>	<b>2,915</b>
Provincial	2,650	2,915
<b>Current</b>	<b>2,101</b>	<b>2,311</b>
Salary	2,053	2,259
Non-Salary O&M and Contingency	48	52
<b>Development</b>	<b>549</b>	<b>604</b>
ADP (NMAs)	549	604
<b>HOME &amp; TRIBAL AFFAIRS, POLICE &amp; JAILS</b>	<b>17,055</b>	<b>18,761</b>
<b>NMAs</b>	<b>17,055</b>	<b>18,761</b>
Provincial	17,055	18,761
<b>Current</b>	<b>16,957</b>	<b>18,653</b>
Salary	15,626	17,189
Non-Salary O&M and Contingency	1,331	1,464
<b>Development</b>	<b>98</b>	<b>108</b>
ADP (NMAs)	98	108
<b>INDUSTRIES, COMMERCE, STATIONERY &amp; PRINTING AND TECHNICAL</b>	<b>253</b>	<b>279</b>
<b>NMAs</b>	<b>253</b>	<b>279</b>
Provincial	253	279
<b>Current</b>	<b>196</b>	<b>216</b>
Salary	180	198
Non-Salary O&M and Contingency	16	18
<b>Development</b>	<b>57</b>	<b>63</b>
ADP (NMAs)	57	63
<b>INFORMATION AND PUBLIC RELATION</b>	<b>10</b>	<b>11</b>
<b>NMAs</b>	<b>10</b>	<b>11</b>
Provincial	10	11
<b>Development</b>	<b>10</b>	<b>11</b>
ADP (NMAs)	10	11
<b>IRRIGATION</b>	<b>1,450</b>	<b>1,595</b>
<b>NMAs</b>	<b>1,450</b>	<b>1,595</b>
Provincial	1,450	1,595
<b>Current</b>	<b>149</b>	<b>164</b>
Salary	140	154
Non-Salary O&M and Contingency	9	10
<b>Development</b>	<b>1,301</b>	<b>1,431</b>
ADP (NMAs)	1,301	1,431



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Department	2019-20 BE	2020-21 BE
<b>LABOUR</b>	<b>5</b>	<b>5</b>
<b>NMAs</b>	<b>5</b>	<b>5</b>
Provincial	5	5
<b>Development</b>	<b>5</b>	<b>5</b>
ADP (NMAs)	5	5
<b>LOCAL GOVERNMENT AND RURAL DEVELOPMENT</b>	<b>4,013</b>	<b>4,414</b>
<b>NMAs</b>	<b>4,013</b>	<b>4,414</b>
Provincial	3,898	4,288
<b>Current</b>	<b>187</b>	<b>206</b>
Salary	160	176
Non-Salary O&M and Contingency	27	30
<b>Development</b>	<b>3,711</b>	<b>4,082</b>
ADP (NMAs)	3,711	4,082
District	115	126
<b>Current</b>	<b>115</b>	<b>126</b>
Salary	106	117
Non-Salary O&M and Contingency	9	9
<b>MINES &amp; MINERAL DEVELOPMENT</b>	<b>77</b>	<b>85</b>
<b>NMAs</b>	<b>77</b>	<b>85</b>
Provincial	77	85
<b>Current</b>	<b>57</b>	<b>63</b>
Salary	54	60
Non-Salary O&M and Contingency	3	3
<b>Development</b>	<b>20</b>	<b>22</b>
ADP (NMAs)	20	22
<b>PLANNING &amp; DEVELOPMENT AND BUREAU OF STATISTICS</b>	<b>2,047</b>	<b>2,251</b>
<b>NMAs</b>	<b>2,047</b>	<b>2,251</b>
Provincial	2,047	2,251
<b>Current</b>	<b>62</b>	<b>68</b>
Salary	51	56
Non-Salary O&M and Contingency	11	12
<b>Development</b>	<b>1,985</b>	<b>2,183</b>
ADP (NMAs)	1,985	2,183
<b>POPULATION WELFARE</b>	<b>5</b>	<b>5</b>
<b>NMAs</b>	<b>5</b>	<b>5</b>
Provincial	5	5
<b>Current</b>		0
Salary		0
Non-Salary O&M and Contingency		0
<b>Development</b>	<b>5</b>	<b>5</b>
ADP (NMAs)	5	5
<b>PUBLIC HEALTH ENGINEERING</b>	<b>2,005</b>	<b>2,206</b>
<b>NMAs</b>	<b>2,005</b>	<b>2,206</b>
Provincial	2,005	2,206
<b>Current</b>	<b>975</b>	<b>1,073</b>
Salary	580	638
Non-Salary O&M and Contingency	396	435
<b>Development</b>	<b>1,030</b>	<b>1,133</b>
ADP (NMAs)	1,030	1,133



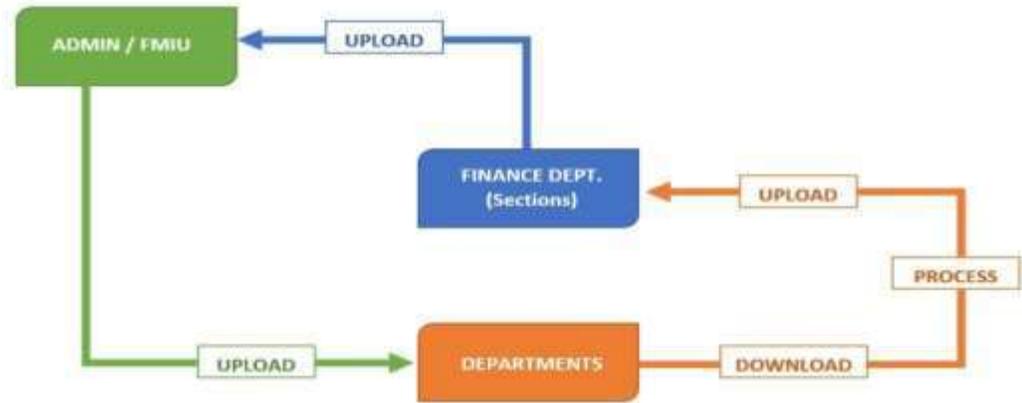
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Government of Khyber Pakhtunkhwa

<b>Department</b>	<b>2019-20 BE</b>	<b>2020-21 BE</b>
<b>RELIEF REHABILITATION AND SETTLEMENT</b>	<b>17,191</b>	<b>18,910</b>
<b>NMAs</b>	<b>17,191</b>	<b>18,910</b>
Provincial	17,191	18,910
<b>Current</b>	<b>17,107</b>	<b>18,818</b>
Salary	90	99
Non-Salary O&M and Contingency	17,018	18,720
<b>Development</b>	<b>84</b>	<b>92</b>
ADP (NMAs)	84	92
<b>REVENUE &amp; ESTATE</b>	<b>3,251</b>	<b>3,576</b>
<b>NMAs</b>	<b>3,251</b>	<b>3,576</b>
Provincial	13	14
<b>Current</b>	<b>3</b>	<b>3</b>
Salary		0
Non-Salary O&M and Contingency	3	3
<b>Development</b>	<b>10</b>	<b>11</b>
ADP (NMAs)	10	11
District	3,238	3,562
<b>Current</b>	<b>3,238</b>	<b>3,562</b>
Salary	851	936
Non-Salary O&M and Contingency	2,387	2,626
<b>SCIENCE &amp; TECHNOLOGY AND INFORMATION TECHNOLOGY</b>	<b>20</b>	<b>22</b>
<b>NMAs</b>	<b>20</b>	<b>22</b>
Provincial	20	22
<b>Development</b>	<b>20</b>	<b>22</b>
ADP (NMAs)	20	22
<b>SPORTS, CULTURE, TOURISM, ARCHAEOLOGY &amp; MUSEUMS</b>	<b>759</b>	<b>835</b>
<b>NMAs</b>	<b>759</b>	<b>835</b>
Provincial	752	827
<b>Current</b>	<b>13</b>	<b>14</b>
Salary	12	13
Non-Salary O&M and Contingency	1	1
<b>Development</b>	<b>739</b>	<b>813</b>
ADP (NMAs)	739	813
District	7	8
<b>Current</b>	<b>7</b>	<b>8</b>
Salary	7	8
<b>TRANSPORT &amp; MASS TRANSIT</b>	<b>177</b>	<b>194</b>
<b>NMAs</b>	<b>177</b>	<b>194</b>
Provincial	177	194
<b>Development</b>	<b>177</b>	<b>194</b>
ADP (NMAs)	177	194
<b>ZAKAT, USHR, SOCIAL WELFARE, SPECIAL EDUCATION AND WOMEN</b>	<b>394</b>	<b>434</b>
<b>NMAs</b>	<b>394</b>	<b>434</b>
Provincial	299	328
<b>Current</b>	<b>36</b>	<b>39</b>
Salary	29	32
Non-Salary O&M and Contingency	7	8
<b>Development</b>	<b>263</b>	<b>289</b>
ADP (NMAs)	263	289
District	96	105
<b>Current</b>	<b>96</b>	<b>105</b>
Salary	68	75
Non-Salary O&M and Contingency	28	30



## 5. Budget Strategy 2020-21

- In order to streamline the budget making process, this time an “Integrated Budget Call Circular” (IBCC) is being issued which includes the Budget Call Circular, Current and ADP Guidelines, as well as the budget calendar and forms. These were previously released separately leading to delays and discontinuity. The IBCC will be a single document that will serve as a complete guide for departments. The point of this is to make the budget planning more coherent by releasing all required information at once to aid adequate planning.
- The role of departments and ministers has been enhanced. This is done by involving them early in the budget process. In this regard, additional fiscal space has been made available to departments that may be considered as an upfront financial cushion that the department can utilize at its discretion. They are to use their own judgment to decide where additional funds may be needed. For instance, new interventions may be decided on the current or development side. They may consolidate their portfolios or create SNEs based on their own needs. Thus, for budget 2020-21 each department shall be conveyed their budget ceilings along with one amount mentioning the fiscal space. The estimates have been derived by raising the budgeted salary by 10% and the budgeted/actual non-salary expenditure by 10%. In these estimates, allocation for salary component (for all sanctioned posts) shall be protected by the department while non-salary is indicative. The additional space may be used by the department for their own priorities but is expected to form most of the development budget portfolio. This availability of financial cushion aligns departmental priorities with the budget making process hence request for supplementary grants, during the year, may be discouraged.
- In order to maximize efficiency and facilitate Administrative Departments, Finance Department has established an online interface for each Department (<http://www.finance.gkp.pk/manage/app/account/login>) to ease the Departmental budget making processes. This features processing of budget forms, data and inter/intra Departmental communication electronically as per the following process flow diagram. This interface offers distinct access credentials for each Department to the formal web portal of KP Finance Department. Pertinent data of each respective Department including pre-filled budget data forms and budgetary ceilings along with guidelines is accessible through this interface and is aimed to facilitate the Department in the review and finalization of their budget estimates for FY 2020/21.
- Each Department needs to download these forms and fill in the required fields through further assignment within the Department. Once approved by the Principal Accounting Officer, departmental budget on prescribed forms is to be uploaded by the Administrative Department for further review and consolidation by Finance Department.
- Training in this regard will be imparted to the concerned resources of Administrative Departments as per schedule mentioned in the budget calendar. Furthermore, training manual is also available on the same interface against the credential of each Administrative Department.



**Process Flow Diagram**

- The Administrative Department shall submit their Revised Estimates 2019-20 through their Interface, however, Budget Estimates 2020-21 for salary component of current budget is to be facilitated by Finance Department through the Government Financial Management Information System. Nevertheless, each Administrative Department is to fill in the HR Forms downloaded through their interfaces for providing proposal for creation of new positions, detail of vacancies and identifying discrepancies, if any, in the sanctioned posts with full justification and upload the same to Finance Department through their interface.
- The indicative ceilings under salary component may help Administrative Departments for their internal review and compilation of details for deliberations with Finance Department.
- Each Administrative Department has to authenticate the Revised Estimates and Budget Estimates as finalized through Government Financial Management Information System, after a thorough review and collaboration with relevant budget section in Finance Department as per the schedule prescribed in budget calendar.



## **6. Budget Steering Committee**

A Budget Steering Committee has been constituted to steer the budget making process for FY 2020-21.

- The Budget Steering Committee shall be chaired by Minister Finance with ACS (P&D) and Secretary Finance as its members.
- Departments shall take their budget proposals to this committee that shall analyze these proposals on a case-to-case basis.
- The committee shall also take into account district and sectoral planning exercises undertaken by the finance department/ P&D Department.
- The committee may ask for evidence to support the department's request for additional budget
- In this regard a notification has already been issued and has been annexed to this document



## **Current Budget Guidelines**



## **7. Guidelines for Indicative Budget Ceilings**

- 1.1. Finance Department as part of the annual budget cycle is triggering the budget preparation process through this Integrated Budget Call Circular (IBCC). This serves as a key instrument to plan budgetary priorities, in terms of both revenue and expenditure until 2022-23. Indicative financial limits for all sectors and the total space for development and strategic spending (or “financial cushion”) are major outcomes of this process.
- 1.2. Indicative budgetary ceilings for the next 3 years (2020-23) are being circulated to all Administrative Departments. Enhanced predictability on the extent and likely availability of funds through communication of these ceilings should result in improved planning and accountability at the department level, and align this process better with available fiscal space.
- 1.3. The 3-year budgetary model will be maintained by the Finance Department as a live model, and updated twice a year, based on available revenue and expenditure data; to ensure that budget management is optimized in line with available resources.
- 1.4. The “financial cushion” communicated is the maximum space available for development; but in the true spirit of integrated budgeting, represents the potential extra space available for current and/or development expenditure for the department; including both devolved and non-devolved entities, based on departmental needs. As current budget allocation to district governments are made under the PFC award, the Administrative Departments need to consider that budget estimates of devolved entities will be reviewed and consolidated by the Finance Department so that it remains in line with the PFC Award. Similarly, ‘cushions’ do not include District ADP as that will be distributed under the PFC award formula.
- 1.5. Further guidance notes on indicative budgetary ceilings and the financial cushion:
  - Ceilings do not be expected to be released upfront to the Departments. It means that the amount committed to the department will not change, bringing the element of predictability in fund management.
  - The development budget needs to be set in line with the ADP Policy 2019 – 2023 approved by the cabinet, and the ADP Guidelines contained in a separate section of this document.
  - Departments in receipt of, or envisaging the receipt of Grants / Foreign Project Assistance from any source other than the Provincial Consolidated Fund during any of the three years 2020-23 shall realistically and accurately finalize their respective ceilings, in consultation with Planning & Development, and Finance Departments.



## 1.6. Achieving economies in Current Expenditure

- 1.6.1. Every department is expected to come up with and execute measures to reduce unnecessary current expenditure, and ensure strict compliance with economy measures as outlined by the Finance Department from time to time.
- 1.6.2. New proposals on current expenditure should be able to demonstrate value-for-money, impact on service delivery, and adherence to the policy of government, and proposals for additional expenditure should only be made if the same impact cannot be achieved through current available resources. Any such rise in current expenditure that is not inevitable (such as annual increments) will require full justification, which must be readily available along with proposed estimates.
- 1.6.3. Concerned Departments may be required or ask to present such additional demands to the Budget Steering Committee.

## 1.7. Broad Provisions for Re-Appropriation & Revised Budget Estimates

- 1.7.1. Re-appropriations in the developmental budget by administrative departments as well as the P&D Department should be avoided after reconciliation meetings to the extent possible.
- 1.7.2. All non-devolved departments shall submit their respective **Budget Estimates 2020-21** and **Revised Estimates 2019-20** at spending DDO level. Each department is responsible for the finalization / submission of consolidated budget / revised estimates for respective budget grants.
- 1.7.3. The preparation of Revised Estimates 2019-20 has to precede the framing of Budget Estimates 2020-21. The following factors should be considered while preparing the Revised Estimates:
  - Actual expenditure as a % of budget expenditure for the previous three years.
  - Organic growth in actual expenditure year-on-year.
  - Actuals of the first 5 months for the current financial year i.e. 2019-20, vs. the budget, and vs. the same period of the previous year.
  - Spend in the last 7 months of the preceding financial year i.e. 2018-19 to show cyclicity of spend.
  - Any other relevant factors.
  - Detailed reasons for variations.
  - Orders issued or proposed to be issued regarding:
    - Appropriation or re-appropriation within the sanctioned grant.
    - Surrenders already made or likely to be made.
- 1.7.4. The Revised Estimates 2019-20 should be furnished to the Finance Department indicating the breakup of the *Excess and Surrenders* or *Re-appropriation, From and To*, as well as *Supplementary*, so as to reflect the same in the release advises for Revised Estimates.
- 1.7.5. Budget Estimates 2020-21 shall be prepared at the level of spending DDO both in the case of **Current / Development Expenditure and Estimates of Receipts**.
- 1.7.6. Administrative departments are required to finalize and submit their Budget Estimates 2020-21 by carrying out a detailed exercise in order to assess their needs for the next financial year. Please identify all potential new expenditure to avoid seeking supplementary or additional grants at the very onset of the financial year 2020-21.
- 1.7.7. The finance portal <http://www.finance.gkp.pk/infodesk/budget-call-circular> contains department-wise forms to aid departments in this process.



**1.7.8.** While submitting **SNE (Fresh) proposals<sup>4</sup>** for completed developmental schemes on their transfer to the current budget, the following information must be furnished by administrative departments, to ensure timely and logical decision-making:

- Administrative Approval (AA)
- PC-IV
- Handing / Taking Over Certificate
- Inspection report from DO (F&P) concerned
- Mutation Deed and in the case of non-settled district, Transfer deed on judicial stamp, duly registered
- Site Plan
- Electrification Certificate
- Sanction / Up-gradation orders of Schools etc.
- BM.9 / Explanatory Memo
- Certificate in place of PC. IV

- i) However, in case of 75% completed developmental schemes, in addition to above mentioned documents, a certificate countersigned by Heads of concerned executing Department shall also be required, certifying the expected completion within the remaining period of financial year. On completion of such scheme the Department concerned shall provide PC. IV to Finance Department. The demands for creation of additional posts shall be accompanied with previous sanction order of Finance Department with full justification based on HR plan.
- ii) Any other creation of SNEs may also be considered out of additional fiscal space for the department, however apart from the required documents, a presentation may be required to the budget prioritization committee, or the opinion of the administration department may be sought if deemed necessary. The prime focus while requesting new SNEs shall be to improve service delivery through technical / managerial human resources. The creation of SNEs for unnecessary support or administrative staff will be discouraged. Departments may also carry out an exercise to revise their yardstick for SNEs to make them leaner and more service delivery focused; such attempts that can demonstrate value-for-money and potential impact will be encouraged. The viable outsourcing of support functions as an option will also be encouraged.
- iii) Any request for new SNEs during the year may be moved by an administrative department however, any such SNE even if created shall take effect from following financial year unless urgent, and be subject to fiscal space available.

**1.7.9. Schedule for New Expenditure (Continued):** The budgetary allocations for development schemes transferred to current budget will be kept temporarily in the **Schedule of New Expenditure** (i.e. SNE-Continued), being exclusively temporary in nature and is contingent upon specific approval of the competent authority. Such temporary schemes will be merged into regular budget after due scrutiny and approval of the sanctioning authority in accordance with relevant rules and policy instructions.

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<sup>4</sup> Note: Creation of SNEs as a result of development projects completion shall be first charged to the additional fiscal space defined.



### **1.8. Current Expenditure- Non-Salary Budget/ Revised Estimates**

- 1.8.1. The distribution of the non-salary budget shall be the prerogative of the administrative department, subject to any reasonable challenge by the Finance Department. Indicative ceilings given are based on last year actuals, and for understanding only. Departments are encouraged to analyse and reduce unnecessary non-salary expenditure; if they do so, they can choose to divert these resources to the development budget, or to increase human resource availability that is impact / service delivery focused. Departments are also encouraged to use the right proportion of their financial cushion to actually increase their non-salary budget if it improves service delivery (e.g. the building of classrooms, O&M spend to maintain road infrastructure, the procurement of medicine are all examples of how non-salary spend may actually take priority over the creation of new infrastructure).
- 1.8.2. Indicative ceilings for non-salary expenditure provide executive flexibility to administrative departments to align their budget with overall sectoral policy objectives. Such intra-departmental of resources should be made top-down (i.e. from Principal Accounting Officer to the Controlling Officers/Heads of Attached Departments and from them to the DDOs).
- 1.8.3. Items of expenditure necessitating procurements and / or repairs & maintenance must be supported by elaborate procurement plans in spirit of KP-PRA Act, 2012 and KP-PRA Rules, 2014. Departments' proposed Revised / Budget Estimates without supporting procurement plan may not be entertained by the Finance Department. Furthermore, KP-PRA in collaboration with PMRU may carry out efforts to ensure that administrative departments upload their annual procurement plans within prescribed time as per requirement of KP-PRA rules. In case of non-compliance the Finance Department may withhold releases of non-salary expenditure in respect of non-complaint departments.
- 1.8.4. Each administrative department is required to upload its consolidated non-salary budget / revised estimates on prescribed format available on the interface of each Department within the stipulated time period as per budget calendar.

### **1.9. Estimates of Receipts**

- 1.9.1. All Revenue Collecting Departments will assess and propose their revenue targets for the next three years (2020-23) on the basis of revenue potential under each head of account. Targets will be aligned with the policy of government, and in revenue generating departments, an incremental approach without sound justification will be discouraged.
- 1.9.2. The Provincial Tax Enforcement Departments are required to duly consider revenue arrears and potential of each tax while formulating forecasts / targets for the period 2020-23. Annual targets are to be furnished on prescribed format duly supported by a statement depicting the spread of annual targets around 12 months.
- 1.9.3. Each Administrative Department is required to upload its consolidated revenue receipts budget / revised estimates on prescribed form available on their respective interfaces within the stipulated time period as per budget calendar.

### **1.10. Development Expenditure**

- 1.10.1. The development expenditure is expected to be derived from the financial cushion communicated. While it is encouraged that the entirety of the financial cushion forms the development budget, departments can determine in what ratio they would like to split this into development expenditure and current expenditure based on improving service delivery needs, if justified.
- 1.10.2. Each administrative department and P&D Department is required to capture the spread of throw-forward at least for three outer years. This is a requirement under medium term planning and budgeting framework and needs adherence.



## **ADP Guidelines**



## **8. Guidelines for Annual Development Plan**

### **8.1 Overarching Development Policy Framework**

- 8.1.1 The ADP Policy (2019-23) of the Government of Khyber Pakhtunkhwa, approved by the provincial cabinet, will serve as the fundamental policy framework for the formulation of the Annual Development Programme (ADP), that needs to be adhered to by all departments.
- 8.1.2 PC1 Development will not be contingent on project approval; the aim of the budget is to make sure that as many projects in the ADP as possible have a completed and approved PC-1, so that spending in the financial year can pick up as quickly as possible.
- 8.1.3 The ADP must be made considering a number of factors, including:
- Projects due for completion by the end of financial year 2020-21 or proposed projects overall and sectoral policy choices;
  - the overall financial outlay available;
  - the need to maximize economic growth and development for the province;
  - the need to maximize public impact;
  - the goal of improving service delivery and infrastructure;
  - the goal of eradicating poverty, the need to address the development lag of specific areas;
  - the population and resource contribution of specific areas;
  - a consideration of past investments made, and future investments planned;
  - investments made through other budgetary instruments (e.g. current budget or the PSDP);
  - measures for addressing duplications; and the need to invest in each part of the province, while ensuring value for money (VFM). Naturally, in considering such many factors, a key element of making the ADP is the need to make policy and investment choices and trade-offs.

### **8.2 ADP Formulation Parameters**

#### **Identification and scrutiny of new development schemes:**

- 8.2.1 Any individual or the office can float a viable proposal of new development scheme to be included in ADP. However, this should not be a constituency specific proposal benefiting individual's interests rather it should have alignment with the spirit of ADP Policy, Sectoral Plans & Policies, SDGs, specific needs and serve the principles of value for money.
- 8.2.2 Each department shall constitute an appropriate Scrutiny Committee at the department level for initial scrutiny of proposals. Committee so constituted shall examine each proposal on merit base, giving due regard to above referred policy guidelines. The composition of the committee must include the relevant development professionals in the Department.
- 8.2.3 The scrutinized proposals shall be forwarded to P&D Department along with explicit recommendations in the form of concept note or PC-I.
- 8.2.4 P&D Department, being custodian of the Development Plans will have the responsibility to scrutinize the recommendations of administrative departments and finalize inclusion of projects in the ADP in consultation with Minister P&D.
- 8.2.5 Preference may be given to such viable projects which can be executed through Public Private Partnership mode so that extent of development resource mobilization can be maximized.



- 8.2.6 Although choice and location of PSDP and foreign aided development schemes largely rest with the investing agency, however, attempts shall be made to align the priorities of the investors to the principles enumerated in these guidelines.

### **8.3 Scrutiny Committee at P&D Department**

- 8.3.1 P&D Department, within due course of time will notify the Scrutiny Committee, with the approval of Chief Minister. This Committee shall be headed by Minister P&D Department. The Committee may also comprise a couple of cabinet members, ACS (P&D), concerned administrative Secretary and any other co-opted members as deemed fit.
- 8.3.2 The schemes considered suitable for inclusion in Provincial ADP by the administrative departments shall be consolidated and submitted to this Committee for review. This Committee will examine the schemes according to the policy guidelines issued by the P&D Department and consider their inclusion into ADP subject to resource envelope of the provincial Government.

### **8.4 ADP Rationalization imperatives**

Each department is required to conduct or review its rationalization efforts, keeping in view the ultimate objective of maintaining the throw-forward within four years. The departments shall provide details as per **Annex-III**, detailing:

- Projects that must be funded.
- Projects where scope can be reduced.
- Projects which can be set aside (for example, in case of schools/colleges construction of new buildings can be dispensed with and service delivery continued from a rented building)
- Projects that need to be dropped.
- The department will be required to give detailed justification for putting any schemes under the above categories.

### **8.5 Exact classification of expenditure**

- 8.5.1 Projects of recurring nature (e.g. provision of textbooks, or medicines) may be dropped and re-classified as current expenditure.
- 8.5.2 Each department/sector is required to submit proposed ADP including mission statement with vision and goals to be achieved in the next 2-3 years. Sector briefs shall also contain reference to OBB parameters, clearly identifying strategic objectives and targets, proposed to be achieved through ADP 2020-21 for each department/sector/sub-sector.
- 8.5.3 Proposed interventions under ADP 2020-21 must be arranged by assigning clear and logical prioritization, facilitating re-adjustments and course correction during the year, in accordance with resource situation and with clear reference to ADP Policy.
- 8.5.4 The overall size of budgeted program for development may be equal to the financial cushion for 2019-20. However, departments may choose to spend part of the cushion on their current side or SNEs as it considers appropriate.
- 8.5.5 In case of foreign aided projects, foreign aid and counterpart local fund provision/allocation shall be determined in prior consultation with the Foreign Aid Section of P&D Department.
- 8.5.6 Departmental ADP proposals should be worked out on net basis and information be supplied on the proforma at Annex-I. All figures in relevant columns of the proforma are to be indicated in million Rupees.



## **8.6 Process of allocation of funds**

- 8.6.1 Details of ADP will be provided as per prescribed Proformas. The priority for allocation of funds should be as follows:
- Strategic projects at a provincial level, based on the district or sectoral planning exercises, and an in-year ADP review exercise will have the first right to be funded.
  - Counterpart funds for foreign aided projects as per commitment should be given highest priority.
  - Maximum allocation should be provided to on-going projects that are at fairly advanced stage of implementation.
- 8.6.2 Full funding should be allocated to projects that are due for completion (DFC) in 2020-21 and those projects which have more potential for service delivery impact, and which can be completed during 2010-21 subject to sufficient allocation.
- 8.6.3 Projects dealing with emergencies, such as flood relief, rehabilitation etc. may be prioritized.
- 8.6.4 Departments dealing with social sector may focus on consolidation and improving service delivery activities instead of expansion.

## **8.7 Special Development Programs**

- 8.7.1 A special development programs (SDP) may be included in the ADP. Such SDP may have their own guidelines for implementation outlining the objectives and principles of interventions. The funds may be released in line with the guidelines issued thereof.
- 8.7.2 Ineligible schemes
- No scheme with 'R' Status will be included.
  - No scheme with Block Provision will be included.
  - No. umbrella scheme will be included. However existing schemes shall be continued and brought to completion by the end of financial year 2020-21 as they have already been approved by the Cabinet, Provincial Assembly and public monies have already been spent thereupon.

## **8.8 New Projects**

- 8.8.1 As a policy, projects with PC. I shall be made a priority.
- 8.8.2 Allocations for the individual projects should be decided on the basis of past performance and the phasing set out in the PC-I/PC-II.
- 8.8.3 The Cost Estimation of the new schemes proposed for inclusion in the ADP 2020-21 should be based on rational calculation, cost escalation and market rates analysis, because any scheme whose cost would exceed by 15% of the ADP cost would require approval of the competent authority.
- 8.8.4 Project life should be kept at minimum possible subject to funding availability. Projection for 2020-2021, 2021-22 and 2022-23 may be worked out with due care on the proforma at Annex-II.
- 8.8.5 The departments should prepare draft ADPs based on one of the three scenarios:
- 70% of total allocation for Ongoing schemes and 30% of total allocation for New Schemes;
  - 80% of total allocation for Ongoing schemes and 20% of total allocation for New Schemes;
  - 90% of total allocation for Ongoing schemes and 10% of total allocation for New Schemes



### **8.9 Carry Forward of Unapproved Schemes**

8.9.1 All unapproved projects by 30th June 2020 shall be treated as new schemes and their inclusion in next ADP 2020-21 shall require fresh justification of inclusion as well as reasons due to which same could not be approved in the current financial year.

### **8.10 Areas of Preferred Spending:**

8.10.1 Special attention may be given to new initiatives/programs of the Government with emphasis on pro-poor growth, poverty alleviation, SDGs attainment and creation of productive assets. For doing so, essentially this shall not translate into just building new civil structures rather focus shall be on improving service delivery.

8.10.2 The concerned line Departments (Health, Education, Agriculture, Food, Social Welfare, Local Government, Public Health Engineering and Industries) may look into the possibility for inclusion of nutrition sensitive and specific projects. Proposed projects shall be in line with Khyber Pakhtunkhwa Multi Sectoral Integrated Nutrition Strategy.

### **8.11 Foreign Aided and PSDP Projects**

8.11.1 In case of foreign aided projects, both Foreign Aid and counterpart local fund provision/allocation shall be determined in prior consultation with the Foreign Aid Section of P&DD.

8.11.2 Counterpart funding for the projects co-financed with Federal Government be phased out in consultation with the PSDP and F/Aid Sections of P&DD.

### **8.12 PPP Projects**

In order to show commitment of provincial government towards PPP projects, ADP 2020-21 may have a separate section for such PPP Projects on the analogy that foreign aided projects, indicative shares of KP government and foreign development partners are mentioned. The section may include list of such potential PPP projects indicating share of provincial as well as share of private partners for execution of these PPP projects.

### **Optimum Utilization of PPP Mode**

8.12.1 Departments shall explore prospects of optimum exploitation of Public Private Partnership Mode.

8.12.2 Projects having viability and potential of mutual benefits for the public and private sectors may be proposed for inclusion in the ADP.

8.12.3 Priority should be given to the projects having potential of enhanced economic benefits, jobs creation and social development.

### **8.13 Preference for Consolidation versus Expansion**

8.13.1 Education & Health Departments shall make every effort to ensure consolidation and improvement in services delivery projects for enhancing efficiency and effectiveness.

8.13.2 The departments dealing with social sector service delivery may prefer spending less on building civil infrastructure. The alternate arrangements such as renting buildings may also be



explored. This shall not only help in reducing overall cost of schemes but also help in reducing gestation period of schemes.

#### **8.14 Use of Information and Communication Technology (ICT)**

- 8.14.1 To move from traditional to modern and futuristic tools for development, the departments shall come up with special projects as below:
- i. Innovative and out of the box ideas, especially the use of ICT and modern technological tools.
  - ii. The projects having a revenue generating potential.

#### **8.15 ADP/AIP for Merged Areas**

- 8.15.1 Development spending in the Newly Merged Tribal Districts will be given special priority, given the need to accelerate development spending within these areas.
- 8.15.2 Development spending in merged districts will be done through the Merged Areas ADP and the Accelerated Implementation Programme (AIP).
- 8.15.3 The Merged Areas ADP shall also be administered in line with the principles for the ADP for the rest of the province.
- 8.15.4 The Merged Areas AIP shall be administered in line with the principles identified in AIP policy.
- 8.15.5 The AIP shall be used to fund any investments deemed a priority for the development of the merged areas. In line with TDS strategy these projects would include social sector projects and projects having the capacity and potential of spurring economic development and growth. Other potential projects would include investments in areas typically funded by the federal government such as power infrastructure, dams etc.
- 8.15.6 Quick impact projects identified and included in Accelerated Implementation Plan (AIP) may be given priority.
- 8.15.7 Efforts shall be made to consolidate the ongoing projects of ADP and funding continued for all the ongoing projects.
- 8.15.8 All funding earmarked for the merged areas will be ring-fenced. It would not be spent anywhere else in the province including any bridge financing arrangements.

#### **8.16 Use of DPMS:**

The Departments are required to feed the proposed ADP in the software called DPMS (Development Projects Management System) and provide in hard form to the P&D Department in accordance with the schedule for preparation of ADP 2020-21 contained in these guidelines. The designated staff of all the Departments have been trained on the DPMS and have been provided the access codes. All the PC-Is/ PC-IIs and Concept Papers are required to be fed through the DPMS together with the hard copies.

#### **8.17 Tehsil ADP**

- 8.17.1 The shares of individual districts and Tehsils will be determined by the Provincial Finance Commission (PFC). However, detailed guidelines for planning and development will be issued once the local governments come to existence. However, district and tehsil administrations shall ensure compliance with Planning and Development Guidelines (2015) for devolved tiers of local governments. 'Tehsil Administration' under LGA 2019 may replace the 'District Government' of LGA 2013 for the time being, with regard to ADP formulation only. Both in design of Tehsil ADP as well as for proposed interventions in sectoral ADP having a localized character, Divisional, District and Tehsil Administrations are expected to ensure adherence to



processes of need analysis, evidence-based planning, following the spirit of ADP Policy and stakeholders' consultation.

### **8.18 Projects Approval**

- 8.18.1** Administrative departments may also ensure that proposed projects are duly approved by the relevant forum i.e. DDWP or PDWP as the case may be, prior to their inclusion in ADP. All efforts shall be made to take projects in the ADP as approved schemes. However, if same cannot be adhered to, all unapproved PC-1s may preferably be prepared within 3 months of commencement of financial year. This is absolutely critical, and departments should gear up to make sure that they have the required capacity dedicated to this task.
- 8.18.2** The quality of PC-1s is critical, as schemes that cannot justify their viability in line with the provincial government strategy and departmental strategy. Every Rupee counts, and each department must endeavor to spend it wisely.
- 8.18.3** During the planning process, additional considerations such as recruitment and procurement procedures should be thought of in advance, to ensure these are in line with the requirements of the project, as well as in line with regulations such as KPPRA rules.
- 8.18.4** Each of approval forums (PDWP, DDWP and DDC etc.) shall take an inventory of schemes which have not been approved and may accordingly convene the meetings to expedite the process of approving or disapproving a scheme.



### **8.19 Monitoring progress**

- 8.19.1 The provincial government is determined to significantly increase the impact of its development budget. To do so, it is going to significantly improve the way that the overall spend, as well as departmental spending is measured.
- 8.19.2 In addition to periodic reviews at P&D department, a monitoring framework for the Chief Ministers Office is also be created with a small set of indicators covering departmental allocations, releases, project design and approvals, and spend.
- 8.19.3 An Integrated Sectoral Review for each department through the year, covering strategy, performance and the alignment of current and development spending with each of these, and with available funding for the cycle of government may also be held.

### **8.20 Other Measures**

- 8.20.1 For each district of the province, including all newly merged districts, District Plans may be prepared. This may form the basis of geographic and spatial planning for the government.
- 8.20.2 Periodic reviews of ADP documentation and project approval requirements may be carried out, to improve fairness and transparency, and to ensure that a departmental portfolio and individual projects better align with departmental strategy and government strategy.
- 8.20.3 All provincial government departments are requested to indicate their proposed programs under ADP 2020-21 after thorough deliberations and get them countersigned by the Administrative Secretary. It shall accompany one-page brief indicating vision of the sector, objectives and glimpses of the strategic intervention. The proposals must also be shared with respective Ministers.
- 8.20.4 Tentative Development Budget Ceilings for 2020-21: Sector-wise development ceilings for the Khyber Pakhtunkhwa and Merged Districts are given in Section 4 above.



# Integrated Budget Call Circular 2020-21

## Government of Khyber Pakhtunkhwa

### 9. Integrated Budget and ADP Calendar

S #	Key Activities	Role	Jan, 20	Feb, 20	Mar, 20	Apr, 20	May, 20	Jun, 20
			1-10 Jan 11-18 Jan 18-25 Jan 25-31 Jan	1-8 Feb 9-15 Feb 16-22 Feb 23-29 Feb	1-8 Mar 9-15 Mar 16-22 Mar 23-31 Mar	1-8 Apr 9-15 Apr 16-23 Apr 24-30 Apr	1-8 May 9-15 May 16-22 May 23-31 May	1-8 Jun 9-15 Jun 16-23 Jun 24-30 Jun
<b>A</b>	<b>Issuance of IBCC</b>							
<b>B</b>	<b>Formulation of B.Es 2020/21 (Current Expenditure) including SNEs Fresh</b>							
1	Issuance of Budget Order I	Finance Department						
2	Focal Persons Nominations	Administrative Departments						
3	Orientation of Focal Persons on Online Portal	Finance Department						
4	<b>Departmental Budget Making</b>							
4.1	Review & Distribution of Departmental Ceilings	Administrative Departments						
4.2	Budgeting at the Spending Unit Level	Spending Units						
4.3	Planning Procurement, Recruitment and Additional Grants	Administrative Departments						
4.4	Meetings of Departmental Review Committee	Administrative Departments						
4.5	Review & Consolidation of Departmental Budget	Administrative Departments						
4.6	Submission of Consolidated Budget Estimates 2020/21	Administrative Departments						
5	<b>Examination of Budget Estimates 2020/21</b>							
5.1	Scrutiny of Proposed Budget Estimates 2020/21	Deputy Secretaries Finance						
5.2	Departmental Meetings on SNEs Fresh	Additional Finance Secretary						
5.3	Consolidation of Budget Estimates including SNEs 2020/21	Additional Finance Secretary						
5.4	Internal Review Meetings	Finance Secretary						
6	<b>Finalization of Budget Estimates 2020/21</b>							
6.1	Pre-budget Consultative Meetings with Ministers Incharge	Finance Department						
6.2	Issuance of Printing Plan	Finance Department						
6.3	Vetting of draft Preambles of Schedules	Law Department						
6.4	Printing of Budget Books - ABS, DFGs	Finance Department						
7	<b>Approval of Budget 2020/21</b>							
7.1	Submission of Budget Summary to C.M	Finance Department						
7.1	Provincial Cabinet Approval of Budget 2020/21	Provincial Cabinet						
7.3	Presentation of Budget before Provincial Assembly	Finance Department						
7.4	Budget Session of Provincial Assembly	Provincial Assembly						



## Integrated Budget Call Circular 2020-21

### Government of Khyber Pakhtunkhwa

S #	Key Activities	Role	Jan, 20	Feb, 20	Mar, 20	Apr, 20	May, 20	Jun, 20
			1-10 Jan 11-18 Jan 18-25 Jan	25-31 Jan 1-8 Feb 9-15 Feb 16-22 Feb 23-29 Feb	1-8 Mar 9-15 Mar 16-22 Mar 23-31 Mar	1-8 Apr 9-15 Apr 16-23 Apr 24-30 Apr	1-8 May 9-15 May 16-22 May 23-31 May	1-8 Jun 9-15 Jun 16-23 Jun 24-30 Jun
<b>C Revised Estimates 2019-20 (Estimates of Receipts)</b>								
1	Departmental Estimation of Revised Estimates	Administrative Departments	█					
2	Submission of Revised Estimates	Administrative Departments		█				
3	Issuance of Meeting Calendar	Finance Department			█			
4	Departmental Meetings	Finance & Administrative Departments		█	█			
5	Consolidation of Revised Estimates	Finance Department				█		
6	Review and Finalization	Finance Department					█	
<b>D Revised Estimates 2019-20 (Current Expenditure)</b>								
1	Departmental Estimation of Revised Estimates	Administrative Departments	█					
2	Submission of Revised Estimates	Administrative Departments		█				
3	Issuance of Meeting Calendar	Finance Department			█			
4	Departmental Meetings	Finance & Administrative Departments		█	█			
5	Consolidation of Revised Estimates	Finance Department				█		
6	Review and Finalization	Finance Department					█	
7	Release and upload in IFMIS	Finance Department						█
<b>E Formulation of Development Budget 2020-21</b>								
1	Departmental Preparation of ADP							
1.1	Submission of the draft ADP 2020-21 to Resource Centre for processing	Administrative Departments	█	█				
1.2	Consolidation of Draft ADP	P&D Department			█			
2	Finalization of Budget Estimates (Development Expenditure) 2020/21							
2.1	Meetings with the departments to finalize Draft ADP 2020-21.	P&D & Administrative Departments		█	█			
2.2	1st round of consultation with line departments	P&D & Administrative Departments				█		
2.3	2nd round of consultation with line departments	P&D & Administrative Departments					█	
3	Approval of Budget 2020/21							
3.1	Presentation of Draft ADP 2020-21 to Chief Minister	P&D & Administrative Departments					█	
3.2	Printing of ADP 2020-21	P&D Department						█
3.3	Circulation of ADP 2020-21	P&D Department						█



## Integrated Budget Call Circular 2020-21

### Government of Khyber Pakhtunkhwa

S #	Key Activities	Role	Jan, 20	Feb, 20	Mar, 20	Apr, 20	May, 20	Jun, 20
			1-10 Jan 11-18 Jan 18-25 Jan 25-31 Jan	1-8 Feb 9-15 Feb 16-22 Feb 23-29 Feb	1-8 Mar 9-15 Mar 16-22 Mar 23-31 Mar	1-8 Apr 9-15 Apr 16-23 Apr 24-30 Apr	1-8 May 9-15 May 16-22 May 23-31 May	1-8 Jun 9-15 Jun 16-23 Jun 24-30 Jun
<b>F Formulation of ex-FATA AIP 2020/21</b>								
1	<b>AIP Stock Taking</b>							
1.1	Departmental meetings for a) Identification of projects from first year portfolio which have failed or unlikely to start b) Identification of projects which are likely to complete within the year. c) Identification of ongoing projects	P&D & Administrative Departments						
1.2	Decision on carrying forward the current years projects into the second year of AIP	Administrative Departments Section Chiefs						
1.3	Letter to departments to start recommendation of new projects including analysis of the projects recommended in TDS for the second year	P&D Department						
1.4	Meetings with departments to discuss and analyze the TDS second year portfolio for taking decision on inclusion of new schemes.	P&D & Administrative Departments						
1.5	Revisiting the decision on carrying forward the current years projects into the second year of AIP	Administrative Departments Section Chiefs						
2	<b>Formulation of Departmental/Sectoral AIP</b>							
2.1	Submission of Draft AIP (2020-21)	Administrative Departments						
2.2	Consolidation of Draft AIP	P&D Department						
3	<b>Finalization of AIP Budget Estimates (2020-21)</b>							
3.1	Departmental Meetings to finalize Draft AIP (2020-21)	P&D & Administrative Departments						
3.2	1st round of consultation with line departments	P&D & Administrative Departments						
3.3	2nd round of consultation with line departments	P&D & Administrative Departments						
4	<b>Approval of AIP</b>							
4.1	Presentation of Draft AIP (2020-21) to AIP Steering Committee	P&D Department						
4.2	Finalization of AIP (2020-21)	P&D & Administrative Departments						
4.3	Presentation of Draft AIP (2020-21) to Chief Minister	P&D & Administrative Departments						
4.4	Printing of AIP (2020-21)	P&D Department						
4.5	Circulation of AIP (2020-21)	P&D Department						



## **10. Budget and ADP Forms**

Attached below are the forms for both Current Budget as well as the ADP. These forms are accessible on the finance ministry website through the Web Portal.



**Budget Form ii-Revised Estimates**

Government	Department	Grant #	Fund Description	DDO Description	Detail Object Code & Description	Sub-Item Description	Actuals 2018-19	BE 2019-20	Actuals of the first 6 months 2019-20	R.E 2019-20	Remarks

**Budget Form iii-Estimates of Current Expenditure (Non-Salary) 2020-21**

**Indicative Budget Ceiling 2020-21:**

**Proposed Budget Estimates 2020-21:**

**Difference (Ceiling-Proposed BE):**

Government	Department	Grant No.	Fund Description	DDO Description	Detail Object Code & Description	Budget Estimates 2018-19	Actuals 2018-19	Budget Estimates 2019-20	Actuals of the first 6 months 2019-20	Proposed Budget Estimates 2020-21	Remarks

**Budget Form iv-Estimates of Receipts 2020-21**

Government	Department	DDO Description	Detail Object Code & Description	Budget Estimates 2018-19	Actuals 2018-19	Budget Estimates 2019-20	Actuals of the first 6 months 2019-20	Proposed Budget Estimates 2020-21	Remarks

**Budget Form v-SNE Form (Creation of New/Additional Posts- Recurrent Cost Implications of projects completed during 2020-21)**

a) Human Resource FY 2020-21													
Government	Department	Grant #	Fund Description	DDO Description	Designations	BPS	No of Posts		Government (Provincial/ District)	District	Mode of Appointment	Actualization Month	Justification / Contribution to Departmental Performance
							Existing	Proposed					
b) Non-Salary FY 2020-21													
Government	Department	Grant #	Fund Description	DDO Description	Detail Object Code & Description		Proposed Budget Estimates 2020-21		Remarks				

**Budget Form vi-HR Form (HR Plan -Reconciliation/Authentication of Sanctioned Strength)**

Government	Department	Grant #	Fund Description	DDO Code	Designations	BPS	No of Posts		Actualization Month of Vacant Post	Variation in Designation in Sanctioned Strength if any	Variation in BPS in Sanctioned Strength if any
							Existing	Vacant			

**Budget Form vii- Funding requirements under Grant-in-Aid form**

	<b>Receipt Item 1</b>					
	<b>Receipt Item 2</b>					
	<b>Receipt Item 3</b>					
	<b>Receipt Item 4</b>					
	<b>Total</b>					
	<b>Salary Budget</b>					
	<b>Non-Salary Budget</b>					
	<b>Pension Budget</b>					
	<b>Development Budget</b>					
	<b>Total</b>					
	<b>Reason/Justification</b>					

**Budget Form viii- Annual Procurement Plan form**

S#	Title/Description of procurement	Name of items/Objects	Estimated Cost	Date of IFB <sup>5</sup> /NIT	Procurement Method <sup>6</sup>	Date of Bid submission/Opening	Tentative date of Award of contract	Anticipated Completion date

<sup>5</sup> IFB/NIT means Invitation for Bid/Notice Inviting Tender

<sup>6</sup> Procurement method means Open Competitive Bidding /RFQ/Direct Contracting



ADP Form ii-Project Concept Form for New Initiatives

(PKR in Million)

Cost		Allocation for 2020-21				Throw Forward beyond 2020-21		
Local	Foreign	Local			Foreign	2020-21	2021-22	2022-23
		Cap	Rev	Total				

1	<b>Title of the Proposed Project</b> (with GPS coordinates)						
2	Proponent Information.						
3	Goals & Objectives set to be achieved.						
4	Rationale for ADP Funding.						
5	Geographical Coverage (For whole province or specific district/tehsil).						
6	Is the project aligned with KP Development Frameworks?						
7	Relationship of the Project 100 days Agenda, Five Year Plans of the Department and SDGs.						
8	Nearest place where similar facility is available.						
9	Financial Phasing.				Year 1 (2020-21)	Year 2 (2021-22)	Year 3 (2022-23)
10	Detail of post completion annual O&M Cost: - Maintenance - HR - Operation - Repairs - Others						
11	Beneficiaries (Type & Number).						
12	Expected Output (Qualitative & Quantitative).						
13	Priority (Indicate Top, Normal, or Low).						



## Appendices:

### Appendix 1: YTD Budget Performance 2019-20: Revenue Receipts

#### a) Settled Districts

Table a summarizes revenue performance for Settled Districts in the first six months of 2019-2020. The total Budget Estimate is PKR 749 Billion.

**Table a - Revenue Realization by Composition (PKR in Billion)**

Head	Actuals 2018-19	Actuals 2018-19 (6 months)	BE 2019-20	BE 2019-20 (6 months)	Actuals 2019-20 (6 months)
<b>A-General Revenue Receipts</b>					
Federal Tax Assignment	327.9	163.9	453.2	226.6	178.1
1 % for War on Terror	39.4	19.7	54.5	27.25	21.4
Straight Transfers	25.7	12.3	25.6	12.8	16.6
Net Hydel Profit	20.0	0.0	55.7	27.9	13.0
Provincial Own Receipts	31.8	13.2	53.4	26.7	16.0
<b>Total General Revenue Receipts (A)</b>	<b>444.8</b>	<b>209.0</b>	<b>642.3</b>	<b>321.2</b>	<b>245.1</b>
<b>B- General Capital Receipts</b>					
Capital Receipts	0.1	0.1	0.3	0.2	0.0
Borrowing Domestic Loan	-	-	-	-	-
<b>Total General Capital Receipts (B)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.2</b>	<b>0.0</b>
Foreign Projects Assistance	19.1	9.1	82.0	41.0	3.3
Cash Balance / Savings	-	-	24.4	12.2	-
Grants from Federal Govt. (PSDP etc.)	7.9	0.2	-	-	0.6
<b>Total Development Receipts (C)</b>	<b>27.0</b>	<b>9.5</b>	<b>106.4</b>	<b>53.2</b>	<b>4.6</b>
<b>Grand Total (A+B+C) =</b>	<b>471.9</b>	<b>218.5</b>	<b>749.0</b>	<b>374.4</b>	<b>253.6</b>

**a) Newly Merged Districts**

Table b summarizes revenue performance for Newly Merged Districts in the first five months of 2019-20. Total Budget is estimated at PKR 151 Billion. To date the revenue receipts equal PKR 34.4 Billion<sup>7</sup>.

**Table b - Revenue Realization by Composition (PKR in Billion)**

Head	BE 2019-20	Proportionate Budget 2019-20 (6 months)	Actuals 2019-20 (6 months)
<b>Newly Merged Areas</b>			
Current Grants (NMAs)	79.0	39.5	28.0
Development Grants (NMAs)	72.0	36.0	12.0
<b>Total Grants (NMAs)</b>	<b>151.0</b>	<b>75.5</b>	<b>40.0</b>

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<sup>7</sup>There is a cyclical trend in revenue collection, particularly at FBR. This means that first quarter collections are generally less than other quarters.

## Appendix 2: YTD Budget Performance 2019-20: Expenditure

### a) Settled Districts

On the expenditure side, the aggregate budget utilization for Settled Districts for the first five months of the current FY (Jul- Dec 2019) stands at PKR 164 Billion. The total expenditure is budgeted at PKR 702 Billion

**Table c - Budget Utilization by Composition of Expenditure (PKR in Billion)**

S. No	Expenditure Head	Expenditure 2018-19	Release 6 months 2018-19	Expenditure 6 months 2018-19	Budget Estimates 2019-20	Release 6 months 2019-20	Expenditure 6 months 2019-20
<b>A</b>	<b>Current Expenditure (Settled)</b>	<b>382.1</b>	<b>262.0</b>	<b>163.0</b>	<b>466.7</b>	<b>292.5</b>	<b>181.4</b>
i	Salary	214.6	163.4	102.8	256.0	172.5	113.4
ii	Non-Salary	158.7	90.9	57.2	201.0	110.2	68.0
iii	Capital	8.8	7.8	3.1	9.7	13	-
<b>B</b>	<b>ADP (Settled)</b>	<b>100.7</b>	<b>57.5</b>	<b>38.8</b>	<b>154.0</b>	<b>51.9</b>	<b>22.6</b>
i	Provincial	83.7	43.2	25.5	108.0	51.6	22.2
ii	District	17.0	14.3	13.3	46.0	0.3	0.4
	<b>Total (A+B)</b>	<b>482.8</b>	<b>319.5</b>	<b>201.8</b>	<b>620.7</b>	<b>344.4</b>	<b>204.2</b>
iii	FPA	11.2	22.7	18.3	82.0	11.2	3.3
iv	PSDP	2.2	1.9	0.4	-	4.3	1.4
	<b>Grand Total</b>	<b>496.2</b>	<b>344.1</b>	<b>220.5</b>	<b>702.7</b>	<b>359.9</b>	<b>208.9</b>

**a) Newly Merged Districts**

On the expenditure side, the aggregate budget utilization of Newly Merged Districts for the first five months of the current FY (Jul- Nov 2019) stands at PKR 17.5 Billion. The total expenditure is budgeted at PKR 162 Billion<sup>8</sup>.

**Table d - Budget Utilization by Composition of Expenditure (PKR in Billion)**

<b>S. No</b>	<b>Expenditure Head</b>	<b>Budget Estimates 2019-20</b>	<b>Release 6 months 2019-20</b>	<b>Expenditure 6 months 2019-20</b>
<b>A</b>	<b>Current Expenditure (NMDs)</b>	<b>79.0</b>	<b>37.3</b>	<b>19.3</b>
i	Salary	47.4	33.1	18.3
ii	Non-Salary	31.6	4.2	1.0
<b>B</b>	<b>ADP (NMDs)</b>	<b>83.0</b>	<b>10.0</b>	<b>2.1</b>
i	ADP	83.0	10.0	2.1
<b>Grand Total</b>		<b>162.0</b>	<b>47.3</b>	<b>21.4</b>

<sup>8</sup> PKR 151 Billion is expected to be collected in revenue from NMDs while PKR 11 Billion shall be KP's contribution to NMDs.

### Appendix 3: Medium Term Budgetary Forecasts

Table e – Complete Breakdown of MTFF (PKR in Million)

Budget Head	BE 2018-19	BE 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23
<b>Total Revenue</b>	<b>648,000</b>	<b>900,000</b>	<b>979,656</b>	<b>1,077,086</b>	<b>1,201,663</b>
<b>Federal Transfers</b>	<b>426,095</b>	<b>533,261</b>	<b>586,588</b>	<b>645,246</b>	<b>709,771</b>
Federal Tax Assignment	360,459	453,200	498,520	548,372	603,209
1% for War on Terror	43,312	54,455	59,901	65,891	72,480
GST Provincial		-	-	-	-
Straight Transfers	22,324	25,606	28,167	30,984	34,082
<b>NMAs Receipts</b>		<b>151,000</b>	<b>166,100</b>	<b>182,710</b>	<b>200,981</b>
<i>Non Development Grant</i>		79,000	86,900	95,590	105,149
<i>Development Grant</i>		72,000	79,200	87,120	95,832
<b>Provincial Tax &amp; Non Tax Revenue</b>	<b>41,262</b>	<b>53,404</b>	<b>56,074</b>	<b>64,079</b>	<b>73,524</b>
<b>Provincial Tax Receipts</b>	<b>23,823</b>	<b>33,023</b>	<b>34,674</b>	<b>41,608</b>	<b>49,930</b>
<i>Property tax</i>	218	322	338	406	487
<i>General Sales Tax(Provincial)</i>	15,000	20,354	21,372	25,646	30,775
<i>Excise duties</i>	30	80	84	101	121
<i>Stamp duties</i>	1,230	1,525	1,601	1,921	2,306
<i>Motor vehicles tax</i>	1,225	1,433	1,505	1,806	2,167
<i>Infrastructure Dev Cess</i>	400	200	210	252	302
<i>Other</i>	5,720	9,109	9,564	11,477	13,772
<b>Provincial Non-Tax Receipts</b>	<b>17,439</b>	<b>20,382</b>	<b>21,401</b>	<b>22,471</b>	<b>23,594</b>
<i>Interest</i>	63	62	65	68	72
<i>Irrigation</i>	590	578	607	637	669
<i>Hydel Own Generation</i>	2,750	5,605	5,885	6,180	6,488
<i>Commercialization of Govt. Property</i>	-	0	-	-	-
<i>Others</i>	14,036	14,137	14,844	15,586	16,365
<b>Profits from Hydro electricity</b>	<b>39,985</b>	<b>21,183</b>	<b>25,420</b>	<b>26,691</b>	<b>28,025</b>
<b>NHP arrears</b>	<b>25,293</b>	<b>34,492</b>	<b>10,000</b>	-	-
<b>Financing From Past Savings/Cash Balance/Operational Shortfall</b>	<b>39,015</b>	<b>24,410</b>	<b>45,000</b>	<b>58,838</b>	<b>79,887</b>
<b>Grants</b>	<b>26,756</b>	<b>33,446</b>	<b>36,791</b>	<b>40,470</b>	<b>44,517</b>
Incentive on Cash Balance	-	-	-	-	-
Foreign Grants (FPA)	26,756	33,446	36,791	40,470	44,517
<b>Capital Receipts</b>	<b>49,594</b>	<b>48,804</b>	<b>53,684</b>	<b>59,053</b>	<b>64,958</b>
Recovery of Investment & loans	250	250	250	250	250
Domestic Loan	5,000	-	-	-	-
Foreign Loans (FPA)	44,344	48,554	48,554	48,554	48,554

Budget Head	BE 2018-19	BE 2019-20	Forecast 2020-21	Forecast 2021-22	Forecast 2022-23
<b>Total Expenditure</b>	<b>618,000</b>	<b>855,000</b>	<b>920,819</b>	<b>997,199</b>	<b>1,100,178</b>
<b>Current Expenditure - Settled</b>	<b>430,000</b>	<b>447,300</b>	<b>488,949</b>	<b>530,342</b>	<b>575,645</b>
Provincial Salary	116,000	120,971	133,069	146,375.51	161,013
District Salary	140,000	135,029	148,531	163,384	179,723
Pension	60,088	69,913	69,913	69,913	69,913
Non-Salary O&M and Contingency	64,662	75,506	83,056	91,362	100,498
District Non Salary	23,144	18,209	20,030	22,033	24,236
Local Councils	6,706	5,772	6,349	6,984	7,683
Subsidy	2,900	2,900	2,900	2,900	2,900
Investment & committed contribution	7,500	9,000	9,900	10,890	11,979
Interest Payments	9,000	10,000	15,200	16,500	17,700
<b>Current Expenditure - NMAs</b>		<b>79,000</b>	<b>86,900</b>	<b>95,590</b>	<b>105,149</b>
Salary		47,437	52,181	57,399	63,139
Non Salary		31,563	34,719	38,191	42,010
<b>Capital Expenditure</b>	<b>8,000</b>	<b>9,700</b>	<b>10,670</b>	<b>11,737</b>	<b>12,911</b>
Domestic Debt			-	-	-
Federal Debt	-	-	-	-	-
Foreign Debt	7,790	9,490	10,439	11,483	12,631
Initiatives & Others	210	210	231	254	280
<b>Fiscal Space</b>	<b>210,000</b>	<b>364,000</b>	<b>393,138</b>	<b>439,417</b>	<b>507,958</b>
<b>Development Expenditure</b>	<b>180,000</b>	<b>319,000</b>	<b>334,300</b>	<b>359,530</b>	<b>406,473</b>
ADP(Provincial)	79,555	108,000	115,000	126,500	150,000
ADP (NMAs)		24,000	26,400	29,040	31,944
AIP (NMAs)		59,000	64,900	71,390	78,529
ADP(Districts)	29,345	46,000	46,000	50,600	64,000
Foreign Project Assistance	71,100	82,000	82,000	82,000	82,000
<b>Surplus /Deficit</b>	<b>30,000</b>	<b>45,000</b>	<b>58,838</b>	<b>79,887</b>	<b>101,485</b>

## Appendix 4: AIP Details

Table f – AIP Allocation by sector (PKR in Million)

Department	Total Allocation (PKR Mn)
RELIEF REHABILITATION AND SETTLEMENT	4,029
IRRIGATION	3,950
HOME & TRIBAL AFFAIRS, POLICE & JAILS	3,500
EDUCATION	10,692
AGRICULTURE, LIVESTOCK, FISHERIES AND COOPERATIVES	3,070
HEALTH	10,109
INDUSTRIES, COMMERCE, STATIONERY & PRINTING AND TECHNICAL EDUCATION	1,200
SPORTS, CULTURE, TOURISM, ARCHAEOLOGY & MUSEUMS	5,120
ZAKAT, USHR, SOCIAL WELFARE, SPECIAL EDUCATION AND WOMEN EMPOWERMENT	760
AUQAF, HAJJ, RELIGIOUS & MINORITY AFFAIR	300
PUBLIC HEALTH ENGINEERING	1,330
MINES & MINERAL DEVELOPMENT	850
COMMUNICATION & WORKS	5,000
LOCAL GOVERNMENT AND RURAL DEVELOPMENT	600
ENERGY & POWER (TESCO)	3,418.64
ENVIRONMENT & FORESTRY (WILDLIFE)	350
ESTABLISHMENT & ADMINISTRATION	3900
Qabail Led Development	600
PLANNING & DEVELOPMENT AND BUREAU OF STATISTICS (Special Arrangements)	220
<b>Total</b>	<b>58,999.09</b>

## Appendix 5: ADP Policy

### The Khyber Pakhtunkhwa Annual Development Plan (ADP) Policy

#### Section 1. Introduction

1.1 The Annual Development Programme (ADP) is the instrument through which the Government of Khyber Pakhtunkhwa plans, executes and monitors a significant proportion of development spending in the province. It is placed for approval in the provincial assembly as part of the annual provincial budget, and has the legal backing and approval of the provincial assembly as per Constitution of Islamic Republic of Pakistan, 1973, once the budget is passed. The document in hand i.e. the Khyber Pakhtunkhwa Annual Development Plan (ADP) Policy describes the rules and regulations which will guide how the ADP is planned, executed and monitored.

1.2 The ADP has to be a reflection of the vision and priorities of the Government of Khyber Pakhtunkhwa. Therefore, in its formulation, it should help achieve the goals and objectives of the provincial government.

1.3 The ADP must be made considering a number of factors, including but not limited to: overall and sectoral policy choices; the overall financial outlay available; the need to maximize economic growth and development for the province; the need to maximize public impact; the goal of improving service delivery and infrastructure; the goal of eradicating poverty, the need to address the development lag of specific areas; the population and resource contribution of specific areas; a consideration of past investments made and future investments planned; investments made through other budgetary instruments, such as the current budget or the PSDP; measures to address duplications; and the need to invest in each part of the province, while ensuring value for money (VFM). Naturally, in considering such a large number of factors, a key element of making the ADP is the need to make policy and investment choices and trade-offs.

1.4. Equitable, rather than equal distribution, is an important criterion in ADP design. However, this is a principle that is often misunderstood, without any rational impact *per capita*, and therefore it needs to be defined and explained well.

1.5 While the Provincial ADP assists in the development of the province, it cannot be seen as an investment instrument in isolation, in particular, to gauge whether spending has been made in an equitable manner across the province. This is because, as a planning instrument for the entire province, the ADP needs to look at investments differently: intra-district projects such as highways; and provincial projects such as specialized service delivery centers, (e.g. the Institute of Kidney Diseases) may be located in one district, but serve the entire province; other projects, such as building up tourism infrastructure, are likely to be region specific; yet other projects, such as the demand for schools, are likely to be based not just on population, but also on policy, as well as on economic affluence of the region (e.g. in more developed areas a greater proportion of parents will choose to send their children to private schools); similarly, over multiple years, investments may be sequenced across the different parts of the province, such as the district beautification schemes in which the first investments were made in the divisional headquarters, followed by the districts.

1.6 These examples clearly demonstrate that a simple distribution of funds across districts and constituencies would actually result in a sub-optimal planning instrument that may actually be construed as a suboptimal use of public money. The intent of the Provincial ADP ought to be, to decide investments across the province, in an integrated and holistic manner, attempting to maximize economic impact. It should attempt to incorporate equitability wherever appropriate; and more importantly, it should attempt to be a fair instrument overall. An ADP should be judged as fair if it can show *that as part of the provincial budget*, it helps advance the development of each part of the province. In doing so, it should consider the specific economic characteristics and development needs of different areas; as well as other investments in those areas; through the PSDP; the current budget; the district ADP; foreign development assistance; private sector funding; and any other sources, while also remaining cognizant of size of the development kitty qua competing demands and their respective VFM. The District ADP, an important as well integral part of the overall ADP, is the component that is ring-fenced for each district, through the Provincial Finance Commission (PFC) award. It is an important instrument of fairness, since it is the portion of the ADP that is actually dedicated to each district.

1.7 The Planning & Development (P&D) Department, Khyber Pakhtunkhwa intends to ensure that the process of formulation of the ADP results in the best possible outcome, to help achieve the vision, priorities, policies, goals and objectives of the Government. This policy, approved by the provincial cabinet, will help to attain that through the tenure of this government, through to 2023.

## **Section 2. Key Policy Principles**

The ADP is to be developed and administered according to the set of policy principles below to which the Government, i.e. the Chief Minister and his cabinet, are fully committed. These are:

**2.1 The investments made in the ADP need to help develop the provincial economy, and improve the lives of people.** This principle needs to be at the heart of designing, allocating and executing development investments in the province.

**2.2 The ADP, so formulated, has to aim to maximise the scale and speed of impact, and get as much development done as possible, as quickly as possible; while reflecting the policies and goals of the government.** This means that money should be spent where it has the most direct impact on people or the economy. *It also means that any administrative spend that has no public impact should be reviewed and minimized.* Other traditional planning principles should also be challenged. For example, due for Completion schemes should be prioritised, however *only to the extent* that they actually result in public or economic impact.

**2.3 The ADP is funded by tax payers' money. It is therefore a public fund to be spent on the people of Pakhtunkhwa and on developing the provincial economy.** The Government of the day has the responsibility to develop and administer the ADP in the best interests of the people of the province.

**2.4 No public representative or public servant, including the Chief Minister, government ministers, MPAs of government or the opposition, or other public servants, may claim any individual right or discretion over the ADP. In line with multiple decisions of the superior judiciary, 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.** As the development plan for the province, funded by tax-payers' money, the ADP project selection processes will be merit and criteria based, and in line with sectoral policies and need. The project selection processes will however be open to input from all public representatives and private citizens; with their proposals treated on merit in line with government policy and strategy and the principles stated in this document. Nothing in this section or policy shall prohibit CM, any Minister or MPAs (both Treasury and Opposition) from making a proposal, to be evaluated, as per policy.

**2.5 In line with the preceding principle, the concept of "Development Funds for MPAs" has already been discontinued. Other than any existing schemes already in the ADP where public fund has already been spent and scrapping the project would mean loss to such outlay, no new schemes will be introduced from now on that are constituency specific.** This is because these may be interpreted as effectively being an alternate form of development funds for MPAs. However, all MPAs (both from treasury as well as opposition benches), as well as other private citizens, will continue to have a right to propose viable development schemes for the ADP. These shall be scrutinized according to need and criteria, and in line with government policy and strategy, through well-defined apolitical departmental and government approval processes.

**2.6 The ADP will be designed on a sectoral basis.** Each sector should develop a sectoral plan that guides ADP project selection. Projects should contribute to achieving the outcomes the sector intends to achieve, and these outcomes should in turn be driven by a clear definition of sectoral needs, and solutions, policies and strategies to fulfil them. The financial constraints at hand must also be considered in developing these plans.

**2.7 The ADP must also ensure regional development across the province.** This will be done through a regional planning exercise, to identify the key development needs in each region, and to make a phased plan for those investments, in the context of sectoral policy, and to fit them in the ADP framework.

**2.8 Investments in the ADP must also be seen in conjunction with other investments in the sector.** These include the current budget, Foreign Project Assistance, the Federal Public Sector Development Programme (PSDP), other private sector investments, district budgets, and funding through any other programme. Investments made in previous years must also be considered. This will ensure that an integrated view of all investments made is taken into consideration when deciding the ADP, and will help to avoid overlapping investments, and encourage synergies.

**2.9 The Provincial ADP must be designed in a fair and transparent manner that maximizes economic value for the province, and ensures development, economic growth, improvement in service delivery and the eradication of poverty, amongst other goals.** The equitable distribution of resources, wherever appropriate, should be one of the criterion taken into consideration in designing the ADP.

**2.10 However, this should not imply that the ADP should be equally, proportionately or formulaically distributed across sectors, regions, districts, tehsils or constituencies.** Instead, a fair and transparent ADP should be able to demonstrate *that, seen in conjunction with other parts of the provincial budget*, the ADP helps advance the development across Khyber Pakhtunkhwa. The fair geographic spread of ADP funds across the province will be addressed through two ways; first, through the District ADP; and second, through the regional planning exercise. Regional investments should be need based, and consider the specific economic characteristics and development needs of different areas; including factors such as the Human Development Index (HDI), fiscal performance and revenue potential; as well as other investments made in each area.

**2.11 In designing the Provincial ADP, provincial government must also consider a multi-year view.** The need to make policy choices means that the ADP in a single year cannot be completely reflective of the Government's intent to invest equitably across the province. In-line with the Government's policies and plans, a medium-term ADP over the 2019-2023 cycle must be used to ensure that fair investments are made in each part of the province.

**2.12 Investments in the ADP must reduce unnecessary cost but not compromise on impact.** Hence investments must be judged not just on cost but the impact and the value-for-money they bring, in particular in the context of scarce financial resources available.

**2.13 To maximise impact, the ADP must move beyond traditional planning principles.** For example, sectoral investments must be considered across multiple years, and across the current and development budgets available to the sectors; sectoral allocations will not be preset, and sectors will be able to compete for marginal allocations; and budget processes across finance and the development budgets will be better integrated and coordinated.

**2.14 In-year ADP management will be based on giving greater responsibility and flexibility to sectors in terms of making spending decisions, with accountability and oversight processes being strengthened.** In addition, approval and release processes will be continuously streamlined and simplified to support faster delivery.

**2.15 The ADP throw forward is one of the most important metrics to track. Departments need to preferably keep their throw-forwards within reasonable limits.** Departments with a throw forward of greater than five years will need to justify why they should be allowed to maintain a large portfolio they cannot fund or prioritise. In the 2019-20 budget, the P&D department has conducted an extensive exercise to prioritise and rationalize investments, and maintaining this discipline will be a continuous process.

### **Section 3. Guiding Documents and Goals**

3.1 The ADP formulation needs to take guidance from a number of documents; including the sectoral policies framed within the first 100 Days of Government, published in the policy booklet titled “Delivering on the 100 Days Agenda”; the Sustainable Development Strategy; the Tribal Decade Strategy; and any other sectoral policies or plans.

3.2 The ADP should also be aligned with the Sustainable Development Goals (SDGs) that the Government of Pakhtunkhwa and the Government of Pakistan have subscribed to, and help ensure that the targets underneath them can be attained.

3.3 The ADP formulation process by individual departments should also be cognizant of the Output Based Budget (OBB) stipulations prepared by the provincial government; and the Integrated Sectoral Reviews that will compliment them.

3.4 Considering the points above, it is expected that departments will make every effort to ensure that ADP is not a compendium of PC-Is only but is actually reflective of the priorities and goals set out in these guiding documents, while prioritizing investments that are strategic, sustainable, and have the greatest impact; within a reasonable financial envelope.

3.5 Sectoral interventions in the ADP should contribute to the Government’s mission of achieving accelerated GDP growth, and help ensure the goal of private sector-led economic development, boosting Khyber Pakhtunkhwa’s economic competitiveness.

#### **Section 4. Improving the integration of different components of the budget**

4.1 The development budget, or the ADP, is not a standalone document and thus cannot fully describe all the development and service delivery related work going on in the province. To maximize the service delivery potential of the available funds in the budget, the budgeting process will ensure greater linkages between the current and development budget finalization processes.

4.2 In addition, the budgeting process must ensure that the current and development budgets for individual sectors are not viewed separately, but are viewed as a whole, to be aligned with a sectoral plan for the sector. In addition, in terms of considering the investments made in the sector, the Federal PSDP, Foreign Project Assistance, and other private sector investments shall also be considered while deciding the constitution of a sectoral ADP.

4.3 The calendars for the current and development budget shall be aligned with each other. Therefore, the Budget Call Circular and the ADP calendar should run in parallel, with touch points through the budget cycle at which the overall budget is actually reviewed together. The calendar should begin with a policy / strategy setting phase for each sector; an exercise that reviews and refines sectoral policy, and proposed projects and programmes supporting this policy. This policy level input should have the approval of the respective ministers and secretaries.

4.4. The Budget Call Circular can be used to help support this goal; it contains sufficient provisions to complement the goals of the “Output Based Budgeting / Budgeting for Service Delivery” exercise; by clearly spelling the vision, goal, outcomes and outputs of each department, with SMART output level indicators. All developmental schemes identified for inclusion in the ADP as per the prescribed format circulated should be mapped / incorporated in the forms and formats circulated by Finance Department via Budget Call Circular.

## **Section 5. The size of the ADP, and sectoral allocations**

5.1 Every effort shall be made during the budget process to maximise the proportion of the development budget; i.e. the ADP; by cutting unnecessary costs on the current side of the budget.

5.2 The ADP and the budget shall be designed on the basis of sectoral allocations. This shall be done by first identifying an overall sectoral share for each sector or department; and then by allowing the concerned department to have a significant say in how it would like to distribute its sectoral share across the current and development budget. In terms of defining sectoral shares, both at the overall level, as well as at the development budget level, a number of factors will be considered; overall fiscal constraints and overall government policy; the sector's previous years' budget, actual expenditure and performance; the quality of plans; and the strategic importance of the sector in the government's overall plans.

5.3 While these factors are to be considered, sectors or departments should not expect that their budgets are fully protected. Government policy will allow for allocating greater resources to strategic sectors, or sectoral plans and projects with the highest demonstrable impact.

5.4 While keeping this in mind, spend in areas that actually improve the service delivery of existing investments shall be prioritised. Spend on productive service delivery staff (e.g. teachers, doctors, rescue staff) is critical and will be prioritised, in comparison to expenditure on support and administrative staff, and administrative expenses. Similarly, specific non-salary expenses such as the spend on the operations and maintenance of roads, schools, hospitals on the current side of the budget should also be recognised as productive spend that actually impacts the performance and service delivery of government, and also be prioritised.

5.5 In particular, spend in the social sector; and sectors that focus on service delivery will be prioritised. In such sectors, such as education and health, every effort shall be made to break the cycle of investing in unnecessary additional brick and mortar expansion. Sectoral budgets in these sectors shall ensure that the consolidation and service delivery from existing investments is prioritised while setting the budget.

5.6 Sectoral allocations (and project allocations within such sectors) will also be driven by departmental throw forwards. In the 2019-20 budget, the P&D department has conducted an extensive exercise to prioritise and rationalize investments, and maintaining this discipline will be a continuous process.

## **Section 6. Integrated Sectoral Reviews and Regional Planning**

6.1 To support the efforts of the government to make the ADP as fair as possible, two exercises shall occur through the year 2019-20, and then be repeated on an annual basis.

6.2 Integrated Sectoral Reviews, at a Sector or Department level; will review the vision and objectives of the sector / department; broad strategies or sectoral plans that the sector / department has to fulfil its vision and objectives; existing spend across the current and development budget, to see whether it is aligned with this vision, and whether this spend is having the desired impact. The integrated sectoral reviews will also help to guide the sector in ensuring that current and development spend planned for the next year, and over the next 3-5 years is aligned with available resources, and make required trade-offs, both within the sector, and across sectors.

6.3 Regional Planning; will be an exercise that actually looks at the needs of and existing infrastructure territorially in each part of the province; and will result in a set of prioritised investments to be made in each region of the province; in line with need, resource availability, and the policies of government.

6.4 The Integrated Sectoral Reviews, and the Regional Planning exercises, which will cut across the current and development budgets, will both help to formulate a fairer and higher impact budget that maximizes the economic value of the investments being made in the development budget; and will be a cornerstone of the government's strategy in ensuring fair and equitable distribution of resources across the province.

## **Section 7. Development Spending in the Newly Merged Tribal Districts**

7.1 Development spending in the Newly Merged Tribal Districts will be given special priority, given the need to accelerate development spending within these areas.

7.2 Development spending will occur through the Merged Areas ADP and the Accelerated Implementation Programme (AIP)

7.3 The Merged Areas ADP shall also be administered in line with the principles for the ADP for the rest of the province.

7.4 The Accelerated Implementation Programme (AIP) will have its own guidelines, and is funded out of the 10-year commitment of the federal government to make at least Rs. 1,000 billion of additional funding available to the merged areas. This funding is to be distributed between additional requirements in the current budget, and projects in the AIP. The AIP shall be used to fund any investments deemed a priority for the development of the merged areas, including investments in areas typically funded by the federal government such as power infrastructure, dams etc.

7.5 All funding earmarked for the merged areas will be ring-fenced, and will not be spent anywhere else in the province including any bridge financing arrangements.

## **Section 8. The District ADP**

8.1 The District ADP (or any other appropriate tiers as defined under the Local Government Laws, so amended from time to time), to be regulated by the local governments, will complement the Provincial ADP.

8.2 The shares of individual districts and tehsils will be decided by the Provincial Finance Commission (PFC), and the development of the district / tehsil budgets will endeavor to complement provincial investments, in line with relevant laws, rules and regulations.

8.3 The District ADP, however, remain an integral part of the Provincial ADP and will *inter-alia* be used as one of the tools for territorial fiscal equalization, based on the factors enumerated in the Local Government Laws.

### **Section 9. The Federal PSDP, and Foreign Development Assistance**

9.1 Two key components that drive development in the province include projects funded by Foreign Development Assistance, and through the Federal Public-Sector Development Programme (PSDP). The investments made through both will be considered while making the overall development plan for the province.

9.2 Both the PSDP, and the Foreign Development Assistance portfolio will be continuously tracked and managed through the year, to maximise spend versus budget, and the impact attained.

9.3 In both the PSDP and the Foreign Development Assistance portfolios, the discretion regarding choice and location of development schemes and programs, however, largely rest with the investing agency. Provincial government may, however, strive to align the priorities of the investors to the principles enumerated herein.

### **Section 10. Public Private Partnerships**

10.1 The provincial government will encourage and facilitate viable projects that can be executed through the Public Private Partnership mode, to maximise the amount of development expenditure happening in the province.

### **Section 11. Project Identification & Approval**

11.1 No development funds shall be issued in the names of the Chief Minister, Ministers or any MPAs of the Government or the opposition. The ADP is funded through tax-payers' money, and therefore the benefit attained through the spending of the ADP is the right of the public of Khyber Pakhtunkhwa, and not a privilege for which public representatives should be thanked or given credits.

11.2 Going forward, no new projects shall be approved that are constituency specific, because this indirectly implies that the funds are the domain of the constituency of an MPA. Instead, the use of public funds needs to be governed based on government policy including this ADP policy and any sectoral policies, need, VFM, and a transparent approval process.

11.3 Elected representatives, as well as the general public, will be able to initiate proposals that are in line with government policy and the development needs of specific areas. All of these requests, as well as any projects proposals initiated by the government or by individual departments will be duly examined through a fair approval process, by the administrative department concerned. Those qualifying to be in line with sectoral policy and needs may be considered for inclusion into ADP, subject to resource envelope constraints of the Provincial Government. Appropriate scrutiny committees may be constituted at department level for initial scrutiny of proposals. The scrutinized requests, in line with sectoral plans, shall be forwarded to P&D along with specific recommendations. P&D Department, being custodian of the Development Plans as per KP Rules of Business, will have the responsibility to scrutinize

the recommendations of departments and finalize identification of the projects in consultation with Minister P&D.

11.4 The practice of identification of schemes through Chief Ministers' Directives shall be immediately discontinued. This shall not preclude CM, any Minister or MPAs (both Treasury and Opposition) from making a proposal, to be evaluated by the administrative departments as per policy.

11.5 Every effort shall be made to ensure that projects in the ADP are approved prior to inclusion by the relevant forum (DDWP / PDWP). However, where this is not done, all unapproved PC-1s should preferably be prepared within three months of commencement of financial year.

## **Section 12. In year management and monitoring of the ADP Programme**

12.1 The intent of the government is to maximize ADP spend through the year, in line with what is budgeted. A separate set of guidelines has been prepared and approved by cabinet to optimize the management of the ADP through the year.

12.2 In particular, policies and processes should be reviewed and continuously improved, at the level of administrative departments, Finance, and the P&D departments, to minimize unnecessary red tape, accelerate approvals and disbursements, while not compromising on the quality and integrity of spend.

12.3 The philosophy of the overall release policy should be to ensure that administrative departments have both the relevant powers and responsibility to take decisions, and that controls are in place to ensure that they can also be held accountable for those decisions. For example, departments should easily have the right to be able to re-appropriate funds for valid reasons, with relevant checks and balances at the Finance / P&D departments and in the Chief Minister's office. Current processes should be reviewed to align with this philosophy.

## **Section 13. Special Development Programmes and Contingencies**

13.1 There shall be no block provisions in the ADP, with block provisions being defined as the traditional non-specific allocation of funds that used to be kept in the ADP with the names/ designations/ offices of individuals.

13.2 Going forward, there shall be no traditional umbrella schemes in the ADP either, where an umbrella scheme is defined as a programme that is meant for distribution at the constituency level of MPAs. Any existing schemes with throw forward in the 2019-20 ADP, since they have been approved by the cabinet as well as the Provincial Assembly and public monies have already been spent thereupon previously, shall be continued and brought to completion, in the interest of public impact.

13.3 Schemes of a general nature, multi-sectoral implications or crosscutting impacts that can be defined as Special Development Programmes, and will continue to be a part of the ADP. These programmes may also be for investment in specific sectors, or geographies, or both. They will however not be subject to specific distribution between MPAs or between constituencies. Instead, they will be driven by programme specific approval guidelines and principles.

13.4 Such schemes will be open to any proposals that are made within the scope of the scheme; these proposals will be evaluated against the specific criteria development for the Special Development Programme. Committees at the department, P&D or government level may be constituted if required to screen these proposals in line with developed criteria for the Special Development Programme; with technical approval at relevant forums such as the DDC or DDWP or PDWP. No projects will be approved

in any Special Development Programme without the relevant guidelines being in place and approved by the competent forum.

13.5 The ADP may also contain one or more blocks strictly for emergency or contingencies strictly in line with sectoral plans and government needs.

**Section 14. Policy Revisions and Guidelines.**

14.1 This policy has been approved by the Cabinet, and enjoy the full commitment of the Government of Khyber Pakhtunkhwa. The Government may however choose, through a cabinet decision, to update from time to time, these guidelines as required.

14.2 The Planning & Development Department in pursuance of this ADP Policy may issue, after approval of Minister P&D, one or more set of appropriate guidelines for implementation of this policy. Any subsequent amendments to these guidelines, within overall framework of this ADP Policy may be issued by P&D department in line with relevant procedures.