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Centre for Peace and  
Development Initiatives

# Budget Analysis Of District Sargodha 2011-12

Budget Study Centre

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2011-12



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Budget Study Centre

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Centre for Peace and Development Initiatives

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## 1.0 The Context:

1.1 Before embarking upon a meaningful budget analysis, it is important that the social, economic and political context of district Sargodha be fully understood.

1.2 Sargodha is the 11th largest city of Pakistan. The total population of city is above 1.0 million (2008). The total population of the district is above 3.0 million (2008). Sargodha has nearly 28% of population living in urban area. Administratively, Sargodha is divided into 6 tehsils and 161 union councils. There are 5 national assembly and 12 provincial assembly constituencies in Sargodha.

1.3 It is considered to be an industrial and developed district of the country. It has literacy rate of 66.6%. It is known to be the best citrus producing area of Pakistan. Sargodha has also got fertile land and high agricultural produce. It is known for production of rice, wheat and sugar cane. Therefore, it has number of sugar mills and flour mills located in the area.

## 2.0 Basic concepts

### 2.1 Budget:

It is estimate of receipt and expenditure of the district government over a period of one year. The budget/financial year commences in July and ends on June. Budget document is prepared in accordance with the procedure and layout which has been provided by the provincial government in the District Government Budget Rules 2003.

### 2.2 Account-IV:

This is district fund i.e the account of the district. It is like a bank account being maintained by the state bank of Pakistan. All the revenues/receipts of the district government are deposited into this account. Moreover, all the funds are drawn from this account.

### 2.3 Opening balance:

It is balance in Account-IV on the 1st of July in the financial year. Opening balance is significant because, all the funds in the Account-IV on this date are considered as the revenue/receipt of the district. It is because of this very reason that, the funds in the district government are not lapsable, at the close of the financial year.

### 2.4 Public fund:

These are all the monies which are lying in the district fund/account but they do not belong to the district government. For instance, the securities of the contractors, the deductions of the provident funds, the bail bonds of court orders, the disputed claims between the government and private parties etc are lying in the district fund. They are paid/released as soon as the claim is settled.

## 3.0 Budget 2011-12

3.1 The budget 2011-12 of the district government Sargodha was passed by the Administrator of the district on 27-07-2001<sup>1</sup>. Budget is the fundamental document which spells out the priorities of the government and lays down the future course of action for the coming out the priorities of the

<sup>1</sup> Ideally the budget should have been passed before 30<sup>th</sup> of June 2011. However, the Punjab Government did not announce the PFC shares of the districts in June 2011. Resultantly, the budget could not be finalized in June. Under such circumstances, the concerned district government is allowed to make expenditure on pro-rata basis for a period of 30 days under section 112(6) of PLGO-2001.

government and lays down the future course of action for the coming year. As such, budget should be considered as a policy document of the government.

3.2 Before embarking upon the analysis of the budget 2011-12 lets have a look at the main features of the budget.

Table-1: District Budget 2011-12 (in million Rs)

Description	Revised Estimate 2010-11	Estimate 2011-12
<b>Receipts</b>		
a) Opening Balance (Non-Dev)	73.688	76.950
b) Opening Balance (Dev)	142.617	123.115
i) Total Opening Balance (a+b)	216.305	200.065
ii) PFC Award	5163.314	6389.363
iii) Additional PFC	228.760	0
iv) Arrear of PFC	345.997	0
v) OSR	19.535	54.878
vi) Tied Grants (Development)	1796.926	943.454
vii) Tied Grants (Non- Dev)	121.208	0
<b>Total Receipt</b>	<b>7892.045</b>	<b>7587.763</b>
<b>Expenditure</b>		
b) Current Expenditure	5952.502	6521.191
c) Development Expenditure (i+ii+iii)	872.971	1060.572
i) Development Expenditure (Tied Grants)	853.472	943.454
ii) Development Expenditure (ADP)	14.869	3.619
iii) Development Expenditure (CCB)	4.630	113.499
<b>d) Total Expenditure (b+c)</b>	<b>6825.473</b>	<b>7581.763</b>
e) Public Fund	-	-
<b>Closing Balance (d+e)</b>	<b>1066.772</b>	<b>5.997</b>

3.3 This was a tax free budget i.e no new tax was imposed by the district government<sup>2</sup>. There was a substantial increase in current expenditure coupled with slight/modest increase in development expenditure. As a matter of fact the ADP shrunk by nearly 75%. The closing balance of Rs 5.997 mn puts the district government in a very tight position. These and other main features and challenges of the budget shall be discussed as under:

## 4.0 Closing Balance and Public Fund

4.1 It is very important to discuss here that, the closing balance of the account is too low for comfort. The District Government Budget Rules do not allow the district governments to pass deficit

<sup>2</sup> A City District Government is authorized to impose taxes on the subjects mentioned in the second schedule of the PLGO 2001.

deficit budget<sup>3</sup>. Moreover, they are to ensure that their closing balance is not below 5% of the receipts<sup>4</sup>. Going by this standard, the closing balance of the district should be above Rs 380 mn. Hence, the extremely low closing balance is a clear cut violation of the Rules and quite contrary to good practices.

4.2 IT may also be noted by the reader that, the public fund has been ignored altogether. Public Fund is comprised of the monies which are lying in the Account-IV for safe custody purposes eg: performance securities of the contractors, taxes deducted by district officers but yet not transferred to the tax office, contributions of pensions and provident funds of the employees etc. These monies, though lying in the account, are infact property of those people who had deposited them in the account. District Government is not supposed to utilize these funds because they belong to the public; hence the term public fund.

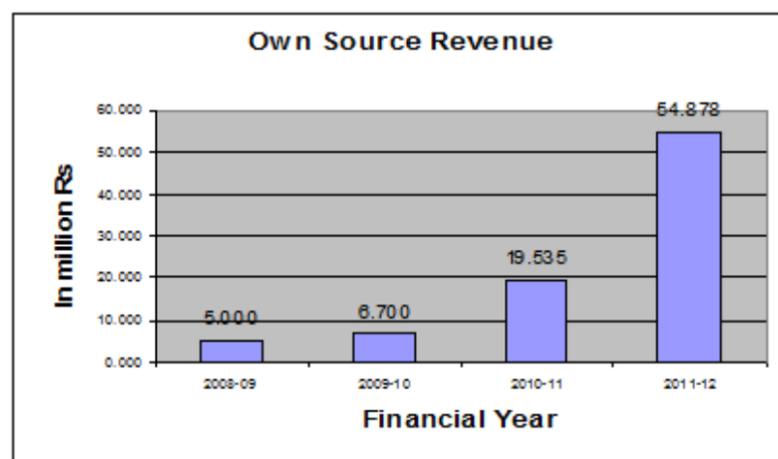
4.3 It is practically impossible that public fund is zero. It is the responsibility of the Finance and Planning department<sup>5</sup> of the district to ensure that the public fund is accurately calculated and provision is made in the budget for payment of this fund to its rightful owners. This feature seems to be totally missing in the present district budget.

## 5.0 District Revenues:

5.1 Increasing the revenues is a major challenge for the district administration. To begin with, there are a limited number of subjects where the districts are empowered to raise taxes. These subjects have been specified in the second schedule of PLGO 2001<sup>6</sup>. The major sources of revenue (like Income Tax, Sales Tax, Property Tax etc) are with the federal/provincial government. As a result the districts have shown sub-optimal performance in meeting their revenue targets. Table below indicates the Own Source Revenue collection of Sargodha;

**Table-2: District Revenue**

(In million Rs)	
2008-09	5.000
2009-10	6.700
2010-11	19.535
2011-12	54.878



<sup>3</sup> Section 112(4) of PLGO-2001 does not allow the district governments to pass deficit budget.

<sup>4</sup> Rule-58(4) of District Government Budget Rules-2003.

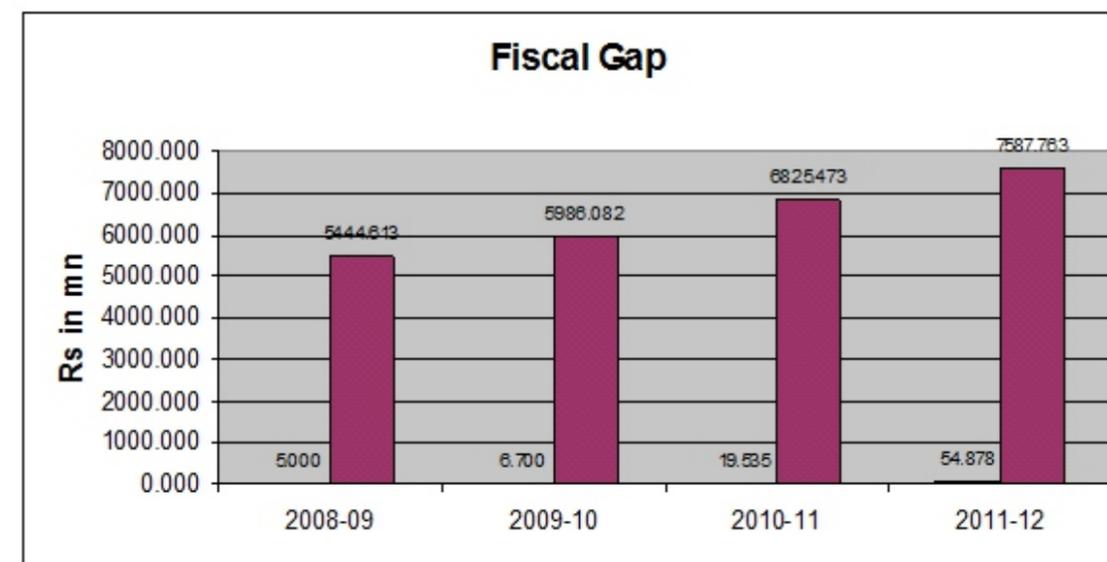
<sup>5</sup> Rule-10(3) of District Government Budget Rules-2003 clearly lays down this responsibility on the Finance and Budget wing of district government.

<sup>6</sup> See Attachment-1 for the list of these subjects

5.2 Although it would appear from the graph above that the Own Source Revenue has been increasing persistently over the years, but the fact of the matter is that, the district has been meeting most of its expenditures from the PFC grants. The table below would bring to home the gap which lies between the expenditure and OSR:

**Table-3: Own Source Revenue**

Year	In mn Rs		
	Revenue	Expenditure	Gap
2008-09	5.000	5444.613	5439.613
2009-10	6.700	5986.082	5979.382
2010-11	19.535	6825.473	6805.938
2011-12	54.878	7587.763	7532.885



5.3 It would be clear from the above table that, the district depends heavily on PFC Grant to meet its expenditure. Hence, the PFC Grant holds pivotal position in financial planning at the district level.

## 6.0 PFC Grant:

6.1 The government of Punjab is presently following the distribution formula specified by the Punjab Finance Commission 2005 in the Punjab Specification and Distribution of Resources Order 2006<sup>7</sup>. The Finance Department Lahore intimated vide letter No.FD(DG)1-74/2008 dated 06-07-2011 that the PFC Grant of Sargodha is expected to be Rs 6389.363 millions<sup>8</sup>.

## 7.0 Increase in salaries:

7.1 From the Financial Year 2010-11 to the Financial Year 2011-12 the Salary Expenditure increased from Rs. 5358.560 millions to Rs 6231.030 million (i.e 16 %). The government of Pakistan had announced new pay-scales on 4th of July 2011. The new pay-scales replaced the pay-scale of 2008<sup>9</sup>.

<sup>7</sup>

See Attachment-2 for the full text. This has been discussed in detail in another paper titled "Flow of Province to Districts".

<sup>8</sup>

See Attachment-3.

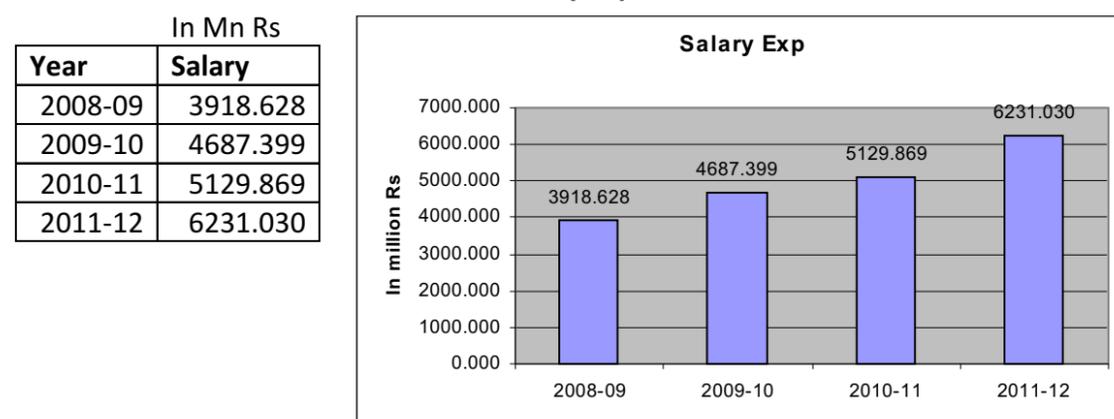
<sup>9</sup>

See [http://www.finance.gov.pk/circulars/revise\\_pay\\_scale\\_2011.pdf](http://www.finance.gov.pk/circulars/revise_pay_scale_2011.pdf) (Accessed on 25-09-2011)

As a result, the salary expenditure increased by approximately 16 %. These pay scales were adopted mutatis mutandis by the Punjab government and consequently the district governments as well. Unfortunately, this PFC Award was not increased correspondingly to offset the salary increase. The Finance department issued instructions vide letter No. FD(DG)1-74/2008 dated 06-07-2011<sup>10</sup> that, no extra funds will be provided for the increase in salary and that the district governments should meet the increase by reducing the non-salary expenditure. As a matter of fact the Salary Expenditure (Rs 6231 mn) of 2011-12 is at break even with the increased PFC Grant of Sargodha (Rs 6389 mn). This situation increases pressure on non-salary expenditure and the development initiatives of the District Government. This issue will be discussed in greater detail in the subsequent sections.

7.2 The trend of increase in salaries has been continuing since 2008. This is primarily due to the revision of additional allowances announced by the government and new pay scales. For instance, the government announced "dearness allowance" @ 50% of salary in 2008-09. Again in 2009-10 the salaries were increased by 65%. The year 2011 witnessed introduction of new pay scales. The table below would depict the trend in the increase in the salary expenditure over the years;

**Table-4: Salary Expenditure**

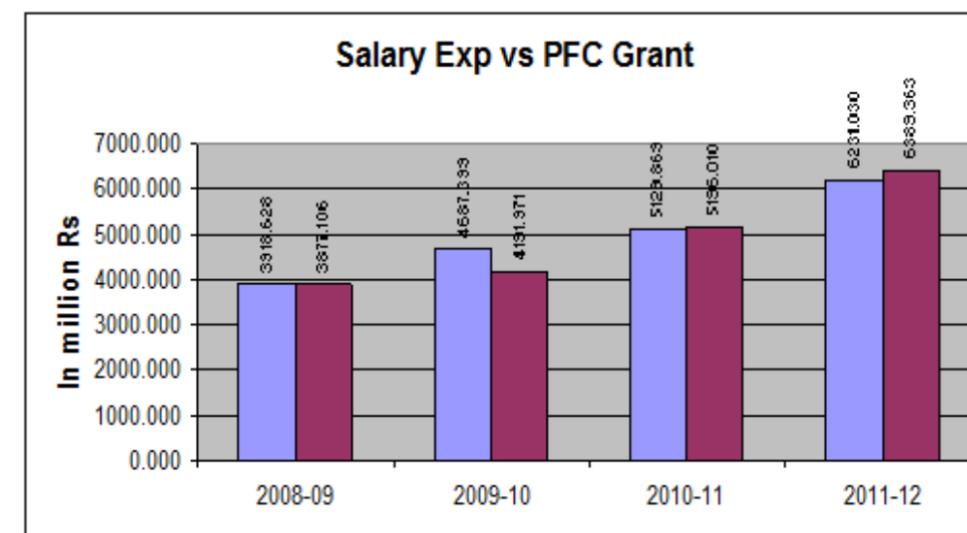


7.3 On the other hand the PFC grants have not increased at the same rate. This increases pressure on the non-salary expenditure and cut on development activities. If we compare the PFC release of the past few years with the corresponding salary expenditure, we would learn that the salary expenditure has at times over-taken the PFC release.

**Table-5: PFC Grant and Salary Expenditure**

(In million Rs)			
Year	Salary	PFC	Difference
2008-09	3918.628	3877.106	-109.174
2009-10	4687.399	4191.971	-495.428
2010-11	5129.869	5196.010	66.141
2011-12	6231.030	6389.363	158.333

<sup>10</sup> See Attachment-3.



The shortfall is met at the cost of development activities and M&R works.

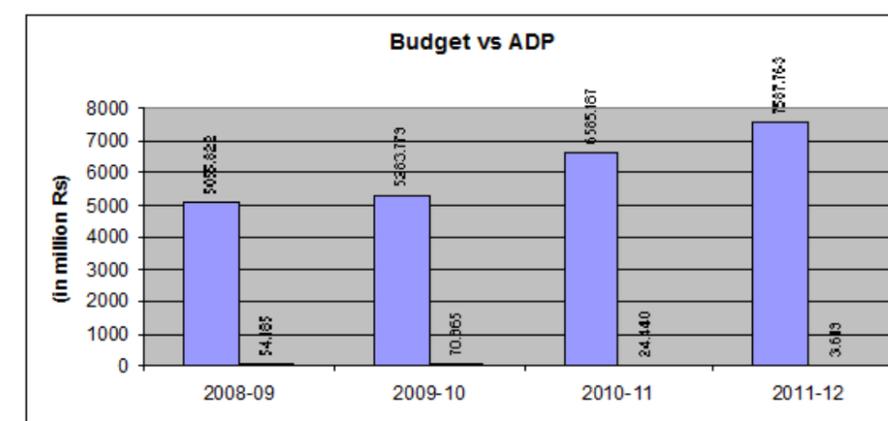
## 8.0 Development Expenditure

8.1 By now it would be amply clear to the reader that, the biggest challenge faced by the district government was to meet her salary expenditure. Needless to state that, in government organizations, salary is the first charge on the resources of the organization. Under the circumstances, the district government had very little scope for undertaking fresh development works. The obvious result is decrease in the district ADP has shrunk over the years. The table below indicates the volume of ADP in nominal as well as percentage terms;

**Table-6: District ADP**

(In Million Rs)

Year	Budget	ADP	%age
2008-09	5055.822	54.185	1.072%
2009-10	5283.779	70.965	1.343%
2010-11	6585.187	24.440	0.371%
2011-12	7587.763	3.619	0.048%



8.2 The reader would notice that, the ADP expenditure keeps decreasing over the years from 1% of budget down to less than 0.05% of the budget. The result was that, districts did not take any development initiative own their own and kept looking towards the provincial government for financial assistance. This situation was particularly harmful for the autonomy of the district government. Provincial government used the situation as a double edged sword. As discussed earlier, provincial government imposed ban on the districts to initiate new development

schemes, thus leaving no room for the district to plan and execute on their own. All the development initiatives were based on and hence dictated by the provincial government. Similarly, the provincial government imposed complete ban on all local governments to initiate CCB schemes. There exists a deep concern at all levels of the local governments that, the provincial government might withdraw these funds for meeting her own revenue shortfall.

### 9.0 Tied grants:

9.1 The above should not lead the reader to believe that, there was no development activity in the district at all. Development activity does take place, but through tied grants only. As mentioned in para-3.2 above, the development expenditure of financial year 2011-12 has been estimated at Rs 1060.572 mn. This development expenditure is done on the basis of the tied grants received by the district governments from the provincial government<sup>11</sup>. Some of the very important initiatives of the government are infact being executed as tied grants. For instance, the MNA/MPA constituency development programmes, Punjab Education and Health Sector Reforms Programmers, Decentralization Support Programme, Model Village Programme etc were all being executed by the district governments as tied grants.

9.2 The PLGO-2001 devolved the ever important social services sectors of health, education and agriculture to the district level. As a result, all the policy initiatives of the government in these sectors were executed through the respective district governments. Hence, budget analysis cannot be complete with a deeper analysis of the following sectors

- a) Health sector
- b) Education sector

### 10.0 Education Sector:

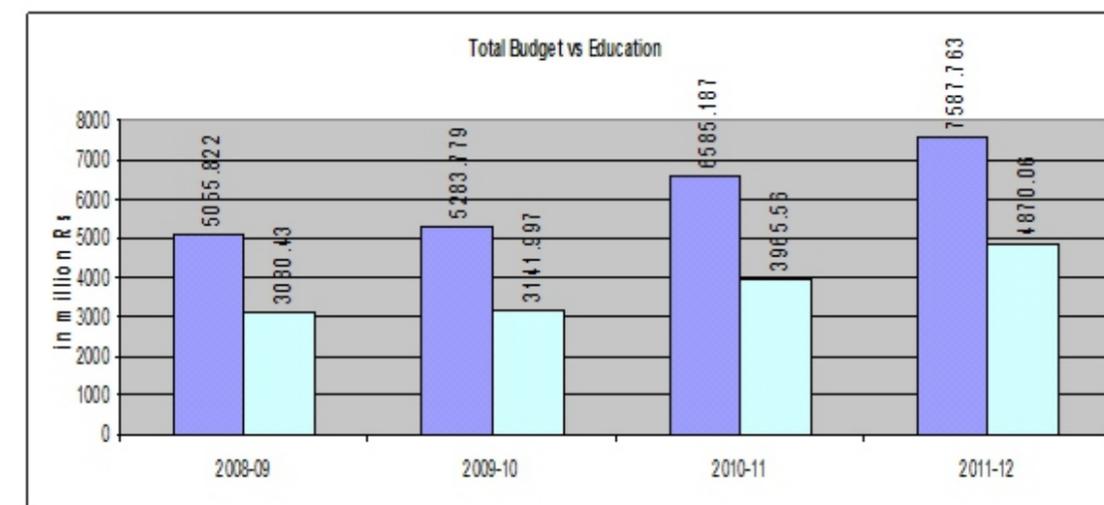
10.1 It is the largest department of the district. It is the most important department of the district from the point of view of social service delivery as well. It would be interesting to study the budget allocation of education sector over the past 5 years and compare it with the overall/total volume of the district budget. The table below lays it down;

<sup>11</sup> In addition to the regular PFC share received by the district governments, the provincial government also transfers additional funds to the district for execution of projects. Such funds are placed into the Account-IV of the district on the express condition that, they'll be used for the specified purpose and no other. Hence, the funds are tied to the activity; thus the term TIED GRANT.

**Table-7: Education Budget**

(In Million Rs)

Year	Budget	Education	Salary	Non-Salary	%age of total
2008-09	5055.822	3080.432	3013.733	66.699	60.93%
2009-10	5283.779	3140.997	3098.769	42.228	59.45%
2010-11	6585.187	3965.556	3912.241	53.315	60.22%
2011-12	7587.763	4870.061	4815.936	54.125	64.18%



10.2 It should be clear from the above that above 50 percent (in some years even 60%) of the district resources is going to one department. This should not be a surprise keeping in view that education is the largest department of the district in terms of man power and infra-structure. It has nearly 20,000 employees working in over 2300 educational institutions.

10.3 However, the mega figures of expenditure should not lead to the conclusion that, education sector is the most progressive sector of the district. Infact it is not receiving its due share of funds. An analysis of the salary and non-salary expenditure would make the picture clear. As shown in the table above, it would be clear that, nearly 90% of the allocation of education sector infact goes into the salaries of the employees. Not much is left for the non-salary expenditure. The result is that, schools are usually lacking in facilities, books, laboratory equipment, teaching aides etc. there are schools in the district which have not under gone a routine repair and maintenance even once during the last 10 years.

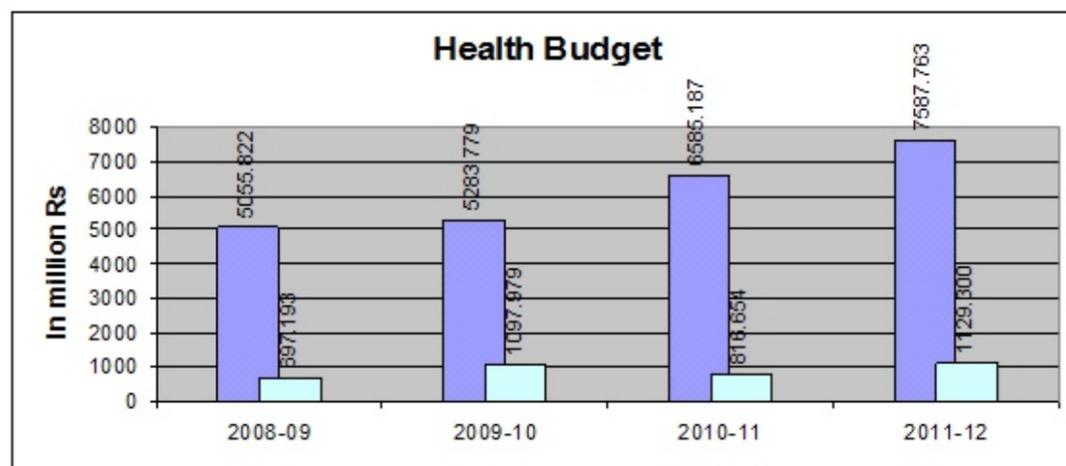
### 11.0 Health Sector:

11.1 Health sector is the third largest sector of the district; after education and general administration. However, from the point of service delivery it has paramount importance. Accordingly, health sector receives its due share in the district budget. Following table would indicate the outlay of the health budget as compared to the total budget.

Table-8: Health Budget

(In million Rs)

Year	Budget	Salary	Non-Salary	Health	% Non-Salary
2008-09	5055.822	544.577	152.616	697.193	28.02%
2009-10	5283.779	876.567	221.412	1097.979	25.26%
2010-11	6585.187	671.959	144.695	816.654	21.53%
2011-12	7587.763	954.818	174.482	1129.300	18.27%



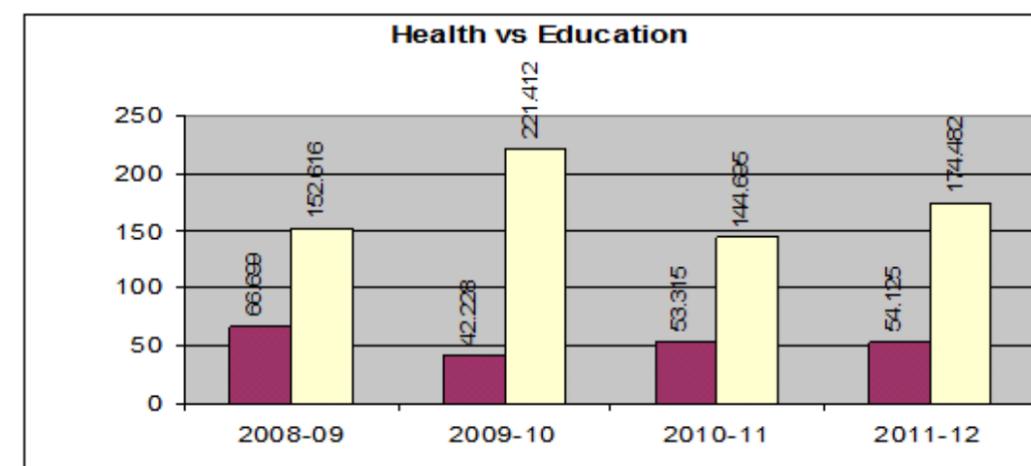
11.2 One stark difference between education and health sector would be the comparison between the salary and non-salary components. The reader would notice that in health sector there is considerable balance between the salary and non salary component. However, the plunge in non-salary allocation in some years (2011-12) is due to the financial crunch.

11.3 The reason for this balance is that, health services are usually very sophisticated and expensive. It is but imminent that a reasonable allocation for non-salary expenditure (like medicines, equipment etc) be made. Otherwise the hospitals would not be able to function effectively. Looking at the things from this angle, one can conclude that, infact health is the largest sector of the district rather than education. Just compare the non salary components of the 2 department.

Table-9: Education vs Health

(In million Rs)

Year	Budget	Non-Salary Education	Non-Salary Health
2008-09	5055.822	66.699	152.616
2009-10	5283.779	42.228	221.412
2010-11	6585.187	53.315	144.695
2011-12	7587.763	54.125	174.482



## 12.0 Development Projects:

12.1 This must be clear to the reader now that, over the years the development profile of the district remained somewhat on the lower side since, the own source revenue of the district remained low. Moreover, the PFC grants were utilized mostly for the non-salary expenditures.

12.2 One important point that has to be kept mind here is that till 2008-09 provincial government used to release PFC in 2 components;

- Development PFC Award.
- Current PFC Award.

This practice was discontinued in financial year 2009-10. The obvious result of this situation was that, the district ADP kept on shrinking in volume afterwards. This has already been discussed in the foregoing para-8.2.

12.3 The development initiatives in the health and education sector were, therefore, primarily carried out through tied grants received from the provincial government, with very little contribution from district Account-IV

## 13.0 Education sector:

13.1 The major and the most important initiative in the education sector in the district was carried out under the PESRP (Punjab Education Sector Reforms Program). This was a World Bank funded program launched in 2003 under which all the districts of Punjab received funding for improvement in their education sector. The funds were provided by the provincial government yet the planning and execution of the projects was decentralized to the level of district. In time this has become a major intervention in the education sector at the district level. Allocation from 2008 onwards remained:

Table-10: PESRP

(In Million Rs)			
Year	Schemes	Allocation	Nature of Schemes
2008-09	22	7.562	Up gradation of schools and provision of missing facilities
2009-10	22	203.822	
2010-11	39	110.88	
2011-12	5	41.382	
Total	88	363.646	

13.2 Other important intervention in the Education Sector came under the Constituency Development Programs<sup>12</sup>. The present government launched these programs in each successive year from 2008-09 to 2011-12. One of the priority sectors of these programs has been Education Sector. The table below will indicate the contribution of Constituency Development Programs towards Education Sector.

Table-11: MPA/MNA Programs

(In million Rs)

Year	Program	Allocation	Schemes
2008-09	MPA 40 mn	79.952	33
2009-10	MPA 25 mn	128.274	36
2010-11	MPA Priority Prog	211.098	99
2011-12	MPA/MNA Prog	137.500	92
Total	Program	<b>556.824</b>	<b>260</b>

13.3 Traditionally, constituency development programs are implemented in accordance with the advice and wishes of the concerned MPAs. However, the government took a stern stand in the implementation of these programs vis-à-vis the education sector. The MPs preferred that these funds be utilized more towards road sector<sup>13</sup>. Due to the firm commitment of the Government, an amount of Rs. 556.824 Millions was spent in education sector in Sargodha during the last 5 years.

13.4 At a later stage (in 2011-12) the government of Punjab also revealed to the district governments that, these funds were actually received from donor agencies (like DFID, ADB and WB) specifically for education sector. MPAs/MNAs were only required to identify the schemes<sup>14</sup>. Thus there was no option of diverting these funds towards other sectors.

#### 14.0 Health:

14.1 All the major initiatives in the health sector were carried out under tied grants, with very little contribution coming from the District ADP. The major programmes which were implemented

<sup>12</sup> More commonly, these programs are called the CM accelerated programs or the MPA/MNA development package.

<sup>13</sup> Road/street construction has greater chances of attracting vote bank as compared to education.

<sup>14</sup> P&D Department letter No.1(8)PO(Coord-1)P&D/2011 dated 12-07-2011 (see Attachmen-4)

in the health sector are:

- Punjab Health Sector Reform Program
- National MNCH (Maternal, Neonatal and Child Health) Program
- Extended Program of Immunization
- Punjab Devolved Social Services Program

The allocation of these programmes remained as under over the years;

Table-11: Health Sector (In Million Rs)

Program	2008-09	2009-10	2010-11	2011-12	Total
HSRP	3.304	0.450	26.000	21.095	50.849
MNCH	7.589	23.415	20.143	1.500	52.647
EPI	0.468	1.828	0.000	1.828	4.124
PDSSP	16.752	32.820	17.930	13.787	81.289
ADP	25.508	12.574	6.088	1.703	45.873
<b>Total</b>	<b>53.621</b>	<b>71.087</b>	<b>70.161</b>	<b>39.913</b>	<b>234.782</b>

14.2 These programmes are primarily meant for strengthening of existing health facilities rather than establishing new health facilities. For instance, under HSRP buildings of BHUs were renovated and machinery/equipment was provided. Whereas, the EPI and TB Control Program were primarily preventive health programmes involving door to door immunization. A brief description of these programs is given in the following sections.

#### 14.3 Health Sector Reform Program:

This program was launched at the level of the provincial government in 2006-07. It was part of the project document that it would be implemented through the respective district governments. Accordingly, the funds were transferred to the Account-IV. The objective of the project is to improve the primary health care service delivery. There are 117 BHUs, 14 RHCs and 4 THQs in Sargodha. The missing facilities in these primary health care units were provided under this program.

#### 14.4 Maternal, Neo-Natal and Child Health Program:

The National MNCH Program was launched by the federal government in 2006-07 for a total cost of Rs. 20 billion. This program is also being implemented through the district governments and so far an amount of Rs 3 billion has been provided to the district governments under this program. Sargodha is one of the coverage districts of this program and has received Rs 52 mn. These funds are used for improving health care facilities at the primary health care units, training of the existing staff and upgradation of health facilities with the ultimate objective of improving the maternal health care indicators.

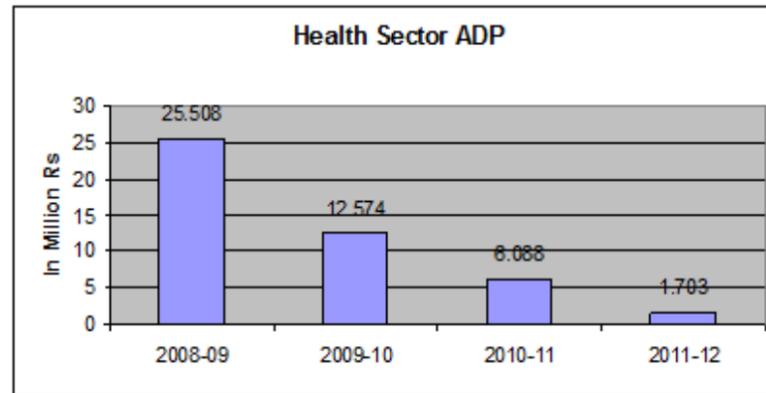
#### 14.5 Annual Development Program:

The district ADP of Sargodha also made contribution towards the health sector. This contribution was more glaring towards the beginning (2007-08) but eventually faded out due to

imposition of ban on new schemes by the districts. Following table/graph would clarify the situation.

**Table-12: Health Sector ADP**

Program	ADP
2008-09	25.508
2009-10	12.574
2010-11	6.088
2011-12	1.703
<b>Total</b>	<b>45.873</b>



14.6 A number of positive initiatives were undertaken by the administration of district Sargodha out of the ADP funds. An additional ward was constructed at the DHQ Hospital. 2 RHCs were upgraded to THQs and additional BHUs were constructed from ADP funds.

#### 14.7 Other Programs

Investment was also made in the health sector under other programs like the EPI and PDSSP. These programs provided funds for meeting the POL expenditure of immunization campaigns which were launched from time to time. However, one important contribution made under the PDSSP was the construction of 10 MCH (Mother Child Centers) at BHU level.

#### 14.7 Constituency Development Programs

The first 2 constituency development programs launched by the government had health as an essential/priority investment area. This practice was unfortunately discontinued from 2010-11. This was primarily due the financial constraints which the provincial government was facing during 2010-11. table lays down the allocation of health sector under constituency development programs:

**Table-13: Constituency Development Program and Health Sector**

(In million Rs)

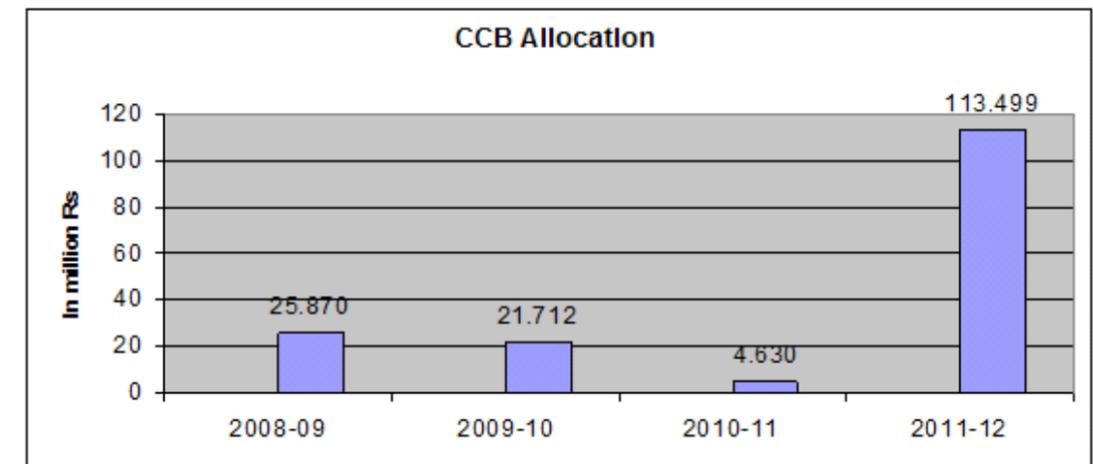
Year	Program	Allocation	Schemes
2008-09	MPA 40 mn	90.921	15
2009-10	MPA 25 mn	16.500	17
2010-11	MPA Priority Prog	-	-
2011-12	MPA/MNA Prog	-	-
<b>Total</b>	<b>Program</b>	<b>107.421</b>	<b>32</b>

## 15.0 CCB (Citizen Community Boards)

15.1 The Citizen Community Boards were established under section 98 of the PLGO-2001. 25% of the development funds are reserved for CCBs. These funds were kept in the district budget as block allocations. CCBs were authorized to draw these funds on the basis of schemes identified by the CCB and approved by DDC (District Development Committee). CCB schemes were executed on Public-Private partnership basis on 20-80 formula i.e 20% funds were provided by CCB and 80% funds were provided by the district government out the district budget block allocation. Thus, CCBs became a major vehicle for development at the district level. The table below indicates the funding under CCB over the years;

**Table-14: CCB Funds** In mn Rs

Year	Budget	ADP	CCB	% of Budget
2008-09	5055.822	54.185	25.870	0.51%
2009-10	5283.779	70.965	21.712	0.41%
2010-11	6585.187	24.440	4.630	0.07%
2011-12	7587.763	3.619	113.499	1.50%



15.2 The CCB initiative started with a great fan-fare. It was seen as a flag ship initiative of the government. It was considered a means of people empowerment. However, the experience of CCBs proved otherwise. 10 years down the line and the district government has a plethora of sick, abandoned and incomplete CCB schemes at hand. There are a number of reasons for this. Primarily, the fact that the people who formed the CCBs did not have the experience of carrying out civil works. So they got entangled in the procedures of the government departments. Moreover, there was not clear cut policy of the government about the rules and regulations of the works and audit of the CCB schemes. The anti-corruption establishment was entrusted the unpleasant task of validating the CCB works. The department made a long list of allegations and lodged a number of FIRs. This scared away the people and schemes got abandoned. The obvious result is that, the successive district administration kept of decreasing the CCB allocations. The same is reflecting in the chart above.

15.3 It may however, be noted that, the allocation of 2011-12 shows a sudden jump as compared to the previous years. This is due to the policy decision of the district government to clear the pending liabilities of all CCB schemes and to complete all incomplete schemes. There are 85 pending CCB schemes in district Sargodha.

### 16.0 Conclusion:

16.1 The upshot of the budget analysis is that, the district government Sargodha is a large district in financial terms; Last budget being close to Rs 7.5 billions. However, it has become heavily dependent on the provincial government for financial assistance. It receives a reasonably large PFC grant i.e above 6 billion Rupees. But this PFC grant is primarily being used to coupe the current expenditures. The huge size of the manpower of the district absorbs most of its financial resources.

16.2 on the other hand the Own Source Revenue collection has remained far below the expenses of the district. This has left very little space for development initiatives in all sectors including health and education. This is quite evident from the fact that an amount of Rs 6.0 million had to be diverted from development side to the current side in the financial year 2011-12. It is, however, important to mention that, despite these financial constraints, the ADP of the district has health sector schemes on the portfolio. This is quite in contrast to the situation in other districts like Rawalpindi, where there was not a single ADP scheme in health sector

16.3 In order to empower the district governments and ensure a better utilization of development funds, it is needless to state that further decentralization of powers is required. Whenever, the provincial government announces a salary increase then extra funds should be provided to the district instead of asking the district to meet the additional expenditure out of its PFC grants. This practice has put undue pressure on the districts and skewed the whole pattern of spending.

### LIST OF ACRONYMS

1	ADP	Annual Development Programme
2	CCB	Citizen Community Board
3	CDG	City District Government
4	DDC	District Development Committee
5	EPI	Extended Program of Immunization
6	HSRP	Health Sector Reforms Programme
7	LG&CD	Local Government and Community Development
8	MNCH	Maternal, Neo-natal and Child Health
9	Mn	Millions
10	M&R	Maintenance and Repair
11	OSR	Own Source Revenue
12	PESRP	Punjab Education Sector Reforms Programme
13	PFC	Provincial Finance Commission
14	PLGO	Punjab Local Government Ordinance
15	TMA	Town Municipal Administration
16	VIP	Very Important Person
17	ADB	Asian Development Bank
18	DFID	Department for International Development (UK)
19	WB	World Bank
20	DHQ	District Head Quarter Hospital
21	BHU	Basic Health Unit
22	THQ	Tehsil Head Quarter Hospital
23	RHC	Rural Health Centre
24	MCH	Mother Child Centre