18th Constitutional Amendment and National Health Programmes

Options and Way Forward
Acknowledgement

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# Glossary of Abbreviations

<table>
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CADTH</td>
<td>Canadian Agency for Drugs and Technologies in Health</td>
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<td>DCO</td>
<td>Drug Control Organization</td>
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<td>DoH</td>
<td>Department of Health</td>
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<tr>
<td>EPI</td>
<td>Expanded Programme on Immunisation</td>
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<td>FATA</td>
<td>Federally Administered Tribal Areas</td>
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<td>FDA</td>
<td>Food and Drug Administration</td>
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<tr>
<td>FP</td>
<td>Family Planning</td>
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<td>GoB</td>
<td>Government of Baluchistan</td>
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<td>GoP</td>
<td>Government of Punjab</td>
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<td>GoKPK</td>
<td>Government of Khyber Pakhtunkhwa</td>
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<td>GoS</td>
<td>Government of Sindh</td>
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<tr>
<td>ICT</td>
<td>Islamabad Capital Territory</td>
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<td>JPMC</td>
<td>Jinnah Post Graduate Complex</td>
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<td>LHW</td>
<td>Lady Health Worker</td>
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<td>MDG</td>
<td>Millennium Development Goals</td>
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<td>MNCH</td>
<td>Maternal, Newborn Child Health</td>
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<td>MoH</td>
<td>Ministry of Health</td>
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<td>NFC</td>
<td>National Finance Commission</td>
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<td>NHP</td>
<td>National Health Programme</td>
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<td>NICE</td>
<td>National Institute of Clinical Excellence UK</td>
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<tr>
<td>OECD</td>
<td>Organization Economic Cooperation and Development</td>
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<td>PHC</td>
<td>Primary Health Care</td>
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<tr>
<td>PIMS</td>
<td>Pakistan Institute of Medical Sciences</td>
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<td>PSDP</td>
<td>Public Sector Development Programme</td>
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<td>SHA</td>
<td>System of Health Accounts</td>
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<td>WHO</td>
<td>World Health Organization</td>
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**Executive Summary**

Health Sector in Pakistan is mainly a provincial subject. However there were certain constitutional provisions, i.e. federal concurrent list in the fourth schedule of the constitution of 1973 that justified role of the federal government to intervene in health sector in policymaking, regulations, medical education research and delivery in some specific dimensions such as infectious disease control etc, of healthcare.

Over the last two decades, a general impression is that the role of Ministry of Health has been expanded beyond its constitutional jurisdiction, especially in direct delivery of health in preventive and curative care. However justification of this expansion is based on some on-the-ground realities regarding the health services delivery at the gross root level and performance of health systems, setting aside the constitutional justification.

On the other hand provincial governments have also not objected to this expanded role of federal Ministry of Health on two grounds. Firstly the resources allocated to healthcare by the provincial government were too meager to cope with demand side pressures and secondly most of the programmes and activities initiated by the federal government involved transfer of additional resources in cash and in kind to the provincial health department.

Two significant reforms pertaining to constitutional and fiscal relationship between the four provinces and the federation of Pakistan have taken place during this year. The new NFC award has transferred a much larger share of divisible pool and other resources to the provinces from the federation. The 18th Constitutional Amendment, on the other hand, has abolished the federal concurrent list and enhanced new constitutional provisions to federal Legislative List.

The implication of both of these reforms in terms of the broader objective of policy and management of health sector in the country requires an independent and objective analysis on the future of critical functions of the Federal Ministry of Health such as vertical primary health programmes, curative care facilities and regulation of the pharmaceutical markets.

This report classifies functions of federal Ministry of Health into health system framework and has distributed the budgetary allocation according to the same classification. Afterward, it provides detailed analysis of different functions according to the constitutional provision and rules of business. The report then highlights the functions that can still remain with federal government and those that need to be devolved to the province.

The responsibilities of MoH can be classified in term of functions as
1) stewardship, national planning and policy; 2) regulation and standardization; 3) medical education; 4) research; 5) preventive and Infectious disease control, and 6) curative healthcare.

At present the legal status of the rules of business relating to preventive programmes (number 12), curative care (number 8, 13 and 15) and pharmaceutical regulation (Number 6
and 11) is vague and requires critical analysis for the MoH to continue with the activities and entities functioning under these legal provisions.

All the vertical programmes of Ministry of Health are covered under rule of business number 12. It is interesting to note that not all vertical programmes have objectives of preventing inter provincial spread of infectious disease. Such as Nutrition, MNCH, Control of Blindness and LHW programme. Similarly with the exception of some components of EPI programme the rest of its objectives have limited justification for the federal government according to the same quote.

In curative services function, MoH has a reasonable establishment of various types of health facilities throughout the country mainly to provide healthcare to federal employees and check posts at the international borders. While the check posts at the international borders are performing their functions of national importance, at large hospitals such as JPMC and PIMS there are no restriction to limit the utilization of these facilities by the federal employees.

The most important and critical role of MoH is pharmaceutical regulation and standardization. The Drug Act of 1976 has further legalized this function. It is more critical in legal terms, setting aside its financial implication. The role of Drug Control Organization (DCO) regarding licensing and pricing is similar to that of Food and Drug Administration (FDA) in United States and National Institute of Clinical Excellence (NICE) in UK. More importantly in Canada though healthcare is a provincial subject; pharmaceutical regulations follow advice of Canadian Agency for Drugs and Technologies in Health (CADTH): a federal body. The role of such institution is binding on all the regional or state governments in their respective regions.

As such devolving pharmaceutical regulation to the provinces will have far reaching effects on the health sector in the country. Moreover, the new provisions in the federal legislative list provide legal cover to national level policy and planning related activities and this provides justification for MoH to continue with pharmaceutical pricing and regulation though out the country.

In financial terms the share of different functions has been worked out from the budgetary allocations of MoH in 2009/10 and 2010/11. On the current side, curative services have the biggest share in the total currant budget. The curative services constitute 84 % of total federal current budget for 2009-10. Preventive programmes/ Selective PHC constitute 57% of the total federal PSDP.

Preventive programme allocations are rather evenly distributed between different provinces and areas: probably on the basis of population and burden of diseases. However, MoH total allocations to curative service (current and development) are mainly concentrated in ICT (50% of total) and Sindh (27 % of total). Interestingly most of the curative service facilities in Sindh are situated in Karachi.

Federal financial throw forward liabilities are mainly on development side with the exception of Sindh, where the current budget liabilities (mostly curative facilitates) are 12% of Sindh Health Department’s total current budget.
The situation of resource allocation to healthcare at provincial level shows an upward pattern during last few years. There are significant enhancements in health allocation in all the four provinces on recurrent and development sides during recent years. However in the absence of any conditions/directions by the federal MoH, these allocations are meant for the indigenously set priorities that are 1) either supplementing the federal programmes for example Government of Sindh has allocated more resource to the federal hepatitis control programme (850 million during 2010-11), or 2) devoted to provinces own initiatives such as Government of Punjab is starting indigenously developed mobile hospitals in the province (Rs.614 million during 2010-11) out of its development funds in health sector.

The Development throw forward liabilities (mostly vertical preventive/ PHC programmes), of the federal MoH, are 35-40% (on the average) of each province’s development budget of health department. The curative services liabilities for the provinces are insignificant except Sindh government, where these liabilities account for 12% of the Sindh Health department current budget.

The service responsibilities assigned to the MoH under the Rules of Business 1973 included mostly those responsibilities that can only be provided by the federal government in a three tier government structure. If some of these responsibilities are transferred to the provincial governments, national health outcomes will be adversely affected. In light of the analysis in the paper, the following is recommended as the best way forward in the implementation of the 18th Amendment while protecting effective service delivery in the health sector:

1. Current MoH responsibilities like (National Planning and coordination between provinces; Dealings and agreements with foreign countries and international organizations in the field of health, drugs and medicines; Standardization of biological and pharmaceutical products across Pakistan ;) should be retained at the federal level.

2. Most attached departments of MoH should be devolved except check posts at international borders and other attached departments performing the role of training and national monitoring, which should remain with MoH.

3. One of the most important roles of MoH is pharmaceutical regulation and standardization, further legislated under the Drug Act of 1976. The Drug Act allocates functions of pharmaceutical registration, licensing, pricing and import/export to MoH at the federal level, while sale, storage, post-marketing and surveillance of pharmaceutical products rests with provincial governments. These respective responsibilities should remain unchanged between federal and provincial governments, because provincial boundaries are open to free unmonitored movement of goods and persons. Enforcement of provincial licensing and price controls will be impossible due to the mobility of medicines. As a result there would be shortages of drugs in some areas and influx of un-licensed drugs in others due to open borders between provinces.

4. All vertical programmes should be devolved to provincial governments especially since there is ownership of programmes at that level, besides financing some programmes partially. These programmes should be totally devolved to provincial governments together with adequate funding. However the functions of Monitoring and Evaluation of vertical programmes and dealing with donors of all programmes and especially those vertical programmes which aim to prevent inter provincial spread of infectious diseases like TB, Malaria, HIV/AID, Avian Influenza, Hepatitis, should be retained at the federal level. Similarly, monitoring and evaluation of those vertical programmes that aim to
achieve internationally agreed targets under Millennium Development Goals (MDGs) should also remain at the federal level, together with the limited funds required for such functions.

5. Vertical health programme of FATA, GB and AJK (and Islamabad Capital Territory – ICT) get funding and support for the vertical programme from MoH (under federal PSDP) in addition to their one line budget transfer from the federal government. The programmes in these areas are totally dependent on the MoH funding as compared to the provinces where some programmes (like TB, hepatitis etc) have counterpart provincial funding. The federal government should continue to look after vertical programmes in these areas, and retain funds for them.

6. Apart from PIMS located in Islamabad, other two hospitals attached to MoH, should be transferred to the provincial governments where these are located in exchange for equivalent asset transfer in another department like railways etc.

7. The argument for some federal entity in charge of health matters is strong. After all, which entity will respond to national emergencies in the health sector, formulate policy, coordinate with international partners, coordinate with provinces and monitor outcomes at the national level.

8. The financial implications of the proposal put forward here can be assessed from the total federal PSDP allocations in 2010-11 of Rs 16.9 billion classified between various types of expenditures (preventive, curative and stewardship etc) by provinces and administrative areas. According to the proposals made here, the preventive (vertical programmes) and curative (hospitals) should be devolved (Rs14.8 billion), while the stewardship expenditures (Rs 2 billion) should be retained at the federal level.

9. The re-assignment of vertical programmes from the federal to provincial governments will have implications for handling foreign assistance that currently funds only some vertical programmes (mainly HIV/AIDS, EPI and MNCH programmes). On a provincial basis, foreign assistance will be directed more to those provinces where the particular vertical programmes are concentrated. Nevertheless, foreign donors will need to coordinate with EAD (and the Ministry of Finance) to ensure consistency with the macro-economic plan for the year.

After the enactment of 18th amendment and 7th NFC award, the transfer of responsibilities and revenues is constitutionally binding on federation and its units until and unless these reforms are revisited. Similarly provincial governments are not likely to forego additional responsibilities or the resources. Devolution of the function of preventive and curative care is, as such indispensable and apparently, the provincial governments have fiscal space to enhance budget allocation to health sector to absorb additional curative and preventive programmes and institution. Similarly the federal government can still performs its functions of stewardship, policy and regulation through Ministry of Health. However a smooth transition will require coherent and well-coordinated plan for devolving curative and preventive services of the MoH to each province.
1. Background

Two significant reforms pertaining to constitutional and fiscal relationship between the four provinces and the federation of Pakistan have taken place during this year, namely 7th National Finance Commission Award (NFC) of 2010-11 and the 18th Constitutional Amendment bill of 2010-11. The new NFC award has transferred a much larger share of divisible pool and other resources to the provinces from the federation. The 18th Amendment Bill, on the other hand, has abolished the federal concurrent list and enhanced new constitutional provisions to federal Legislative List.

As a matter of fact many of the critical functions of the Federal Ministry of Health were legally justifiable under the constitutional provisions in the Concurrent list of the 4th Schedule of the 1973 constitution. As such both reforms have structural and financial impact on the public health sector in Pakistan in general and services delivery in particular.

Efforts are under way both at federal and provincial level to revisit resource allocation decision, the former evaluating transferring certain function to the provinces and the later exploring the binding nature of 18th amendment on the provinces.

The emerging scenario requires an independent and objective analysis of consequences of these two reforms on the future role of Federal Ministry of Health. In particular, critical functions of the Federal Ministry of Health such as vertical primary health programmes, curative care facilities and regulation of the pharmaceutical markets need to be reviewed in terms of the broader objective of policy and management of health sector in the country.

In addition, likely effect of these reforms on some other important aspects of healthcare, also need attention such as medical education, research, quality and international commitments e.g. MDG. While the emerging role of MoH is critical yet health sector resource allocation, the managerial capacity and political will at provincial level to take over additional responsibilities is also an important aspect to be touched upon.
2. Study Methods

2.1 Analysis Plan
This consultancy aims to examine the likely implications of these reforms on the government healthcare delivery at federal and provincial level. The analysis plan includes following tasks.

- Review of MoH rules of business, classification of its different activities into internationally accepted health functions
- Distribution of most recent years allocation of MoH according to the major functional classifications
- Review of Provincial Health department’s current and development budget trends
- Estimates of MoH financial throw-forward liabilities to the provinces and areas and their financial viability

2.2 Data Collections and Assumptions
A mixed method approach combining ‘theory based evaluation’ and ‘rapid assessment framework’ has been used for this research. This methodology allows comparing and distributing of functions of MoH according to an internationally accepted classification of health related activities. Moreover it also makes it convenient to ascertain the effect of reforms on sustainability of public healthcare delivery in Pakistan. Archival analyses were carried out of the records of the key stakeholders such as health, planning and finance ministries and departments at federal and provincial government.

In-depth interviews were conducted with important government functionaries involved in health planning and management at both provincial and federal level. In addition interviews were also conducted with key officials of the development partners involved in policy, reform and planning in health sector in Pakistan.

The World Health Organization (WHO) Health system framework was adopted for functional classification of different activities of the ministry of health Pakistan. Moreover the standard definition of health functions such as preventive care, curative care; research and medical education were adopted from System of Health Accounts (SHA) of Organization Economic Cooperation and Development (OECD)

The Data analysis was carried out on the budget data of the federal and provincial health department. Specifically the federal MoH recurrent budget and Public Sector Development Programme (PSDP), and provincial annual development plans were reviewed. The functional classification adopted from WHO framework was applied to categorize budgetary allocations of the MoH.

The federal preventive activities have been distributed to the provinces on the basis of provincial share in the project documents of vertical programmes.

The federal curative services have been distributed to the provinces and other areas by simply looking at the geographical locations of the curative facilities e.g. JPMC to Sindh and PIMS to Federal MoH.
2.3 Limitations

- This report has been prepared in one and half month. Time frame, i.e. one month, for such a critical activity was the major limitation of this activity.
- Access to sensitive financial data was another limitation. So the analysis mostly relied on the budgetary allocation rather than the actual expenditure incurred in health sector.
- The analysis plan did not include opinion of the non-government organization in health sector in the country. Similarly general public opinion is not part of this analysis.
- Though national health accounts project is underway since 2008 yet detailed functional classification of the health accounts is not available. Hence WHO framework is adopted to classify health allocations of MoH.
- The consultant could not visit Baluchistan province and detailed budget could not be obtained. However some telephonic interviews were conducted.
- Lastly this report tried to capture likely effects of the two reforms on health sector and to suggest how smoothly the transfer of responsibilities should take place so that the delivery of key functions should not be disrupted and population at large should not suffer. As such this report does not suggest any agenda to revert the 18th amendment or NFC award as this is beyond the purview of this consultancy.
3. **Review of Government Healthcare Delivery**

3.1 **Functions of Federal Ministry of Health**

The current responsibilities of the MoH include those assigned to it under the Rules of Business. The Rules of Business clarified the role of the federal government ministries in the concurrent list. Annexure provides the list of functions and responsibilities of MoH.

In addition to the responsibilities enumerated above, the Rules of Business 1973 also assigned various institutions as attached departments of the MoH in Schedule III (Rule-4(4)). The attached departments of the MoH are listed below followed by their budgets in recent years in Table 1:

1. Directorate of Central Health Establishments
2. Directorate of Malaria Control
3. Directorate of Tuberculosis Control
4. Jinnah Post-Graduate Medical Centre
5. Federal Government Services Hospital (FGSH), Islamabad
6. National Institute of Malaria Research and Training, Lahore
7. National Institute of Child Health, Karachi
8. Pakistan Institute of Medical Sciences, Islamabad

During the last decade or so, a number of important health related projects have been launched at the national level with the support of bilateral and multilateral donors. These projects aim to achieve national policy objectives and targets of international development goals. Some vertical programmes focused narrowly on immunization, malaria, tuberculosis and HIV/AIDS while others were more broadly defined projects, such as the Women’s Health Project, Reproductive Health Project and/or National Nutrition Project. (For a brief description of each vertical programme see Annexure). Currently there are eleven vertical programmes:

1. Expanded Programme on Immunization (EPI)
2. Prime Minister’s Programme for Prevention and Control of Hepatitis
3. Roll Back Malaria in Pakistan
4. National Programme for Family Planning and Primary Health Care “The Lady Worker’s Programme”
5. Enhanced HIV/AIDS Control Programme
6. National Tuberculosis Control Programme “Strengthening National Tuberculosis Control Programme by Ensuring Uninterrupted Drug Supplies”
7. Improvement of Nutrition Through Primary Healthcare and Nutrition Education/Public Awareness
8. National Programme for Prevention and Control of Avian and Pandemic Influenza
9. Maternal Neonatal and Child Health Programme
10. National Programme for Prevention and Control of Blindness
11. Improvement of Nutrition through PHC
3.2 Functional Classification of MoH
The current responsibilities of MoH shown above can be classified in terms of functions as stewardship and national planning and policy; regulation and standardization; medical education; research; preventive and Infectious disease control, and curative healthcare. A functional classification matrix is given on next page:
Table 1: Functional Classification Matrix of MoH

<table>
<thead>
<tr>
<th>Stewardship/ national planning and policy</th>
<th>Regulation, standardization and Medical Education</th>
<th>Research and data</th>
<th>Healthcare Provision</th>
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<tr>
<th>Development</th>
<th>National Health Information Resource Center</th>
<th>National Health Information Resource Center</th>
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<tr>
<td>1. Health House Ministry of Health</td>
<td>1. Expanded Programme on Immunization</td>
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<tr>
<td>2. National Health system strengthening and Policy Unit</td>
<td>2. Prime Minister’s Programme for Prevention and Control of Hepatitis</td>
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<tr>
<td>3. National Plan of Action for NCDs</td>
<td>3. Roll Back Malaria in Pakistan</td>
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<td>5. Enhanced HIV/AIDS Control Programme</td>
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<td>6. National Tuberculosis Control Programme</td>
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<tr>
<td></td>
<td>“Strengthening National Tuberculosis Control Programme by Ensuring Uninterrupted Drug Supplies”</td>
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<td></td>
<td>7. Improvement of Nutrition Through Primary Healthcare and Nutrition Education/Public Awareness</td>
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<td></td>
<td>8. National Programme for Prevention and Control of Avian and Pandemic Influenza</td>
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<td>9. National Programme for Prevention and Control of Blindness</td>
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<td>10. National Breast Cancer Screening Programme</td>
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<tr>
<td>Federal Drug Surveillance Laboratory</td>
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<td>2. Benazir Medical College</td>
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<td>3. Building for Gomal Medical College</td>
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<td>4. Medical College Khuzdar</td>
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<td>5. Bannu Medical College</td>
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<td>6. Bacha Khan Medical College</td>
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<td>7. Multan Medical College</td>
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<td>1. Health Services Academy</td>
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<td>2. Benazir Medical College</td>
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<td>3. Building for Gomal Medical College</td>
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<td>4. Medical College Khuzdar</td>
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<td>5. Bannu Medical College</td>
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<td>6. Bacha Khan Medical College</td>
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<td>7. Multan Medical College</td>
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<tr>
<td>1. Cardiac Surgery Facility at PIMS</td>
<td>2. 400 bedded Women Hospital Rawalpindi</td>
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<td>2. 400 bedded Women Hospital Rawalpindi</td>
<td>3. 160 bedded hospital Palandri AJK</td>
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<tr>
<td>3. 160 bedded hospital Palandri AJK</td>
<td>4. DHO Hospital, Mandi Bahaudin</td>
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<td>4. DHO Hospital, Mandi Bahaudin</td>
<td>5. Burn Center Islamabad</td>
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<td>5. Burn Center Islamabad</td>
<td>6. Institute of cardiology, Peshawar</td>
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<tr>
<td>6. Institute of cardiology, Peshawar</td>
<td>7. Khalifa Nawaz Hospital Complex Bannu</td>
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<td>7. Khalifa Nawaz Hospital Complex Bannu</td>
<td>8. Accident and ancillary at Civil Hospital Karachi</td>
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<tr>
<td>8. Accident and ancillary at Civil Hospital Karachi</td>
<td>9. Institute of Neurosurgery JPMC</td>
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<td>9. Institute of Neurosurgery JPMC</td>
<td>10. Institute of Neurosurgery JPMC</td>
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<td></td>
<td>11. Shaheed Benazir Medical Complex at National Highway, Karachi</td>
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<td></td>
<td>12. 300 bed MCH Institute, Benazir Institute, Nawabshah</td>
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At present the legal status of the rules of business number 6, 8, 11, 12, 13 and 15 is vague and there seems no justification for the MoH to continue with the activities and entities functioning under these legal provisions.

Under rule of business 12: Regarding prevention and extension of communicable diseases, it is interesting to note that not all vertical Programmes have objectives of preventing inter provincial spread of infectious disease. While TB, Malaria, HIV/AIDS, Avian Influenza, Hepatitis Programmes are for prevention of infectious diseases with likely inter provincial spread of these diseases; however Nutrition, MNCH project, blindness and LHW Programmes are not explicitly meant for preventing spread of infectious diseases from one province to the other. Similarly with the exception of some components of EPI Programme the rest of its objectives have limited justification for the federal government according to the same quote.

As a matter of fact these Programmes were devised to address decade long poor performances (during 90s and early 21st century) on Millennium Development Goals /Poverty Reduction related health indicators such as Infant Mortality Rate, Maternal Mortality Ratio, incidence and prevalence of TB, Malaria and Hepatitis on war footing. These interventions of the MoH have emerged as significant contribution to health sector in the country after acknowledging the fact that over the years, provincial health departments were not sufficiently resourced to address healthcare needs of their population and to show progress on MDG goals. Significant features of these Programmes are given below:

- Followed standard and universally accepted protocols for prevention and treatment of critical health problems
- Provided institutional support to the provincial health setup with continued and uninterrupted supplies and human resource development
- Catered healthcare needs of the population irrespective of their race, ethnicity, gender and economic status
- Managed to demonstrate progress on the MDG health related goals in the areas of intervention.
- Have shown through independent evaluation a transparent and efficient utilization of resource and end user satisfaction

Under the rules of business 8, 13 and 15: The Ministry of Health has a reasonable establishment of various types of health facilities throughout the country and it continues to expand and strengthen it through the PSDP funds. These facilities are mainly of two kinds 1) providing curative and rehabilitative service in federal areas and provinces 2) check posts at the international borders. While the small health units have mechanisms to ensure provision of medical service to federal government employees only, but at large hospitals such as JPMC and PIMS there seems no such restriction.

In addition the MoH also provides grants/financial support to some facilities under the provincial control. These grants are mainly political, discretionary and depend on the availability of resources. There seems no legal bound to restrict such transfers from the federation to the province and to entertain demand of the provinces by the federal government.
Under rules of Business 6 and 11: One of the most important and critical role of MoH is pharmaceutical regulation and standardization. The detailed functions of the MoH have further been legalized under the Drug Act of 1976. It distributes functions of pharmaceutical registration, licensing, pricing and import/export to MoH while Sale, Storage, Post marketing and surveillance of pharmaceutical is assigned to provincial governments.

The MoH’s above role is more important in legal terms, setting aside its share in the total budget of MoH. The Drug control organization of the MoH approves new pharmaceutical products and fix retail and wholesale prices for the whole country on the analogy of FDA in United States and National Institute of Clinical Excellence (NICE) in UK. More importantly in Canada though healthcare is a provincial subject, pharmaceutical regulation follows advice of Canadian Agency for Drugs and Technologies in Health (CADTH): a federal body, in pharmaceutical sector. The role of such institutions is binding on all the regional or state governments in their respective countries. As such it seems technically impossible to devolve these functions of the MoH to the province.

3.3 Financial Outlay and Classification of MoH

In addition to the functional classification, a breakup of the federal MoH budget is also provided under similar classification. This is important to see financial burden of each functional classification of the MoH. The Ministry of Health published budget book for the year 2009-10 has been utilized for this purpose.

The budget book provides detailed functional and object classification of the recurrent and development budget. However the development budget for the year 2010-11 was made available and reflected most recent priority settings of the federal government in the health sector so it was replaced with the development budget in budget book. As such the financial analysis relied on the recurrent budget for the year 2009-10 and development (PSDP) for the year 2010-11.

The budgetary allocations of MoH in 2009/10 and 2010/11 according to this classification are shown in Table 2 below:

<table>
<thead>
<tr>
<th>Budget</th>
<th>Stewardship</th>
<th>Regulation</th>
<th>Education</th>
<th>Research</th>
<th>Preventive &amp; Infectious</th>
<th>Curative Care</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current 2009-10</td>
<td>190.357</td>
<td>174.999</td>
<td>34.2</td>
<td>304.808</td>
<td>61.462</td>
<td>4146.965</td>
<td>4912.7</td>
</tr>
<tr>
<td>PSDP 2010-11</td>
<td>1419.882</td>
<td>37.04</td>
<td>620.631</td>
<td>20.578</td>
<td>12316.529</td>
<td>2529.868</td>
<td>16944.5</td>
</tr>
<tr>
<td>Current 2009-10</td>
<td>3.87%</td>
<td>3.56%</td>
<td>0.70%</td>
<td>6.20%</td>
<td>1.25%</td>
<td>84.41%</td>
<td>100%</td>
</tr>
<tr>
<td>PSDP 2010-11</td>
<td>8.38%</td>
<td>0.22%</td>
<td>3.66%</td>
<td>0.12%</td>
<td>72.69%</td>
<td>14.93%</td>
<td>100%</td>
</tr>
</tbody>
</table>

On the current side, Curative service has the biggest share of total currant budget. The curative services constitute 84 % of total federal current budget for 2009-10.
Preventive Programmes/ Selective PHC constitute 57% of the total federal PSDP. While preventive Programmes allocations are rather evenly distributed between different provinces and areas: probably on the basis of population and burden of diseases. However, MoH total allocations to curative service (current and development) are mainly concentrated in ICT (50% of total) and Sindh (27 % of total). Interestingly most of the curative service facilities in Sindh are situated in Karachi.

Federal financial through-forward liabilities are mainly on development side with the exception of Sindh, where current budget liabilities (mostly curative facilitates) are 12% of Sindh health department total current budget.

Preventive programmes account for 57% of MoH’s total resources and 73% of its PSDP. Most of the foreign assistance is for these vertical Programmes. The approved foreign assistance for Ministry of Health is Rs.1.77 billion, which accounts for 10 % of the PSDP and 8% of total MoH budget. The foreign assistance component is mainly for three Programmes i.e. HIV/AID, EPI and MNCH Programme. The federal government solely funds the other key Programmes such as national Programme for PHC and FP, Hepatitis Control Programme and National Tuberculosis Control Programme etc.

The MoH has various types of health facilities throughout the country and it continues to expand these through the PSDP funds. These establishments account for 31% of the total MoH budget (84% of the current budget and 15% of the PSDP). These facilities are mainly of two kinds 1) providing curative and rehabilitative service in federal areas and provinces 2) check posts at the international borders.

3.4 Provincial Health Care Delivery and Allocations
Healthcare Delivery is mainly financed and administered at the provincial level. Both secondary and tertiary cares as well as primary healthcare are administered at the provincial level. However a general trend is that tertiary and secondary care hospitals are under the jurisdiction of the provincial government and PHC facilities are under the control of district government. While a complete review of the provincial and district health care is beyond the scope of this research but at least last couple of year’s allocation to health sector is pertinent to mention. With the expected increase in share in the total revenues of the provinces, all the four provinces are allocating substantial funds to health sector. The following table provides last two years budgetary situation in the four provinces.

**Table 3: Provincial Allocations to Health Sector (Rs. in Million)**

<table>
<thead>
<tr>
<th>Budget Estimates</th>
<th>Khyber Pakhtunkhwa</th>
<th>Punjab</th>
<th>Sindh</th>
<th>Baluchistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADP 2009-10 (O/R)</td>
<td>4338</td>
<td>6966</td>
<td>4515</td>
<td>545</td>
</tr>
<tr>
<td>ADP 2010-11 (O/R)</td>
<td>6077</td>
<td>14500</td>
<td>6300</td>
<td>754</td>
</tr>
<tr>
<td>Current 2009-10</td>
<td>2990</td>
<td>22547</td>
<td>10568</td>
<td>1650</td>
</tr>
<tr>
<td>Current 2010-11</td>
<td>4238</td>
<td>22802</td>
<td>10600</td>
<td>7442</td>
</tr>
<tr>
<td>Total ADP + Current 2009-10</td>
<td>7328</td>
<td>29513</td>
<td>15083</td>
<td>2195</td>
</tr>
<tr>
<td>Total ADP + Current 2010-11</td>
<td>10315</td>
<td>37302</td>
<td>16900</td>
<td>8196</td>
</tr>
<tr>
<td>% change in ADP</td>
<td>140.09</td>
<td>208.15</td>
<td>139.53</td>
<td>138.35</td>
</tr>
<tr>
<td>% change in Current Budget</td>
<td>141.74</td>
<td>101.13</td>
<td>100.30</td>
<td>451.03</td>
</tr>
</tbody>
</table>
There are significant enhancements in allocation in all the four provinces on recurrent and development sides. However in the absence of any conditions/ restriction by the federal MoH, these allocations are meant for the indigenously set priorities that are supplementing the federal Programmes. For example government of Sindh has allocated more resource to the federal Hepatitis control Programme (Rs. 850 million during 2010-11) and government of Punjab is starting mobile hospitals in the province (Rs.614 million during 2010-11) out of its development funds in healthcare. The following table provides the preventive programmes in the annual development programmes of the provinces.

Table 4: Preventive Programmes in Provincial ADP 2010-11 (Rs. in Million)

<table>
<thead>
<tr>
<th>Provincial ADP Programmes</th>
<th>Punjab</th>
<th>Khyber Pakhtunkhwa</th>
<th>Sindh</th>
<th>Baluchistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expended Programme on Immunization</td>
<td>100</td>
<td>18</td>
<td>90</td>
<td>-</td>
</tr>
<tr>
<td>Enhanced HIV/AIDs Control Programme</td>
<td>576</td>
<td>20</td>
<td>42</td>
<td>-</td>
</tr>
<tr>
<td>Roll Back Malaria in Pakistan</td>
<td>0</td>
<td>20</td>
<td>80</td>
<td>-</td>
</tr>
<tr>
<td>National Tuberculosis Control Programme</td>
<td>75</td>
<td>20</td>
<td>110</td>
<td>-</td>
</tr>
<tr>
<td>Prime Minister Programme for prevention and control of Hepatitis</td>
<td>300</td>
<td>120</td>
<td>850</td>
<td>-</td>
</tr>
<tr>
<td>HSRU</td>
<td>40</td>
<td>0</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Thalassemia</td>
<td>10</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Safe blood transfusion</td>
<td>50</td>
<td></td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Safe Mother hood</td>
<td>0</td>
<td>7.4</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Mobile Units</td>
<td>614</td>
<td>0</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>WFP</td>
<td>5</td>
<td>0</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Thalassemia</td>
<td>25</td>
<td>0</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total Preventive (sub-sector)</td>
<td>1785</td>
<td>215.4</td>
<td>1259</td>
<td>-</td>
</tr>
<tr>
<td>Health Management Information System</td>
<td>40</td>
<td>15</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>National Programme for prevention and control of Blindness</td>
<td>50</td>
<td>0</td>
<td>30</td>
<td>-</td>
</tr>
<tr>
<td>Nutrition Programme</td>
<td></td>
<td></td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Child Survival Programme</td>
<td></td>
<td></td>
<td>9</td>
<td>-</td>
</tr>
<tr>
<td>Strengthening MNCH</td>
<td></td>
<td></td>
<td>50</td>
<td>-</td>
</tr>
<tr>
<td>National Blood Transfusion</td>
<td></td>
<td></td>
<td>20</td>
<td>-</td>
</tr>
<tr>
<td>Grand total all preventive in ADP</td>
<td>1875</td>
<td>230.4</td>
<td>1418</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: New schemes allocation in italic format
3.5 Constitutional and Financial Reforms

Broadly speaking two significant re-assignments in the fiscal federal structure of Pakistan have taken place during the year 2010. First, the new NFC award (and settlement of gas and hydro-power profits issues in the case of Khyber Pakhtunkhwa (KP) and Baluchistan), has transferred a much larger share of divisible pool and other resources to the provinces from the federation (see Annexure).

The second re-assignment has been of service responsibilities. The 18th amendment included amendments in the Fourth Schedule of the 1973 Constitution that assigns service responsibilities between the federal and provincial governments.

While some of these responsibilities have been re-assigned to the Federal Legislative list from the Concurrent list under the 18th Amendment, the wisdom of re-assigning all remaining to the provinces is obvious i.e. that health services delivery will emerge as provincial subject and the federal MoH will remain to provide a role inclined as governance, policy and related business in health sector. Below is a detailed review of both these reforms.

3.6 18th Constitutional Amendment

Article 101 of the 18th Amendment makes amendments in the Fourth Schedule of the Constitution, thus altering the political, administrative and fiscal authority of the federal and provincial governments. Article 101 not only abolishes the Concurrent Legislative List (see Annex III for details) but it also amends the Federal Legislative List in the Fourth Schedule of the 1973 Constitution by shifting some items from the Concurrent List to the Federal List.

Prior to the 18th Amendment, under Article 70 of the 1973 Constitution, the Concurrent Legislative List in the Fourth Schedule included all those subjects that both federal and provincial legislatures could legislate on, subject to the proviso that where conflict in the federal and provincial laws occurred, the federal law always held ground. However, Federal authority in the Concurrent legislative list subjects was circumscribed by the Rules of Business 1973, which enumerated the limits of the Federal domain in the List. All subjects not in the two lists were in the provincial domain. By abolishing the Concurrent List, the 18th Amendment has effectively transferred all those subjects in the list to the provincial legislative domain.

The MoH is particularly affected by the following articles of the Concurrent List which have been abolished:

- Drugs and medicines.
- Poisons and dangerous drugs.
- Prevention of the extension from one Province to another of infectious or contagious diseases or pests affecting men, animals or plants.
- Mental illness and mental retardation, including places for the reception or treatment of the mentally ill and mentally retarded.

On the other hand some additions to the Federal List also potentially impact MoH:

The Federal Legislative List has been extended to include:

- All regulatory authorities established under a Federal law.
- National planning and national economic coordination including planning and coordination of scientific and technological research.
- Legal, medical and other professions

3.7 National Finance Commission Award 2010

The National finance commission award is a revenue distribution formula between the federation and the provinces for the revenues collected by the federal government. The new NFC is the 7th award effective from the year 2011 and will be implemented till 2015. It has two distinct features that have contributed to an enhanced transfer of revenues from the federation to the province. Firstly the share of the federation is smaller than the previous awards i.e. 44% instead of 52.5% (in 6th award). Secondly the distribution of the 56% provinces’ share among provinces has been revised on a new formula. Both of these formulas have impacted an improved financial position of all four provinces. In addition there are specific transfers from the federal government to the provinces. Firstly additional grants from the federal government to the three small provinces namely Sindh, KPK and Baluchistan and secondly, transfer of funds as a result of compensation to the province for exploiting Hydal and gas resources in KPK and Baluchistan. A detailed description of the 7th NFC award is given in the annexure.
4. Way Forward

After the enactment of 18th amendment and 7th NFC award, the transfer of responsibilities and revenues is constitutionally binding on federation and its units, until and unless these reforms are revisited. Similarly provincial governments are not likely to forego additional responsibilities or the resources. As such this is beyond the scope of this consultancy to suggest a revision in the reforms that are now part of the constitution and binding on any entity what so ever in the country.

This report provides a blueprint for the transition of the programmes and functions of the MoH to the provinces in such a manner that healthcare delivery should not suffer. In the first instance the financial implication of transferring the federal programme has been worked out for each province. An equally important aspect is to ascertain preparation of the provinces to take over these additional programmes and activities.

Detailed discussions in the form of in-depth interview were held with major stakeholders i.e. officials of government and development partners to ascertain such a plan of actions that ensures a transition as smooth as possible. The specific question asked from the stakeholders were their own opinion and their organizational stance on the likely effect of these reforms on services delivery. In addition they were also asked about the measures taken to implement these reforms. The viewpoint of key stakeholders is available in annexure. Below is the synopsis of the in-depth interviews.

Synopsis of in-depth interview with the provincial governments
- Governments of all four provinces are well aware of these reforms and are taking it positively.
- All the provincial governments have formed some sort of committees to work out the financial and managerial implication of these reforms to their respective departments.
- There is enough fiscal space at the provincial level to further enhance allocation to health sector to accommodate devolved programmes and activities. As a matter of fact some of the vertical programmes such as Tuberculosis and Hepatitis Control Programmes are already co financed from the provincial budget.
- It is less likely that management and services delivery of the vertical program will suffer. As a matter of fact all the vertical programs are having provincial level management units that will continue with some additional responsibilities.
- It is also less likely that in some cases one or more programmes will be closed down. As these programmes are already functioning with human resources employed and well established infrastructure at the provincial and services delivery level.
- Not all the provinces mentioned that they need additional resources to fund these programmes if these are devolved in terms of finance and delivery to the provinces.

Synopsis of in-depth interviews with the federal government and development partners
- A phase manner approach for devolving the key services delivery programmes is appropriate. A three years plan is an appropriate approach to complete devolving MoH. In the first instance all the curative care facilities shall be transferred to the
province. Afterwards all the vertical programmes can be devolved considering their approval status and annual phasing.

- The role of MoH as a regulator of pharmaceutical pricing and marketing is of federal in nature, pharmaceutical pricing and licensing cannot afford inter provincial variation.
- Developmental assistance can be channeled directly to the provinces. Presently some provincial programmes are funded from the development assistance. These commitments involve Economic Affair Division and Planning commission but not necessarily Federal MoH.
- Ministry of Health can still perform its stewardship function such as policymaking, national level planning and pharmaceutical regulations under Drug Act 1976.

Since the Federal Legislative List has been extended to include:

- All regulatory authorities established under a Federal law.
- National planning and national economic coordination including planning and coordination of scientific and technological research.
- Legal, medical and other professions

MoH responsibilities i.e. National Planning and coordination between provinces; Dealings and agreements with foreign countries and international organizations in the field of health, drugs and medicines; Standardization of biological and pharmaceutical products across Pakistan; Administration of the Drugs Act 1976, can be protected by a broad interpretation of the amended Federal Legislative List. As a consequence, all these functions will likely remain at the federal level. However, MoH functions of directly financing and delivery of preventive and curative services inside the provincial jurisdiction are apparently going to be affected. However the federal MoH will continue to operate healthcare delivery in the Islamabad capital tertiary. In this situation the likely effect of this devolution is mostly financial rather than managerial. Since all the provincial health departments have a well established system of coordination, M & E of the vertical programmes between the field level activities and the respective project offices at the federal level.

The financial implications of the 18th Amendment are estimated based on the criteria provided in the methods section. These include vertical (provinces and areas) and horizontal (functions) distribution of the ministry of Health budget for development and recurrent heads. The preventive and curative services provided in the ICT shall continue as such with MoH. The budget provision for managing the preventive and curative programmes shall remain a share of the Federal MoH and it will be deleted from the next financial year budget after devolution of curative and preventive programmes. This amount is not distributed to the provinces since provinces already have provincial units for supervision of these activities.

The following table provides detailed vertical and horizontal distribution of MoH budgets.
Table 5: MoH Through-forward Liabilities (Current & Development) to Provinces and Areas under Different Functions (Rs. in Million)

<table>
<thead>
<tr>
<th>Key functions</th>
<th>Federal*</th>
<th>Khyber Pakhtunkhwa share</th>
<th>Punjab share</th>
<th>Sindh share</th>
<th>Baluchistan share</th>
<th>NA share</th>
<th>FATA share</th>
<th>AJK share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curative</td>
<td>456</td>
<td>852</td>
<td>371</td>
<td>567</td>
<td>284</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2530</td>
</tr>
<tr>
<td>Stewardship, regulation etc</td>
<td>2098</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2098</td>
</tr>
<tr>
<td>Preventive</td>
<td>2408</td>
<td>1459</td>
<td>4647</td>
<td>1976</td>
<td>1046</td>
<td>217</td>
<td>196</td>
<td>366</td>
<td>11950</td>
</tr>
<tr>
<td>Total PSDP</td>
<td>4962</td>
<td>2311</td>
<td>5019</td>
<td>2543</td>
<td>1330</td>
<td>217</td>
<td>196</td>
<td>366</td>
<td>16578</td>
</tr>
<tr>
<td>Curative</td>
<td>2851</td>
<td>16</td>
<td>35</td>
<td>1231</td>
<td>13</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4147</td>
</tr>
<tr>
<td>Preventive</td>
<td>18</td>
<td>0</td>
<td>44</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>62</td>
</tr>
<tr>
<td>Stewardship, regulation etc</td>
<td>704</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>704</td>
</tr>
<tr>
<td>Total Current</td>
<td>3573</td>
<td>16</td>
<td>79</td>
<td>1231</td>
<td>13</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>4913</td>
</tr>
<tr>
<td>Grand Total (Current + PSDP)</td>
<td>8535</td>
<td>2326</td>
<td>5098</td>
<td>3774</td>
<td>1343</td>
<td>218</td>
<td>197</td>
<td>366</td>
<td>21491</td>
</tr>
<tr>
<td>Total Curative</td>
<td>3307</td>
<td>868</td>
<td>406</td>
<td>1798</td>
<td>297</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>6677</td>
</tr>
<tr>
<td>Total Preventive</td>
<td>2426</td>
<td>1459</td>
<td>4691</td>
<td>1976</td>
<td>1046</td>
<td>217</td>
<td>196</td>
<td>366</td>
<td>12012</td>
</tr>
<tr>
<td>Total Stewardship, regulation etc</td>
<td>2802</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2802</td>
</tr>
</tbody>
</table>
During last two years the provincial total health allocations have witnessed 40 % (on the average) increase. Highest increase is in Punjab, where development allocations have been doubled. The impact of the federal through forward liabilities will further improve the budgetary allocation at the provincial level. The extents to which these liabilities affect the provincial allocations are given in the table below.

**Table 6: 18th Amendment Financial Implication for the Provinces (%)**

<table>
<thead>
<tr>
<th>Budget (Health)</th>
<th>Khyber Pakhtunkhwa</th>
<th>Punjab</th>
<th>Sindh</th>
<th>Baluchistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal PSDP liabilities as % of provincial ADP 2010-11</td>
<td>38</td>
<td>35</td>
<td>40</td>
<td>176</td>
</tr>
<tr>
<td>Federal Current Budget liabilities as % of Provincial Current Budget 2009-10</td>
<td>0.52</td>
<td>0.35</td>
<td>11.65</td>
<td>0.79</td>
</tr>
<tr>
<td>Federal Total Liabilities as % of Total Provincial Health Budget</td>
<td>22.55</td>
<td>13.67</td>
<td>22.33</td>
<td>16.39</td>
</tr>
</tbody>
</table>

The development throw forward liabilities (mostly vertical preventive/ PHC programmes) of federal MOH are 35-40% (on the average) of each province development budget of health department. The curative services liabilities for the provinces are insignificant except Sindh province, where these liabilities account for 12% of the Sindh Health Department budget.
5. Conclusion

Apparently, in provinces the health allocations have witnessed a record increase. However the increase in budget is according to provinces' own priority settings. On the other hand, the federal throw forward also float around 30-40 %. As such, one can conclude based on the above analysis that provinces have the capacity to take over the financial liability of the vertical programmes. However a smooth transition will require coherent and well-coordinated plan for devolving curative and preventive services of the MoH to each province.
Annexures
Annex 1: List of Persons Interviewed/In-depth Interviews

Planning Commission
1. Member Social Sector, Planning Commission, Islamabad
2. Chief of Section Health, Planning Commission, Islamabad

Ministry of Health
1. Secretary Health, Ministry of Health, Islamabad
2. Chief, Health System Strengthening and Policy Unit, Ministry of Health, Islamabad,
3. Deputy Director General (P & D), Ministry of Health, Islamabad
4. Health Economics and Financing Specialist, HSSPU, MoH Islamabad

Provincial Governments

Punjab
1. Secretary Health, Government of Punjab, Lahore
2. Secretary Finance, Government of Punjab, Lahore

Sindh
1. Chief Planning Officer Health Department, Government of Sindh
2. Additional Secretary Finance (Resource Allocation), Finance Department, Government of Sindh

Khyber Pakhtunkhwa
1. Deputy Head, Health Sector Reforms Unit, Department of Health

Baluchistan
1. Chief Planning Officer, Health Department, Baluchistan (Telephonic interview)

Development Partners
1. Senior Health specialist, DFID, British High Commission, Islamabad
2. Senior Health Specialist, GTZ, Islamabad
3. Senior Health Specialist, AusAID, Islamabad
Annex 2: List of Documents Consulted

Public Sector Development Programmes (Health) 2008-11, Planning Commission, Government of Pakistan

Budget Ministry of Health, Islamabad, 2007-10, Finance Division, Pak Secretaries, Islamabad

Annual development Programmes of Departments of health in Punjab, Sindh, KPP and Baluchistan for the year 2009-10

Baluchistan White Paper on Budget 2010-11, Finance Department Government of Baluchistan

KPP White Paper 2010-11 Planning and Development Department, Government of Khyber Pukhtonkhwa, Peshawar

Constitution of Islamic Republic of Pakistan and its amendment as on 30 October 2010

National Finance Commission Awards number 6 and 7, Finance Division, Pak Secretariat Islamabad

PC-1 Project documents of all the vertical programmes provided by the Health Section, Planning Commission as mentioned in annexure
Annex 3: Synopsis of Interviews with Key Stakeholders

The synopsis of interviews with Department of Health official in the provincial governments

Government of Khyber Pakhtunkhwa

- All Vertical programmes of MoH will be adopted by KP easily since presently these are executed, and staffed by KP. Ownership exists. Funding from federation required, at least for two-five years. Beyond that KP can manage. KP may extend some aspects of vertical programmes according to their needs. Procurement and donor funding should transfer down as well.
- Transfer of Drug Administration to provinces is not practicable. Uniformity across provinces and other federally administered areas of Pakistan in terms of prices and licensing of drugs will be difficult; as a result there would be shortages of drugs in some areas and influx of un-licensed drugs in others due to open borders between provinces. The DoH strongly advises against devolving this responsibility.
- If any responsibilities of MoH are to be retained, that should occur according to the guidelines of the Implementation Committee, since provincial legislators will not transfer back any provincial responsibility to federation.
- Regarding MoH responsibilities under Rules of Business, KP expects devolution of 2, 4, 9, 10, and 13 (see list above)
- Regarding attached departments, only departments 6-8 (see list above) should remain with the federal government.
- But subsequently at a meeting of a committee set up to advice the GoKP on the implementation of the 18th Amendment, it is reported that there was strong support for devolving every function to the province, notwithstanding the views reported above.

Government of Sindh

Finance Department confident that GoS has resources and capacity to take over the vertical programmes if devolved to the provinces. They also intend to enhance the budget of health department whether or not vertical programmes are devolved.
- Chief Secretary Sindh has formulated a committee in S&GA D to look at the situation arising from 18th Amendment.
- DoH officials also welcome devolution of vertical programmes especially since provincial government already involved in management and funding of some. They also emphasized that federal transfer of funds to some vertical programmes (other than LHW programme) is through various channels which causes delays in meeting financial and physical targets. If these programmes are devolved, they will be more efficiently managed.

Government of Baluchistan

- Baluchistan ADP 2010-11 is Rs. 754.09 million compared to Rs. 544.461 million in 2009-10.
- Health Department budget has not increased in anticipation of broader responsibilities under the 18th Amendment.
- The DoH welcomes the devolution of all vertical programmes from the federal to the provincial governments.
• Within the province, the LHW programme will be devolved in two districts of Baluchistan namely Pashin and Mustung. In both districts, finance and management of the programme will be handed over to the district health officer with some reporting mechanism on financial and physical progress to the Federal and provincial governments. They expect only the LHW programme to be devolved to the districts.
• Chief Secretary GoB has formed a committee to look at the issues pertaining to 18th amendment. The committee is composed of Secretaries of SGAD, Finance, Law and Inter Provincial Coordination
Annex 4: Brief on Vertical Programmes

The following tables describe the vertical programmes in brief, focusing on those aspects of the programmes which will help determine whether the programme can be devolved to the provinces after the abolishment of the Concurrent List in the 18th Amendment. In particular, the description focuses on the objectives of the Programme, its location, the responsibility of executing, operation and maintenance of the Programme among the tiers of government. The tables also show the duration of the project and the international cooperation, sponsorship, commitments involved.

<table>
<thead>
<tr>
<th>National Maternal, Newborn and Child Health Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Objectives and Strategies</td>
</tr>
<tr>
<td>2 Cost and PSDP allocation and throw forward</td>
</tr>
<tr>
<td>3 Administrative and Financial Boundaries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>National Tuberculosis Control Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Objectives and Strategies</td>
</tr>
<tr>
<td>2 Cost PSDP 2010-11 allocation and throw forward</td>
</tr>
<tr>
<td>3 Administrative and Financial Boundaries</td>
</tr>
</tbody>
</table>
### National Programme for Family Planning and Primary Health Care (LHW)

<table>
<thead>
<tr>
<th>1</th>
<th>Objectives and Strategies</th>
<th>The Programme aims at reducing infant mortality rate and maternal mortality ratios as per MDGs. It specifically aims at increasing contraceptive prevalence rates, improving immunization and integrating community health workers with the District health delivery system and the communities. The Programme aims that by integrating communities with the district healthcare, the services utilization will improve and will help in early prevention and treatment of minor illness such as ARI, Diarrhea malaria, scabies and minor injuries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Cost and PSDP 2010-11 allocation</td>
<td>The project has an approved cost of Rs.53405.927 million PSDP 2010-11 allocation is Rs.5761.765 million Throw forward Rs.48089.535 million</td>
</tr>
<tr>
<td>3</td>
<td>Administrative and Financial Boundaries</td>
<td>The Programme has centralized financial system. Major purchases are carried out by the federal government. The provincial governments have parallel systems of administration and monitoring of the Programme. There is a huge force of LHW employed for the Programme intervention. The impact of transferring this to the provincial budget needs to be chalked out</td>
</tr>
</tbody>
</table>

### Enhanced HIV/AIDS Control Programme

<table>
<thead>
<tr>
<th>1</th>
<th>Objectives and Strategies</th>
<th>Programme focuses on HIV prevention in the high risk population segments. It has a huge component to raise awareness about the HIV in general public. It also sets up a national surveillance project. It has three broad areas covering prevention and treatment service, advocacy and communication, and governance and institutional framework.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Cost and PSDP 2010-11 allocation and throw forward</td>
<td>Project has an approved cost of Rs. 1930.603 with an aid component of Rs. 1544.482 PSDP 2010-11 allocations are Rs. 246.933 million Throw forward is Rs. 633.007 millions</td>
</tr>
<tr>
<td>3</td>
<td>Administrative and Financial Boundaries</td>
<td>The project is controlled by the federal Ministry of Health. The provincial governments have setup provincial coordination offices but the source of funding is federal government. There is no likely human resource implication of this Programme due to in case of devolving it to the provinces</td>
</tr>
</tbody>
</table>
### Expanded Programme on Immunization

<table>
<thead>
<tr>
<th>1</th>
<th>Objectives and Strategies</th>
<th>The Programme aims at vaccination of women and children against six diseases. It is included in the five year plan and Mid Term Development Fund (MTDF).</th>
</tr>
</thead>
</table>
| 2 | Cost and PSDP 2010-11 allocation and throw forward | Project has an approved cost of Rs. 26442.565 with an aid component of Rs. 2240.484  
PSDP 2010-11 allocations are Rs. 2716.261 million  
Throw forward is Rs. 2242.565 millions |
| 3 | Administrative and Financial Boundaries | Programme is an essential component of the public health in Pakistan. Major source of funding is the federal government. However human resource at the delivery level is on the provincial and district government payroll. The federal government provides support in term of vaccines and other supplies and direct fund transfers for some components of the Programme. |

### Roll Back Malaria in Pakistan

| 1 | Objectives and Strategies | The Malaria Control Programme is an essential component of Primary Health Care, included in MTDF; Programme included under the goals and targets for the Millennium Development Goals (MDG’s) as indicator 21 and 22 which are:  
Reduction in morbidity and mortality associated with malaria.  
Increase proportion of population in malaria risk areas using effective malaria prevention and treatment measures. |
|---|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| 2 | Cost and PSDP 2010-11 allocation | Project has an approved cost of Rs. 658.625 million  
PSDP allocations for the year 2010-11 are Rs. 123.466 million  
Throw forward is Rs. 583.212 million |
| 3 | Administrative and Financial Boundaries | The project is being implemented by the federal government however it has provincial share in terms of finance and administration. The Malaria human resource at the service delivery level is provincial. |

### Prime Minister’s Programme for Prevention and Control of Hepatitis (Prime Minister’s Emergency Action Plan)

<table>
<thead>
<tr>
<th>1</th>
<th>Objectives and Strategies</th>
<th>Included in the Ten Year Perspective Development Plan 2001-11 and the Medium Term Development Framework. A major health sector programme for the PRSP and included in priority area of Vision 2030.</th>
</tr>
</thead>
</table>
| 2 | Cost and PSDP 2010-11 allocation | Project has an approved cost of Rs. 13904.314 million  
PSDP allocations for the year 2010-11 are Rs. 600 million  
Throw forward is Rs. 12006.449 million |
| 3 | Administrative and Financial Boundaries | The Programme is being run by the federal government having control on finance and management. It has limited human resource implication at the provincial level. Each province has an explicit share in total resource allocation. The programme is mostly about Hepatitis screening and vaccination through the provincial established hospitals and clinics |
National Programme for Prevention and Control of Avian and Pandemic Influenza

1 Objectives and Strategies
The Programme aims at timely and comprehensive response to the outbreak of influenza and its social disruptions. Its objectives are to establish emergency coordination, clinical service guidelines, provision of antiviral medicine, vaccination and health education and awareness.

2 Cost and PSDP 2010-11 allocation
Project has an approved cost of Rs. 330.683 million
PSDP allocations for the year 2010-11 are Rs. 37.0 million
Throw forward is Rs. 267.331 million

3 Administrative and Financial Boundaries
The project is under the federal ministry control and is housed in National Institute of health Islamabad.
It has linkages with the Federal Ministry of Food and Agriculture

---

Improvement of Nutrition Through Primary Healthcare and Nutrition Education/Public Awareness

1 Objectives and Strategies
Project aims at integrating nutrition with primary healthcare in the country and its integration with other related social sector for awareness and improvement of nutritional status of the population.
It aims at information, education and communication and combating micro nutrition disorders through iron, vitamin A and iodine supplementation.

2 Cost and PSDP 2010-11 allocation
Project has an approved cost of Rs. 1300 million
PSDP allocations for the year 2010-11 are Rs. 10.7 million
Throw forward is Rs. 9983378 million

3 Administrative and Financial Boundaries
The federal ministry of health is responsible for programme implementation and financing. The provincial government is involved in implementation and M & E of the Programme
Annex 5: Concurrent List of 1973 Constitution & 18th Amendment

Changes in the Fourth Schedule
(Federal and Concurrent Legislative Lists)
The Federal Legislative List is reproduced below including the amendments that have been introduced by the 18th Amendment; items are highlighted if added, or deleted from the Legislative Lists.

Federal Legislative List

PART I

1. The defense of the Federation or an part thereof in peace or war; the military, naval and air forces of the Federation and any other armed forces raised or maintained by the Federation; any armed forces which are not forces of the Federation but are attached to or operating with any of the Armed Forces of the Federation including civil armed forces; Federal Intelligence Bureau; preventive detention for reasons of State connected with defense, external affairs, or the security of Pakistan or any part thereof; person subjected to such detention; industries declared by Federal law to be necessary for the purpose of defense or for the prosecution of war.

2. Military, naval and air force works; local self-government in cantonment areas, the constitution and powers within such areas of cantonment authorities, the regulation of house accommodation in such areas, and the delimitation of such areas.

3. External affairs; the implementing of treaties and agreements, including educational and cultural pacts and agreements, with other countries; extradition, including the surrender of criminals and accused persons to Governments outside Pakistan.

4. Nationality, citizenship and naturalization.

5. Migration from or into, or settlement in, a Province or the Federal Capital.

6. Admission into, and emigration and expulsion from, Pakistan including in relation thereto the regulation of the movements in Pakistan of persons not domiciled in Pakistan; pilgrimages to places beyond Pakistan.

7. Posts and telegraphs, including telephones, wireless broadcasting and other like forms of communications; Post Office Saving Bank.


9. Foreign exchange; cheques, bills of exchange, promissory notes and other like instruments.

10. Public debt of the Federation, including the borrowing of money on the security of the Federal Consolidated Fund; foreign loans and foreign aid.


12. Federal pensions, this to say, pensions payable by the Federation or out of the Federal Consolidated Fund.


15. Libraries, museums, and similar institutions controlled or financed by the Federation.

16. Federal agencies and institutes for the following purposes, that is to say, for research, for professional or technical training, or for the promotion of special studies.

17. Education as respects Pakistani students in foreign countries and foreign students in Pakistan.

18. Nuclear energy, including:
   (a) mineral resources necessary for the generation of nuclear energy;
   (b) the production of nuclear fuels and the generation and use of nuclear energy; and
   (c) ionizing radiations; and
   (d) boilers.(added)

19. Port quarantine, seamen’s and marine hospitals and hospitals connected with port quarantine.

20. Maritime shipping and navigation, including shipping and navigation on tidal waters, Admiralty jurisdiction.

21. (shifted to Part II)
22. Aircraft and air navigation; the provision of aerodromes, regulation and organization or air traffic and of aerodromes.
23. Lighthouses, including lightships, beacons and other provisions for the safety of shipping and aircraft.
24. Carriage of passengers and goods by sea or by air.
25. Copyright, inventions, designs, trade-marks and merchandise marks.
26. Opium so far as regards sale for export.
27. Import and export across customs frontiers as defined by the Federal government, inter-provincial trade and commerce, trade and commerce with foreign countries; standard of quality of goods to be exported out of Pakistan.
28. State Bank of Pakistan; banking, that is to say, the conduct of banking business by corporations other than corporations owned or controlled by a Province and carrying on business only within that Province.
29. The law of insurance, except as respects insurance undertaken by a Province, and the conduct of insurance business, except as respects business undertaken by a Province, Government insurance, except so far as undertaken by a Province by virtue of any matter within the legislative competence of the Provincial Assembly.
30. Stock exchanges and future markets with objects and business not confined to one Province.
31. Corporations, that is to say, the incorporation, regulation and winding-up of trading corporations, including banking, insurance and financial corporations, but not including corporations owned or controlled by a Province and carrying on business only within that Province, or co-operative societies, and of corporations, whether trading or not, with objects not confined to a Province, but not including universities.
32. National planning and national economic co-ordination including planning and co-ordination of scientific and technological research.
33. National highways and strategic roads.
35. Federal surveys including geological surveys and Federal meteorological organizations.
36. Fishing and fisheries beyond territorial waters.
37. Works, lands and buildings vested in, or in the possession of Government for the purposes of the Federation (not being military, naval or air force works), but, as regards property situate in a Province, subject always to Provincial legislation, save in so far as Federal law otherwise provides.
38. National highways and strategic roads.
40. Elections to the office of President, to the National Assembly, the Senate and the Provincial Assemblies; Chief Election Commissioner and Election Commissions.
41. The salaries, allowances and privileges of the President, Speaker and Deputy Speaker of the National Assembly, Chairman and Deputy Chairman of the Senate, Prime Minister, Federal Minister, Ministers of State, the salaries, allowances and privileges of the members of the Senate and the National Assembly; and the punishment of persons who refuse to give evidence or produce documents before committees thereof.
43. Duties of customs, including export duties.
44. Duties of exercise, including duties on salt, but not including duties on alcoholic liquors, opium and other narcotics.
45. Taxes on income other than agricultural income.
46. Taxes on corporations.
47. Taxes on the sales and purchases of goods imported, exported, produced, manufactured or consumed, except sales tax on services (added).
48. Taxes on the capital value of the assets, not including taxes (deleted: on capital gains) on immovable property.
49. Taxes on mineral oil, natural gas and minerals for use in generation of nuclear energy.
52. Taxes and duties on the production capacity of any plant, machinery, undertaking, establishment or installation in lieu of any one or more of them.
53. Terminal taxes on goods or passengers carried by railway, sea or air; taxes on their fares and freights.
54. Fees in respect of any of the matters in this Part, but not including fees taken in any court.
55. Jurisdiction and powers of all courts, except the Supreme Court, with respect to any of the matters in this list and, to such an extent as is expressly authorised by or under the Constitution, the enlargement of the jurisdiction of the Supreme Court, and the conferring thereon of supplemental powers.
56. Offences against laws with respect to any of the matters in this Part.
57. Inquiries and statistics for the purposes of any of the matters in this Part.
58. Matters which under the Constitution are within the legislative competence of Parliament or relate to the Federation.
59. Matters incidental or ancillary to any matter in this Part.

PART II

1. Railways.
2. Mineral oil and natural gas; liquids and substances declared by Federal law to be dangerously inflammable.
3. Development of industries, where development under Federal control is declared by Federal law to be expedient in the public interest; institutions, establishments, bodies and corporations administered or managed by the Federal Government immediately before the commencing day, including the Pakistan Water and Power Development Authority and the Pakistan Industrial Development Corporation; all undertakings, projects and schemes of such institutions, establishments, bodies and corporations, industries, projects and undertakings owned wholly or partially by the Federation or by a corporation set up by the Federation.
4. Electricity. (added)
5. Major ports, that is to say, the declaration and delimitation of such ports, and the constitution and the powers of port authority therein.
6. All regulatory authorities established under a Federal law.
7. National planning and national economic coordination including planning and coordination of scientific and technological research.
8. Supervision and management of public debt.
10. Extension of the powers and jurisdiction of members of a police force belonging to any province to any area in another province, but not so as to enable the police of one Province to exercise powers and jurisdiction in another Province without the consent of the Government of that province; extension of the powers and jurisdiction of members of a police force belonging to any Province to railway areas outside that Province.
11. Legal, medical and other professions.
12. Standards in institutions for higher education and research, scientific and technical institutions.
14. Fees in respect of any of the matters in this Part but not including fees taken in any court.
15. Offences against laws with respect to any of the matters in this Part.
16. Inquiries and statistics for the purposes of any matters in this Part.
17. Matters incidental or ancillary to any matter enumerated in this Part.
Abolishment of the Concurrent List

The Concurrent Legislative List and the entries thereto from 1 to 47 (both inclusive) shall be omitted.

Notwithstanding omission of the Concurrent Legislative List by the Constitution (Eighteenth Amendment) Act, 2010, all laws with respect to any matters enumerated in the said List and all taxes and fees levied under any law in force in Pakistan immediately before the commencement of the Constitution (Eighteenth Amendment) Act, 2010, shall continue to remain in force until altered, repealed or amended by the competent authority.

On the omission of the Concurrent Legislative List, the process of devolution of the matters mentioned in the said list to the Provinces shall be completed by the thirtieth day of June, two thousand and eleven.

For purposes of the devolution process under clause (8), the Federal Government shall constitute and Implementation Commission as it may deem fit within fifteen days of the commencement of the Constitution (Eighteenth Amendment) Act, 2010.

Concurrent Legislative List

1. Criminal law, including all matters included in the Pakistan Penal Code on the commencing day, but excluding offences against laws with respect to any of the matters specified in the Federal Legislative List and excluding the use of naval, military and air forces in aid of civil power.
2. Criminal procedure, including all matters included in the Code of Criminal Procedure, on the commencing day.
3. Civil procedure, including the law of limitation and all matters included in the Code of Civil Procedure on the commencing day; the recovery in a Province or the Federal Capital of claims in respect of taxes and other public demands, including arrears of land revenue and sums recoverable as such, arising outside that Province.
4. Evidence and oath; recognition of laws, public acts and records and judicial proceedings.
5. Marriage and divorce; infants and minors; adoption.
6. Wills, intestacy and succession, save as regards agricultural land.
7. Bankruptcy and insolvency, administrators-general and official trustees.
8. Arbitration.
9. Contracts, including partnership, agency, contracts of carriage, and other special forms of contracts, but not including contracts relating to agricultural land.
10. Trust and trustees.
11. Transfer of property other than agricultural land, registration of deeds and documents.
12. Actionable wrongs save in so far as included in laws with respect to any of the matters specified in the Federal Legislative List.
13. Removal of prisoners and accused persons from one Province to another Province.
14. Preventive detention for reasons connected with the maintenance of public order, or the maintenance of supplies and services essential to the community; persons subjected to such detention.
15. Persons subjected to preventive detention under Federal authority.
16. Measures to combat certain offences committed in connection with matters concerning the Federal and Provincial Governments and the establishment of a Police force for that purpose.
17. Arms, fire-arms and ammunition.
18. Explosives.
19. Opium, so far as regards cultivation and manufacture.
20. Drugs and medicines.
21. Poisons and dangerous drugs.
22. (deleted) Prevention of the extension from one Province to another of infectious or contagious diseases or pests affecting men, animals or plants.
23. Mental illness and mental retardation, including places for the reception or treatment of the mentally ill and mentally retarded.
26. Welfare of labor; conditions of labor, provident funds; employers' liability and workmen's compensation, health insurance including invalidity pensions, old age pensions.
27. Trade unions; industrial and labor disputes.
28. The setting up and carrying on of labor exchanges, employment information bureaus and training establishments.
29. Boilers.
30. Regulation of labor and safety in mines, factories and oil-fields.
31. Unemployment insurance.
32. Shipping and navigation on inland waterways as regards mechanically propelled vessels, and the rule of the road on such waterways; carriage of passengers and goods on inland waterways.
33. Mechanically propelled vehicles.
34. Electricity.
35. Newspapers, books and printing presses.
36. Evacuee property.
37. Ancient and historical monuments, archaeological sites and remains.
38. Curriculum, syllabus, planning, policy, centres of excellence and standards of education.
39. Islamic education.
40. Zakat.
41. Production, censorship and exhibition of cinematograph films.
42. Tourism.
43. Legal, medical and other professions. 43-A. Auqaf.
44. Fees in respect of any of the matters in this List, but not including fees taken in any Court.
45. Inquiries and statistics for the purpose of any of the matters in this List.
46. Offences against laws with respect to any of the matters in this List; jurisdiction and powers of all Courts except the Supreme Court, with respect to any of the matters in this List.
47. Matters incidental or ancillary to any matter enumerated in this List.
RULES OF BUSINESS 1973

(Amended up to 18th November, 2005)

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(Cabinet Division)

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PART G -- RELATIONS WITH PROVINCES

48. Directions to the Governors. -- No Division shall issue a directive to the Governor of the Province under clause (1) of Article 145 without the specific approval of the Prime Minister.

49. Obligations of Provinces and Federation.--(1) It shall be the duty of the Division concerned with a subject in the Concurrent Legislative List to submit the proposal to the Cabinet when action under Article 149 is called for.

(2) Along with the proposal, the principles underlying the Federal Law should also be stated.

(3) The implementation of an international agreement in the Provincial field shall normally be the responsibility of the Provincial Government unless in any case specific orders of the Prime Minister are obtained by the Division concerned in accordance with rule 15(1)(c).

(4) The Foreign Affairs Division shall issue necessary instructions to the Provincial Governments in the matter of conducting correspondence with the Government of a foreign country or a Pakistan Diplomatic Mission abroad or a Foreign Mission in Pakistan or an International Organisation.

50. Conferment of powers and imposition of duties upon a Province. -- The Division concerned shall obtain the specific orders of the Prime Minister, if it is proposed to enact a law conferring powers and imposing duties upon a Province or officers or authorities thereof under clause (2) of Article 146.

Ministry of Health, Health Division
1. Health Division National Planning and coordination in the field of health.
2. Dealings and agreements with other countries and international organizations in the fields of health, drugs and medicines.
3. International aspects of medical facilities and public health; International Health Regulations; Port health; health and medical facilities abroad.
4. Scholarships/fellowships, training courses in health from International Health Agencies such as W.H.O. and UNICEF.
5. Medical, nursing, dental, pharmaceutical, Para-medical and allied subjects;
   (a) Maintenance of educational standards;
   (b) Education abroad; and
   (c) Educational facilities for backward areas and for foreign nationals, except the nomination of candidates from Federally Administered Tribal Areas for admission to Medical College.
6. Standardization and manufacture of biological and pharmaceutical products.
8. Medical and health services for Federal Government employees.
9. National associations in medical and allied fields such as the Red Crescent Society and T.B. Association.
10. Coordinating medical arrangements and health delivery systems for the Afghan refugees.
11. Legislation pertaining to drugs and medicines, including narcotics and psychotropic, but excluding functions assigned to the Pakistan Narcotics Control Board;
   (i) Administration of Drugs Act, 1976; and
   (ii) Poisons and dangerous drugs.
12. Prevention of the extension from one Province to another of infectious and contagious diseases.
13. Lunacy and Mental deficiency.
14. Administrative control of the Pakistan Medical Research Council.
15. Administrative control of the National Institute of Handicapped, Islamabad.

**SCHEDULE III**
**[Rule-4(4)]**

**LIST OF ATTACHED DEPARTMENTS DECLARED AS SUCH BY THE FEDERAL GOVERNMENT**

48. Directorate of Central Health Establishments.
49. Directorate of Malaria Control.
50. Directorate of Tuberculosis Control.
51. Jinnah Post-Graduate Medical Centre.
52. Federal Government Services Hospital (FGSH), Islamabad.
53. National Institute of Malaria Research and Training, Lahore.
54A. Pakistan Institute of Medical Sciences, Islamabad.

**SCHEDULE V-A**

### LIST OF CASES TO BE SUBMITTED TO THE PRIME MINISTER FOR HIS ORDERS

**ALL DIVISIONS**

<table>
<thead>
<tr>
<th></th>
<th><strong>Delegation of powers to Provinces.</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Directions to provinces in certain cases.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Appointment of:</strong></td>
</tr>
<tr>
<td>16.</td>
<td>(a) Secretaries to the Government of Pakistan and Officers in the Federal Secretariat down to the rank of Joint Secretary.</td>
</tr>
<tr>
<td>17.</td>
<td>(b) All Heads of Departments holding posts in BPS-20 and above or equivalent under the Federal Government.</td>
</tr>
<tr>
<td>18.</td>
<td>(c) Officers in BPS-20 and above other than those included in (a) &amp; (b) above.</td>
</tr>
</tbody>
</table>

**Appointment:**

|   | (a) to a post in a corporation, an autonomous or semi autonomous body, authority, etc under the administrative control of any Ministry/Division of the Federal Government, carrying any of the Management Grades from M-I to M-III. |

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* Inserted ibid.  
*** Substituted vide SRO 135(I)/98, dated 03.03.1998.

|   | (b) Of a Government servant of BPS-20 or above against any post in a corporation, an autonomous or semi autonomous body, authority, etc. Under the administrative control of any Ministry/Division of Federal Government. |

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Omitted vide Cabinet Division Notification No.4-6/97-Min.I (SRO No.135 (I)/98), dated 03.03.1998.

**Disciplinary matter in respect of all officers under the Federal Government, *[and Provincial Chief Secretaries], including imposition of major/minor penalties.**

**Disciplinary matters in respect of heads of corporations, bodies, authorities or organizations established by or under Federal laws or owned or controlled by the Federal Government in M-I or equivalent grade including imposition of major and minor penalties.**

**Appointment required to be made by the Government under Article 146. Article 149. Civil Servants (Appointment, Promotion and Transfer) Rules, 1973 as amended from time to time.**

**Government Servants (Efficiency and Discipline) Rules, 1973, as amended from time to time.**

**Relevant law**
**23.** any law for the time being in force. Appeal cases in respect of Heads of the Statutory Corporations/Organizations.  

**24.** authorizing the appointment.

* Substituted vide SRO No.135 (I)/98, dated 03.03.1998.  
** Added ibid.
Annexure 7: National Finance Commission Award 2010-11

The National Finance Commission reached a consensus agreement on the distribution of resources between the Federal government and the four provinces on December 11, 2009. The NFC award will apply to budgetary resources starting in fiscal year, 2010/11 for a period of five years. The last award was made in 1996/97 but its distribution formula remained in effect beyond the constitutionally mandated period of 5 years because subsequent successive NFCs could not reach consensus on a revised formula. In 2006 the President made certain amendments in the 1997 award as permitted in the Constitution, which currently governs the formula for distributing resources between the federating units.

Achieving consensus on the sensitive issue of resource allocation between the federating units is a significant achievement of the democratically elected governments. The agreement was facilitated by the Federal government first by increasing the share of provinces, secondly by accommodating the special needs of some provinces out of the federal share, and thirdly by accepting the constitutionally based claims of NWFP (KPK) and Baluchistan to revenues from natural resources. To facilitate Baluchistan which has longstanding grievances and a sense of deprivation, Punjab and to a lesser extent NWFP (KPK) and Sindh, showed generosity by accepting a significant decline in their shares to raise the provincial share of Baluchistan.

Divisible Pool

The divisible pool of resources between the federating units has altered in two ways in the new award:

- The Federal government has accepted the constitutional right of provinces over revenues generated by GST on services and but disagreement over collection responsibility persists especially with Sindh and KPK. As a result revenues from GST on services will not be part of the divisible pool and go directly to the provinces where these services are performed. Gainers: provinces that are home to the bulk of services (Sindh, Punjab); Losers: NWFP and Baluchistan that do not generate many services but would have otherwise received some share through the divisible pool; and the Federal government loses because GST services not in divisible pool. Details of numbers not available as yet.
- Collection charges that the Federal government deducted from the divisible pool has been reduced from 5% under the current NFC to 1% under the new NFC. The net divisible pool will enlarge by 4% (approximately Rs.30 billion).

Divisible Pool Calculation:

Taxes collected by FBR
- Less excise Duty on Natural Gas (which accrues to province where gas is tapped)
- Less GST provincial
- Less GST on Services (which will now go to provincial accounts)
- Less Worker’s Welfare Fund
Total Divisible Pool Taxes
- Less Federal Tax Collection charges (reduced from 5% to 1%)
Divisible Pool (net)
**Vertical Distribution of Resources**
(Between the federation on the one hand and all the provinces on the other hand)
The provincial share of the divisible pool has been increased from the present 47.5% to 56% in the first year of the NFC (2010-11) and to 57.5% in the remaining years of the award. Since federal collection charges have been reduced (described above), the net divisible pool will be larger and hence the provincial share will effectively rise by an additional 2% approximately as compared to existing shares.

The increase in the share of provinces was much needed since the responsibility of social sector spending is with the provinces and the lack of provincial resources was a major impediment to poverty reduction efforts. Furthermore, local governments receive most of their resources from the provincial governments via the provincial finance commissions (the equivalent of NFC at the provincial level), which were also starved of resources due to provincial resource constraints. Local governments are currently being run by administrators in the absence of elected representatives following the lapse of LGO 2001 on January 1, 2010.

**Table 7.1: Vertical Distribution (in %)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Centre</td>
<td>44</td>
<td>52.5</td>
<td>-8.5</td>
<td>42.5</td>
</tr>
<tr>
<td>Provinces</td>
<td>56</td>
<td>47.5</td>
<td>8.5</td>
<td>57.5</td>
</tr>
</tbody>
</table>

*Without the effect of lower collection charges*

**Horizontal Distribution of Resources**
The provinces agreed to distribute resources among themselves on the basis of a multi-indicator weighted index instead of the population based criteria used in all previous NFCs.

**Table 7.2: Weights of Multiple Indicators under the 7th NFC Award**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>82</td>
</tr>
<tr>
<td>Poverty/Backwardness</td>
<td>10.3</td>
</tr>
<tr>
<td>Revenue Collection/Generation</td>
<td>5</td>
</tr>
<tr>
<td>Inverse Population Density</td>
<td>2.7</td>
</tr>
</tbody>
</table>

In the 7th NFC the provincial share will be distributed between the provinces on the basis of a formula that reflects their needs as well as reduces the disparities between them to some extent. The multi-indicator formula includes population (since many of the provincial needs are directly proportional to it), area (since the density of population affects the per capita cost of delivering some public services), and an indicator of relative social and human development (to reduce disparities). Unfortunately the index also includes revenue collection/generation as one of the indicators. The impact of this will be that provinces which are richer and can generate more revenue will be rewarded and allocated more divisible pool resources thus further increasing disparity and offsetting the impact of using the poverty/backwardness indicator.
Table 7.3: Horizontal Distribution (in %)

<table>
<thead>
<tr>
<th></th>
<th>7th NFC</th>
<th>6th NFC</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Punjab</td>
<td>51.74</td>
<td>53.01</td>
<td>-1.27</td>
</tr>
<tr>
<td>Sindh</td>
<td>24.55</td>
<td>24.94</td>
<td>-0.39</td>
</tr>
<tr>
<td>NWFP(KPK)</td>
<td>14.62</td>
<td>14.88</td>
<td>-0.26</td>
</tr>
<tr>
<td>Balochistan</td>
<td>9.09</td>
<td>7.17</td>
<td>1.92</td>
</tr>
</tbody>
</table>

Negotiations between the provinces on the weights of the indicators reflected the agreement of three provinces to cut their share of the divisible pool in order to enlarge the share of Baluchistan to 9.09 percent from the existing 7.17 percent in view of its special needs. The three provinces took cuts in their respective shares according to their own fiscal abilities.

Additional Resources for Three Smaller Provinces

In addition to the horizontal distribution formula, Baluchistan, NWFP (KPK) and Sindh, each received formula based additional resource packages. In exchange, all ‘grants and subventions’ of previous NFCs have been done away with on the unanimous demand of the provinces.

- Baluchistan will receive a guaranteed Rs.83 billion from the pool as its NFC share during the first year of the award. Any shortfalls will be made up by the federal government from its own resources, and this arrangement for Baluchistan will remain protected through the life of the next award.
- NWFP (KPK) will receive one percent of the total divisible pool (so the burden is shared proportionally by all federating units) in addition to its NFC share to acknowledge its role as a frontline state in the war against terrorism. This amount is equivalent to 1.83% of the provincial pool.
- Sindh will receive an additional transfer of Rs.6 billion from the federal government’s share which is equivalent to 0.66 percent of the provincial pool. This amount is in compensation for Sindh’s acceptance of allocation of an equal weight to generation and collection of revenue.

Non-NFC Issues Resolved

The federal government’s disputes with the NWFP and Baluchistan on net hydel profits and gas development surcharge, respectively, have been resolved, with the result that the two provinces are set to receive over Rs.100 billion each.
### Table 7.4: Overview of Provincial Budgets (in Rs billion)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>304.8</td>
<td>373.9</td>
<td>178.8</td>
<td>212</td>
<td>79.7</td>
<td>100.3</td>
<td>48.8</td>
<td>52.5</td>
<td>612.1</td>
<td>738.7</td>
</tr>
<tr>
<td>Total Tax Revenue</td>
<td>256.4</td>
<td>330</td>
<td>158</td>
<td>188.7</td>
<td>59.1</td>
<td>76.1</td>
<td>30.7</td>
<td>35.2</td>
<td>504.2</td>
<td>630</td>
</tr>
<tr>
<td>Provincial Taxes</td>
<td>30.6</td>
<td>40.4</td>
<td>16.4</td>
<td>19.8</td>
<td>2.4</td>
<td>3.9</td>
<td>0.9</td>
<td>1</td>
<td>50.3</td>
<td>65.1</td>
</tr>
<tr>
<td>Share in Fed. Taxes</td>
<td>225.8</td>
<td>289.6</td>
<td>141.6</td>
<td>168.9</td>
<td>56.7</td>
<td>72.2</td>
<td>29.8</td>
<td>34.2</td>
<td>453.9</td>
<td>564.9</td>
</tr>
<tr>
<td>Non-Tax Revenue</td>
<td>42.2</td>
<td>36.6</td>
<td>12.1</td>
<td>10.5</td>
<td>3.1</td>
<td>3.5</td>
<td>2.3</td>
<td>2.5</td>
<td>59.7</td>
<td>53.1</td>
</tr>
<tr>
<td>All Others</td>
<td>6.2</td>
<td>7.3</td>
<td>8.7</td>
<td>12.8</td>
<td>17.5</td>
<td>20.7</td>
<td>15.8</td>
<td>14.8</td>
<td>48.2</td>
<td>55.6</td>
</tr>
<tr>
<td>Total Expend.</td>
<td>370.2</td>
<td>417</td>
<td>226.2</td>
<td>258.3</td>
<td>94.4</td>
<td>108.9</td>
<td>68.8</td>
<td>63.2</td>
<td>759.6</td>
<td>847.4</td>
</tr>
<tr>
<td>Current Expend.</td>
<td>232.2</td>
<td>257</td>
<td>163.9</td>
<td>181</td>
<td>61.5</td>
<td>67.3</td>
<td>40</td>
<td>47.5</td>
<td>497.6</td>
<td>552.8</td>
</tr>
<tr>
<td>Development Expend.</td>
<td>138</td>
<td>160</td>
<td>62.3</td>
<td>77.3</td>
<td>32.9</td>
<td>41.6</td>
<td>28.8</td>
<td>15.7</td>
<td>262</td>
<td>294.6</td>
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<td>Rev. Account</td>
<td>79.2</td>
<td>81.1</td>
<td>14.4</td>
<td>35.8</td>
<td>5.5</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>99.1</td>
<td>124.9</td>
</tr>
<tr>
<td>Cap. Account</td>
<td>58.8</td>
<td>78.9</td>
<td>47.9</td>
<td>41.5</td>
<td>27.4</td>
<td>33.6</td>
<td>28.8</td>
<td>15.7</td>
<td>162.9</td>
<td>169.7</td>
</tr>
</tbody>
</table>

Source: Pakistan Economic Survey 2008-09

### Table 7.5: Transfers to Provinces (Net) (in Rs billion)

<table>
<thead>
<tr>
<th>Items</th>
<th>2003/04</th>
<th>2004/05</th>
<th>2005/06</th>
<th>2006/07</th>
<th>2007/08</th>
<th>2008/09 (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divisible Pool</td>
<td>176.4</td>
<td>204.8</td>
<td>244.6</td>
<td>320.6</td>
<td>391.3</td>
<td>505.7</td>
</tr>
<tr>
<td>Straight Transfer</td>
<td>38.5</td>
<td>40.5</td>
<td>56.8</td>
<td>70.3</td>
<td>65.9</td>
<td>62.6</td>
</tr>
<tr>
<td>Special</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants/Subventions</td>
<td>32.8</td>
<td>35.3</td>
<td>63.5</td>
<td>29.3</td>
<td>33.3</td>
<td>38.2</td>
</tr>
<tr>
<td>Project Aid</td>
<td>12.9</td>
<td>15.5</td>
<td>17.5</td>
<td>16.8</td>
<td>19.1</td>
<td>25.5</td>
</tr>
<tr>
<td>Agriculture Sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan II</td>
<td>12</td>
<td>1.4</td>
<td>2.8</td>
<td>2.6</td>
<td>1.1</td>
<td>0</td>
</tr>
<tr>
<td>Japanese Grant</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.04</td>
</tr>
<tr>
<td>Total Transfer to Provinces</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Payment</td>
<td>26.9</td>
<td>24.3</td>
<td>21.6</td>
<td>18</td>
<td>19.9</td>
<td>17</td>
</tr>
<tr>
<td>Loan Repayment</td>
<td>11.8</td>
<td>28.7</td>
<td>14.7</td>
<td>40.2</td>
<td>25.4</td>
<td>16.2</td>
</tr>
<tr>
<td>Transfer to Provinces (Net)</td>
<td>226</td>
<td>244.6</td>
<td>349</td>
<td>381.5</td>
<td>465.5</td>
<td>598.84</td>
</tr>
</tbody>
</table>

Source: Pakistan Economic Survey 2008-09
Table 7.6: Summary of Public Finance  
(Consolidated Federal and Provincial Governments) (in Rs billion)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>794.0</td>
<td>900.0</td>
<td>1076.6</td>
<td>1298.0</td>
<td>1499.4</td>
<td>1809.2</td>
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<tr>
<td>Federal</td>
<td>741.0</td>
<td>842.9</td>
<td>992.2</td>
<td>1215.7</td>
<td>1380.6</td>
<td>1662.2</td>
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<tr>
<td>Provincial</td>
<td>53.0</td>
<td>57.1</td>
<td>84.4</td>
<td>82.2</td>
<td>118.8</td>
<td>147.0</td>
</tr>
<tr>
<td>Tax Revenues</td>
<td>611.0</td>
<td>659.4</td>
<td>803.7</td>
<td>889.7</td>
<td>1050.7</td>
<td>1317.9</td>
</tr>
<tr>
<td>Federal</td>
<td>583.0</td>
<td>624.7</td>
<td>766.9</td>
<td>852.9</td>
<td>1009.9</td>
<td>1251.5</td>
</tr>
<tr>
<td>Provincial</td>
<td>28.0</td>
<td>34.7</td>
<td>36.8</td>
<td>36.8</td>
<td>40.8</td>
<td>66.4</td>
</tr>
<tr>
<td>Non-Tax Revenues</td>
<td>183.0</td>
<td>240.6</td>
<td>272.9</td>
<td>408.3</td>
<td>448.7</td>
<td>491.4</td>
</tr>
<tr>
<td>Federal</td>
<td>158.0</td>
<td>218.2</td>
<td>225.3</td>
<td>362.9</td>
<td>370.7</td>
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<td>Provincial</td>
<td>25.0</td>
<td>22.4</td>
<td>47.6</td>
<td>45.4</td>
<td>78.0</td>
<td>80.6</td>
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<tr>
<td>Total Expend.</td>
<td>956.0</td>
<td>1117.0</td>
<td>1401.9</td>
<td>1800.0</td>
<td>2276.6</td>
<td>2391.5</td>
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<tr>
<td>Current</td>
<td>775.0</td>
<td>864.5</td>
<td>1034.7</td>
<td>1375.4</td>
<td>1853.2</td>
<td>1875.8</td>
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<tr>
<td>Federal</td>
<td>557.0</td>
<td>664.2</td>
<td>789.1</td>
<td>973.1</td>
<td>1416.0</td>
<td>1358.8</td>
</tr>
<tr>
<td>Provincial</td>
<td>218.0</td>
<td>200.3</td>
<td>245.6</td>
<td>402.2</td>
<td>437.1</td>
<td>517.0</td>
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<tr>
<td>Development (PSDP)</td>
<td>161.0</td>
<td>227.7</td>
<td>365.1</td>
<td>433.7</td>
<td>451.9</td>
<td>516.6</td>
</tr>
<tr>
<td>Net Lending to PSE's</td>
<td>20.0</td>
<td>24.8</td>
<td>2.1</td>
<td>-9.0</td>
<td>-28.5</td>
<td>-1.0</td>
</tr>
<tr>
<td>Statistical Discrepancy</td>
<td>-32.0</td>
<td>0.0</td>
<td>-86.3</td>
<td>-124.5</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Overall Deficit</td>
<td>-130.0</td>
<td>-217.0</td>
<td>-325.3</td>
<td>-377.5</td>
<td>-777.2</td>
<td>-582.3</td>
</tr>
<tr>
<td>Financing (net)</td>
<td>130.0</td>
<td>217.0</td>
<td>325.2</td>
<td>377.5</td>
<td>777.2</td>
<td>582.3</td>
</tr>
<tr>
<td>External (net)</td>
<td>-5.9</td>
<td>120.4</td>
<td>148.9</td>
<td>147.2</td>
<td>151.3</td>
<td>165.2</td>
</tr>
<tr>
<td>Domestic</td>
<td>135.9</td>
<td>96.6</td>
<td>176.3</td>
<td>230.4</td>
<td>625.9</td>
<td>417.1</td>
</tr>
<tr>
<td>Non-Bank</td>
<td>61.0</td>
<td>8.1</td>
<td>8.1</td>
<td>56.9</td>
<td>104.3</td>
<td>242.9</td>
</tr>
<tr>
<td>Bank</td>
<td>63.7</td>
<td>60.2</td>
<td>70.9</td>
<td>102.0</td>
<td>519.9</td>
<td>149.0</td>
</tr>
<tr>
<td>Privatization Proceeds</td>
<td>11.2</td>
<td>28.3</td>
<td>97.3</td>
<td>71.5</td>
<td>1.7</td>
<td>25.1</td>
</tr>
</tbody>
</table>

Memorandum items

| GDP (mp in Rs billion) | 5641.0 | 6500.0 | 7623.0 | 8673.0 | 10284.0 | 13095.0 |

As a % of GDP

| Total Revenue          | 14.1   | 13.8   | 14.1   | 15.0   | 14.6    | 13.8    |
| Tax Revenue            | 10.8   | 10.1   | 10.5   | 10.3   | 10.2    | 10.1    |
| Non-Tax Revenue        | 3.2    | 3.7    | 3.6    | 4.7    | 4.4     | 3.8     |
| Expend.                | 16.9   | 17.2   | 18.4   | 20.8   | 22.1    | 18.3    |
| Current                | 13.7   | 13.3   | 13.6   | 15.9   | 18.0    | 14.3    |
| Development            | 2.9    | 3.5    | 4.8    | 5.0    | 4.4     | 3.9     |
| Overall Deficit Incl.  earthquake Exp. | -2.3   | -3.3   | -4.3   | -4.4   | -7.6    | -4.4    |

Source: Pakistan Economic Survey 2008-09