

The State of Budget Transparency in Pakistan 2023

International Best Practices



September, 2023

Title: The State of Budget Transparency in Pakistan 2023

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ISBN: 978-969-2227-31-5

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List of Abbreviations

ADP	Annual Development Plan
AGP	Auditor General of Pakistan
APCC	Annual Plan Coordination Committee
BCC	Budget Call Circular
BM	Budget Monitors
CNBA	Citizens Network for Budget Accountability
CB	Citizen Budget
CPA	Citizen Participatory Audit
CPDI	Centre for Peace and Development Initiatives
CSO	Civil Society Organization
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
FY	Fiscal Year
EFU	Quarterly Economic and Fiscal Updates
GDP	Gross Domestic Product
GRB	Gender Responsive Budgeting
HYEFU	Half-Year Economic and Fiscal Update
IBP	International Budget Partnership
IMF	International Monetary Fund
KP	Khyber Pakhtunkhwa
KPI	Key Performance Indicators
MOF	Ministry of Finance, Revenue, and Economic Affairs
NEC	National Economic Council
NGO	Non-Government Organization
ODP	Open Discussion for the Public
OECD	Organization of Economic Cooperation and Development
PBB	Performance Based Budgeting
PC	Planning Commission
P & DD	Planning & Development Department
PFM	Public Financial Management
PIFRA	Project for the Improvement of Financial Reporting & Auditing
PSDP	Public Sector Development Program
RTI	Right to Information
PWDs	People with Disabilities
SAO	Supreme Audit Office (Georgia)
UNDP	United Nations Development Program
UK	United Kingdom
USA	United States of America

FOREWORD

Budget transparency is an essential component of democratic governance. It ensures that citizens, who ultimately bear the cost of fiscal decisions, are informed, and have an avenue to hold their representatives accountable for how public resources are used. As Pakistan navigates its fiscal challenges, the importance of transparency in its budgetary processes becomes even more crucial.

"The State of Budget Transparency in Pakistan", now in its fourth edition, stands as a testament to our continuous commitment to dissect, understand, and improve financial transparency practices in the country. This report does not only aim to present findings but to facilitate dialogue – between governments, civil society, and the citizens at large.

Drawing upon comprehensive research, including the examination of processes from provincial to federal levels and international best practices, this edition sheds light on the strides Pakistan has taken, the challenges that persist, and the roadmap for a more transparent fiscal future. With an added emphasis on the role of citizen participation, this edition underscores the significance of an engaged citizenry in building a robust and transparent financial framework.

As you read this report, we hope it provides insight, prompts questions, and initiates discussions. Our collective effort towards a transparent budgetary process is not just about numbers on paper. It's about building trust, fostering development, and ensuring every citizen feels a part of Pakistan's fiscal journey.

I want to extend my gratitude to the administration of CPDI for entrusting me with the responsibility of penning this annual report for the fourth consecutive year. Their continued faith in my work has been an honor and a driving force behind the rigorous research and analysis.

Warm regards,
Amer Ejaz (Author/Consultant)
MAHER Consulting

EXECUTIVE SUMMARY

Budget transparency is a cornerstone of good governance, promoting greater government accountability and fostering public trust. As Pakistan navigates its evolving fiscal landscape, the importance of ensuring budgetary clarity and openness cannot be overstated. The State of Budget Transparency in Pakistan, 4th edition, presents a timely exploration into the nation's journey. It offers an incisive look at its achievements and areas demanding attention in this pivotal domain. Through this edition, we aim to shed light on the progress made since our last report and the challenges that lie ahead while providing actionable insights to bolster the nation's aspirations for complete budgetary transparency.

KEY FINDINGS:

1. Digital Accessibility Advances:

Since our third edition, Pakistan has made commendable progress in making budgetary documents more accessible digitally. The Sindh government has an excellent web portal for budget-related information. The federal government has taken a step in the right direction by sharing development project information, though updating the portal is still an issue. The Auditor General of Pakistan (AGP) has impressively addressed previous backlogs, sharing current fiscal year findings online. This marks a clear step towards improved transparency, though there remains an evident need for further enhancements.

2. Citizens Participatory Audit (CPA):

A groundbreaking initiative, the CPA, indicates Pakistan's intent to actively involve its citizenry in the auditing process. While still in its initial stages, the potential impact of this initiative is significant. It now encourages input from the general public and Civil Society Organizations, transitioning from merely traditional audits to more nuanced, project-centric evaluations.

3. Uniform Shortcomings Across Provincial Reporting on Debt Data:

A concerning trend seen uniformly across provinces, including the federal government, is the absence of crucial debt data. For Punjab, there's a conspicuous lack of details about new debt for the ongoing financial year, year-end total debt, and allocations for debt servicing and repayment. Additionally, Punjab's reporting omits the permissible debt limit as a GDP percentage. Sindh's reporting also echoes these concerns, notably missing clear data on the current year's debt, year-end outstanding debt, and permissible debt limits in relation to GDP. For the federal government, although data regarding the annual debt requirement and potential creditors is accessible, several vital specifics remain elusive. Monthly breakdowns of capital receipts and outlays aren't provided. Further, details concerning the cumulative debt at year-end and its makeup are absent. The lack of clarity on the acceptable debt boundary relative to GDP underscores concerns about transparency and governance.

4. Learning from International Best Practices:

An insightful analysis of international best practices showcases the potential path ahead for Pakistan. Canada's participative and transparent model stands as a beacon, and South Korea's citizen-centric approach to budget formation offers valuable lessons for Pakistan.

RECOMMENDATIONS:

1. Unified Digital Platforms For Public Engagement:

Drawing inspiration from South Korea's success, Pakistan should consider launching a centralized digital platform dedicated to fostering citizen participation. This platform should be designed to present intricate budgetary details in a manner easily digestible to the citizens.

2. Nationwide Public Consultations:

Prioritize the initiation of nationwide public consultations, including town-hall meetings and workshops, during the crucial budget formulation phase. This should ensure adequate representation from every sector and region. These consultations should be arranged at individual ministries/departments level and should not be left to the finance ministry or Planning commission.

3. Public Awareness and Capacity Enhancement:

Engage collaboratively with media and educational institutions to bolster public understanding and engagement in the budgetary procedure.

4. Transparent Feedback Mechanism:

To nurture public trust, it's essential to not only solicit feedback but to also acknowledge, evaluate, and incorporate it wherever feasible.

INTRODUCTION

Budget transparency is a critical facet of good governance, fostering accountability, efficiency, and public trust. In an era where citizens are demanding more clarity and participation in how their tax money is being spent, governments across the globe are taking strides to enhance transparency in their budgeting processes. The importance of this openness cannot be overstated, particularly in a country like Pakistan, where diverse economic challenges and political landscapes add complexity to fiscal management.

This report, the fourth annual examination of its kind, delves into the state of budget transparency in Pakistan at both the federal and provincial levels. Unlike previous editions that employed grading and ranking among the governments (federal and provincial), this year's report adopts a different approach by pinpointing deficiencies and non-transparent practices in budget formulation and execution. This shift in focus comes in the wake of unique political circumstances, particularly in Punjab and KP, where caretaker governments were in charge, leading to a limited budget exercise and truncated four-month development budget, and, of course, there was no Assembly to approve this budget.

The report analyzes the full spectrum of the budget cycle, from planning to reporting, across the federal government and the provinces. It emphasizes actionable insights by referencing international best practices that can be adapted to Pakistan's context. The overarching goal is not only to evaluate the existing practices but also to provide a roadmap that enables greater public scrutiny, participation, and overall transparency in the management of public finances.

Like previous years, this year's assessment draws upon frameworks and indicators developed by Open Budget Survey. However, the standards developed by Organization for Economic Cooperation and Development (OECD) and International Monetary Fund (IMF) were also consulted, along with additional context-specific inquiries formulated by the consultant. By aligning with these global standards, the report aspires to present a balanced and comprehensive view of the state of budget transparency in Pakistan.

The ensuing chapters will detail the methodology employed, provide an in-depth analysis of the current budgeting practices, highlight the identified deficiencies, and offer practical recommendations based on international best practices. Through this multifaceted exploration, the report aims to contribute to the national discourse on financial transparency, offering pathways to enhance accountability, improve governance, and foster a more engaged citizenry.

In a world where fiscal responsibility and public engagement are ever more intertwined, the findings and suggestions contained within this report are not just timely but essential. They present a call to action for all stakeholders in Pakistan's budgeting process, urging them to take steps toward a more transparent, participative, and accountable fiscal future.

METHODOLOGY

The methodology of the report on the State of Budget Transparency in Pakistan can be summarized as follows:

OBJECTIVE:

The report aims to assess the transparency in budget planning, execution, and reporting across federal and provincial governments in Pakistan. The overall objective of the report is to identify and recommend measures for enhancing transparency, accountability, and public participation in the Planning, formulation, and execution of the budget in Pakistan in line with international best practices.

SCOPE:

The report covers the federal government as well as the provincial governments of Balochistan KP, Punjab, and Sindh. A different approach is adopted for Punjab and KP, where caretaker governments are in charge.

DATA COLLECTION:

1. Enquiry Points:

The inquiry points for the assessment are drawn from survey templates and standards developed by international organizations such as IBP, OECD, and IMF. The consultant added Additional questions to ensure the report's relevance to Pakistan's unique context. In all, there were 114 inquiry points against whom the performance of federal and provincial governments is gauged.

2. Primary Data:

Information on budgeting practices, development budget, allocations, expenditures, transparency measures, and the like was collected directly from government publications, reports, and official websites.

3. International Best Practices:

Case studies and examples of international best practices were researched and compiled to provide comparative insights and actionable recommendations.

ASSESSMENT FRAMEWORK:

1. Four-Month Development Budget:

Due to the presence of caretaker governments in Punjab and KP this year, the entire budget-making process was not followed in these provinces. Our analysis of these two provinces is limited to whatever information was officially shared by these provinces publicly.

2. Deficiency Analysis:

Rather than assigning grades or ranks, the report focuses on identifying areas of deficiency, non-transparency, and room for improvement across the various budgeting stages.

3. Inclusion of Best Practices:

A unique feature of this report is the inclusion of international best practices aimed at guiding improvements in transparency.

REPORTING:

1. Comparative Analysis:

The report offers an analysis of budget transparency practices in Pakistan, highlighting variations, common challenges, and potential areas of collaboration.

2. Recommendations and Insights:

Based on the findings, the report offers targeted recommendations and insights for enhancing budget transparency in Pakistan, leveraging international best practices.

1. PARTICIPATORY BUDGETING

1.1 BUDGET CALENDAR

The budget-making process in Pakistan begins in January¹ each year. It extends until the approval by the National or Provincial Assembly, usually in the last week of June, and the assent of the President or the Governor. The process involves the preparation, review, and approval of the budget for the upcoming fiscal year. To facilitate this process, the finance ministry/department issues a Budget Call Circular (BCC) to all ministries and departments, outlining the guidelines and instructions for budget formulation. This document also contains a Budget calendar, which establishes specific deadlines and timelines for various stages of the budgeting process.

While the BCC provides a timetable for government agencies and ministries to follow, it is not typically shared with the public. Budget Calendars are not shared separately and are included in a 50–60 pages document. This lack of transparency in sharing the budget calendar means that citizens and stakeholders are unaware of the specific milestones and deadlines throughout the budgeting process.

In addition to the budget-making process described earlier, for the current year, the BCC was issued by the Federal government, as well as the provincial governments of Balochistan, Khyber Pakhtunkhwa, Punjab, and Sindh. However, due to the caretaker governments in charge of Khyber Pakhtunkhwa and Punjab, the executive authorities issued budgets for these provinces limited to four months. Notably, the Finance Department of Punjab issued the BCC on November 7, 2022, including certain deadlines for tasks in the preceding month of October. This situation prompts inquiries into the level of commitment associated with the process.

1.2 CITIZENS' PARTICIPATION AND FEEDBACK

Pakistan lacks a consistent and well-defined framework for citizen engagement in the budget process. However, there have been isolated initiatives to solicit citizen input:

- **In 2022**, the KP government launched a campaign titled "Your Budget, Your Proposals" through media advertisements, asking citizens about their expectations for the 2022-23 budget. The advertisement did not mention a deadline for submission, and there is no publicly available information regarding the number of proposals received or the actions taken on them.
- **In 2021**, the Punjab government solicited budget proposals through an SNG-supported program. Details regarding the outcome of this initiative have not been disclosed.
- **In 2020**, under the initiative called "Inclusive Budgeting," the Punjab government invited proposals from the public. Although it claimed to have received more than 1000 proposals, there was no information about how many of these were translated into concrete budgetary measures.

In addition to engaging citizens and vulnerable groups in the budget formulation process, their involvement in budget monitoring is equally essential. Effective budget monitoring requires transparency, accountability, and a feedback loop that allows these groups to assess how funds are being allocated and spent in accordance with stated goals. However, in Pakistan, the absence of a structured mechanism for collecting and acting on feedback from citizens and vulnerable population has resulted in a missed opportunity to enhance budget implementation and oversight.

¹ A few years ago, the budget-making process in Pakistan commenced in September each year. It has since shifted to begin in January. This year, the federal government issued the Budget Call Circular (BCC) as late as January 25. This condensed timeline further restricts the opportunity for citizens to participate in the budget-making process, limiting their ability to engage and provide input.

The sporadic nature of these initiatives highlights the lack of a systematic approach to public participation in the budget process. For genuine and effective public engagement, it is essential to have a process that operates at the ministry or department level during the critical budget formulation stage in February/March. Additionally, prioritizing input from vulnerable groups and incorporating their feedback into budget proposals is crucial to ensuring that public participation leads to tangible improvements in the budgeting process. Without a structured mechanism, these isolated efforts are unlikely to realize the potential benefits of public participation in budgeting fully.

1.3 PRE-BUDGET CONSULTATION

In Pakistan, the approach to citizens' participation in the budget-making process is often unconventional and, at times, limited in its inclusivity. Rather than engaging in broad consultations with the general populace, some governments opt to conduct seminars with chambers of commerce or elite trading bodies, labeling these as pre-budget consultations or participatory budgeting. This practice overlooks the essential aspect that true citizen participation is not necessarily achieved through these narrow engagements.

For example, in Khyber Pakhtunkhwa (KP), the finance department organized a pre-budget consultative meeting on March 13 this year. While attended by a Caretaker Minister, the Regional Coordinator of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), and various officials, the gathering was mainly composed of businessmen, possibly sidelining other crucial stakeholders.

Similarly, academic institutions such as Lahore College for Women University (LCWU) and Iqra University, Karachi, organized pre-budget seminars in May and June, respectively. These forums addressed topics like the economic scenario, investment, industrialization, and employment related to the 2023-24 budget. However, the objectives of these seminars seemed unclear, as neither included the participation of government officials with the authority to influence the budget. The absence of responsible public officials from the panel discussions left a gap in these consultations' credibility and potential impact.

These examples highlight a pattern where the term "participatory budgeting" might be used, but the practice falls short of genuine citizen engagement. The limited scope and lack of diverse representation can undermine the authenticity of the consultation process and leave important voices unheard. This contrasts with more inclusive models of participatory budgeting in other countries, where diverse citizens are actively involved in shaping budget priorities and decisions.



INTERNATIONAL BEST PRACTICES:

The Republic of Korea is the leading country in public participation in the budget process, scoring 92 out of 100 in the IBP survey. This score contrasts sharply with the average score of 19 among surveyed countries.

Korea's success in this area can be traced back to the 1990s when citizens' demand for transparency and reforms increased. NGOs began to play a more substantial role in government monitoring. Upon taking office in 2003, former President Moo-Hyun Roh focused on transparency and public participation, which paved the way for Public Financial Management (PFM) reforms, including various mechanisms for citizen participation.

Among these mechanisms, the Open Discussion for the Public (ODP) stands out as a critical tool, allowing the public, experts, and officials to discuss and deliberate budgeting for different sectors. This process usually spans five to six days, covering 12 sectors. The process is transparent, with wide access, including televised hearings.

However, ODP is not without criticism. Academics have pointed to its impracticality and inefficiency in determining specific budget amounts for projects. The complexity of discussing exact figures with the

general public, considering projects within the overall fiscal plan, and addressing over 8,000 government programs annually are among the challenges.

Despite these criticisms, the Republic of Korea's approach to including public participation in the budget process represents groundbreaking efforts. While not a perfect model, it is viewed as a step in the right direction for participatory government, and some inputs from ODP have indeed been reflected in the budget, at least in the medium term. The model's worth is in its innovation and commitment to public engagement in budgetary decisions.

RECOMMENDATIONS

Establish A Digital Budget Participation Platform:

Drawing inspiration from South Korea, Pakistan should create a centralized, user-friendly digital platform that allows citizens to access budgetary information, submit suggestions, and engage in real-time discussions about budget proposals. This platform could feature visualization tools, explainers, and summaries to make budgetary information more comprehensible for the average citizen.

Facilitate Regular Public Consultations:

Organize town-hall meetings, workshops, and public consultations across the country during the budget formulation phase. This would allow citizens, civil society organizations, and local businesses to voice their concerns, priorities, and suggestions directly to policymakers. These consultations should be held at federal and provincial levels to ensure inclusivity.

Institutionalize Feedback and Implementation Mechanisms:

Ensure that citizen feedback is not just collected but also systematically reviewed and incorporated into the budget, where feasible. Establish a feedback loop where the government communicates how citizen input was considered and what impact it had on the final budget. This will instill trust and encourage more meaningful participation in future budget cycles.

1.4 BUDGET FOR MARGINALIZED COMMUNITY

Pakistan has not traditionally approached budgeting with a focus on marginalized communities, such as Women, Minorities, Children, and People with Disabilities (PWDs). While there is a provincial-level Women Development Department, it falls short of implementing gender-responsive budgeting, a practice that assesses and aligns budget allocations with gender equality goals. Similarly, although Sindh has earmarked separate budget allocations for PWDs, there is no comprehensive disability statement available. Such a statement, detailing how the budget affects PWDs, would be essential for understanding the budget's impact on this community. The absence of these budgeting perspectives hampers efforts to address the specific needs and priorities of these marginalized groups. A more inclusive approach to budgeting, one that explicitly considers the unique challenges faced by Women, Minorities, Children, and PWDs, is needed to foster greater equity and inclusion in Pakistan's economic planning.



INTERNATIONAL BEST PRACTICE:

Australia introduced the Women's Budget Statement in 1984, and it has been an integral part of the federal budget process². The Women's Budget Statement assesses the impact of budget measures on women and provides a gender analysis of government expenditure and revenue decisions. This approach ensures that

² https://budget.gov.au/content/womens-statement/download/womens_budget_statement_2023-24.pdf last accessed on 15 Jul 2023

gender equality considerations are embedded in the budgetary process, promoting transparency, accountability, and inclusiveness in fiscal policy and governance³.

Children's Budget Statement:

We have screened budget documents of about 62 countries but have yet to find an example where governments have taken the initiative to issue Children's Budget Statement. However, one example is South Africa, where measures have been taken to recognize the rights and needs of children in its budgeting process through Child Budget Initiatives. The Children's Institute at the University of Cape Town has been instrumental in producing annual Child Budget publications. These initiatives focus on tracking and analyzing government expenditures that directly or indirectly benefit children.⁴ In Pakistan, CPDI published a report on Child Specific Budgeting in 2014 with the support of Save the Children⁵. While the work of organizations like the Children's Institute and CPDI is valuable, it does not substitute for an official children's budget statement issued by the government itself.

Disability Budget Statement:

Australia has implemented a National Disability Strategy that guides government policy across all levels. This includes the planning and delivery of mainstream services as well as specialized programs for PWDs. While it may not take the form of a separate Disability Budget Statement, the strategy ensures that disability considerations are an integral part of the budgeting process.

Pakistan also has a National Policy for PWDs, 2002, that focuses on education, training, vocational training, employment, and rehabilitation of PWDs. There is a need to translate the policy in terms of budget to gauge the resources required to implement the policy and making a comparison with current budgetary practices of the government for budget allocation.

RECOMMENDATIONS

1. Establish Specific Budget Statements For Marginalized Communities:

Develop and issue separate budget statements for Women, Minorities, Children, and PWDs, outlining specific allocations and strategies tailored to each group's unique needs and challenges. Follow international best practices, such as Australia's Women's Budget Statement, and engage with local and international experts to create robust frameworks for these statements.

2. Promote Transparency and Accountability:

Ensure that budget statements for marginalized communities are publicly accessible and easily understandable. Establish monitoring and evaluation mechanisms to track progress and hold responsible parties accountable for achieving equity and inclusion targets.

3. Foster Collaboration and Partnership:

Engage with civil society organizations, academic institutions, and international partners that specialize in Child Budget Initiatives, disability rights, and other relevant areas. Leverage their expertise and support to develop, implement, and assess budget statements and strategies for marginalized communities, ensuring a comprehensive and inclusive approach.

³ https://budget.gov.au/content/womens-statement/download/womens_budget_statement_2023-24.pdf last accessed on 12 Jul 23

⁴ <https://ci.uct.ac.za/projects-completed-projects/child-centred-analysis-governments-budgets> last accessed on 11 Jul 23

⁵ <https://www.cpd-pakistan.org/wp-content/uploads/2014/01/Budget-Analysis-from-a-Child-Rights-Perspective.pdf> last accessed on 7 July 2023

1.5 CITIZENS BUDGET

A citizen budget is an essential tool in democratic governance, aimed at making budget information more accessible and understandable to the public. It allows for greater transparency in government spending and revenue collection, making it easier for citizens to hold their government accountable. By translating complex budget documents into a more user-friendly format, citizens budgets facilitate broader public engagement in the budgetary process. This fosters a sense of ownership and helps ensure that budget allocations align with citizens' needs and preferences.

Pakistan began the practice of presenting a citizen's budget around 2014 when Punjab took the lead under a UNDP project. Over the years, federal and provincial governments have adopted this practice irregularly. Unfortunately, 2023 marked a notable absence of this practice, with no federal or provincial government presenting a citizen's budget.

The absence of a citizen's budget in Pakistan's current fiscal year is a concern, as it represents a step back from the commitment to transparency, participation, and democratic governance. The irregular implementation of citizens' budgets in the country highlights the challenges of institutionalizing such practices. A consistent approach to publishing and disseminating citizens budgets would not only enhance public understanding and engagement but also contribute to building trust between the government and its citizens.



INTERNATIONAL BEST PRACTICES:

South Africa stands out as a prominent example of a country with a strong tradition of publishing and presenting citizens' budgets. Since the early 2000s, the South African government has shown a commitment to enhancing budget transparency and public participation through the regular publication of citizens' budgets.

The citizens' budget is made accessible to the general public in various languages, ensuring that it reaches a wide audience. This includes publishing the document in all 11 official languages of the country, promoting inclusiveness and ensuring that more citizens can understand the government's fiscal policies.

South Africa's citizens' budget simplifies complex fiscal information and presents it in a manner that ordinary citizens can understand. It includes key information about the government's revenue, expenditures, and policy priorities. The South African government often collaborates with civil society organizations to improve the quality and reach of the citizens' budget. This collaboration has helped shape the content and presentation of the document to better serve the public's information needs.

The CB provides a phone number and an e-mail address, which citizens can use to present recommendations and feedback on the contents of the CB. All comments and other feedback are analysed and some are incorporated in the next edition of the CB, with a view to improving it.

RECOMMENDATIONS

1. Institutionalize The Citizens' Budget Through Legislation:

To avoid the inconsistency observed in Pakistan, the practice of presenting a citizens' budget should be formalized through specific legislation or regulations. By mandating the regular publication of a citizens' budget at both federal and provincial levels, Pakistan can ensure sustained commitment to this practice. Regulations and consultations can define the content, format, timing, and channels of dissemination, establishing a standardized approach that fosters transparency and public engagement.

2. Collaborate with Civil Society and Use Local Languages:

Drawing from South Africa's example, Pakistan should actively engage with civil society organizations and citizen groups to develop and disseminate the citizens' budget. This collaboration can ensure that the document is tailored to the needs and preferences of citizens. Additionally, the citizens' budget should be made available in the country's major languages, reflecting the linguistic diversity of Pakistan. Such inclusiveness will enhance accessibility and foster a broader understanding of government fiscal policies.

3. Develop a Comprehensive Communication Strategy:

The effectiveness of a citizens' budget relies on its widespread distribution and accessibility. Pakistan should develop a comprehensive communication strategy that leverages various channels, including online platforms, print media, community centers, and educational institutions. This strategy should include targeted outreach to marginalized and underserved communities, ensuring that the citizens' budget serves as an inclusive tool for democratic engagement.

2. BUDGET DOCUMENTS AND REPORTS

2.1 BUDGET CLASSIFICATION

Regarding budget classification, Pakistan follows international standards, including objective, administrative, and functional classifications. Objective classification refers to categorizing expenditures based on the purpose or objectives they aim to achieve. Administrative classification groups expenditures by the government's organizational structure or ministries responsible for their implementation. On the other hand, functional classification classifies expenditures according to the services or functions they support, such as healthcare, education, defense, etc.

Moreover, the budget documents in Pakistan provide detailed information on budget expenditures for subsections. This level of detail allows for a breakdown of budget allocations, showing how funds are distributed among specific programs, projects, or sub-functions within each ministry or department.

While the budgeting process in Pakistan follows international classification standards and provides detailed expenditure information, the lack of public sharing of the Budget calendar limits citizen engagement and awareness. Increasing transparency by making the Budget calendar accessible to the public can help citizens understand the timing and key stages of the budget process, encouraging more meaningful participation and accountability in the allocation and utilization of public funds.

2.2 PERFORMANCE BASED BUDGET

The federal and provincial budget document survey reveals that none have truly shifted to Performance-Based Budgeting (PBB) practices. The federal government publishes a document under the title "Performance Based Budget," but the outputs set in this document do not have any link with the budget allocation. This document appears to be prepared in isolation, and one cannot find the budget allocation to a specific output. The provincial governments are yet to be shifted on the Performance Based Budgeting.

For instance, in Federal Government's PBB, the Policing Services category is identified as an output with eight Key Performance Indicators (KPIs) listed. However, no specific budget allocation for achieving this output is mentioned within this volume. To determine the budget allocation, one must navigate through multiple volumes, including the current and development budgets, which becomes cumbersome and challenging. Moreover, using different nomenclatures in budget allocation books makes it even more difficult to ascertain the allocation for this particular output. To enhance citizen accessibility and understanding, it is crucial to consolidate all output-related information in one place for clarity and transparency.

Furthermore, the performance-based budgeting approach lacks the inclusion of previous year's reviews, hindering the ability to assess progress and outcomes effectively. Additionally, some KPIs require further explanation or context to provide a comprehensive understanding of their significance. As an illustration, consider the output "Coast Guards," with the Key Performance Indicator (KPI) being the "Number of Units of Pakistan Coast Guards." However, this particular KPI lacks a direct link to performance as it merely represents the quantity of Coast Guard units without reflecting their operational effectiveness. This oversight diminishes the usefulness of the KPI in assessing true performance.

Additionally, collecting and compiling performance data by the Finance Division through the feedback of field formations within the ministry poses confusion and undermines transparency. A more effective approach would involve establishing an independent monitoring unit responsible for systematically gathering data against KPIs. This unbiased and transparent practice would ensure the accuracy and reliability of performance metrics, enhancing the overall effectiveness of budgetary evaluations and informed decision-making. The federal government also publishes Performance Monitoring reports. A number of observations can be made on the quality of the data presented in this report. For example, against the indicator "Number of persons to be trained in civil defence and Bomb Disposal," the target was 18,000. It achieved was 14,813 (82%), but the report comments that the target almost achieved.

Moreover, the current performance-based budgeting framework primarily relies on strictly quantitative indicators, neglecting the potential benefits of incorporating qualitative indicators in some instances. For example, when the Police Department sets a target to resolve a complaint within three days, qualitative data collected from the complainant could shed light on the quality of the service a complainant received throughout the process. Quantitative and qualitative indicators can offer a more holistic view of performance outcomes.

Shifting to Result-Based Budgeting offers several benefits that can significantly enhance the budgeting process and governance:



INTERNATIONAL BEST PRACTICES:

Kenya introduced performance (Program) based budgeting in 2013-14. Kenya's first attempt came under criticism from stakeholders due to inadequate information to comprehend a new budget format. The 2013-14 budget contains only the program title and objective of the program with some critical information relating to baseline, indicators, and targets missing. The budget document has shown considerable improvement since then, although some information on baseline/benchmarks is still missing in the 2023-24 budget. But this is a valuable shift forward and Kenya can take pride in volunteering towards greater transparency and accountability in their budgets. Moreover, all output-related information, including KPI, capital and current budget allocations, can be found in one volume.

Sub Programme: 0601030 Criminal Investigation Services

Delivery Unit	Key Output (KO)	Key Performance Indicators (KPIs)	Targets 2022/2023	Targets 2023/2024	Targets 2024/2025
1021001400 DCI Headquarters Administration Services	Investigation Services	% Coordination of investigation services	100	100	100
		No. of day taken to complete an investigation	21	21	21

0601030 Criminal Investigation Services

Economic Classification	Baseline Estimates	Estimates	Projected Estimates	
	2021/2022	2022/2023	2023/2024	2024/2025
	KShs.	KShs.	KShs.	KShs.
Current Expenditure	7,906,013,054	8,243,697,659	8,082,041,415	8,386,291,857
2100000 Compensation to Employees	5,684,130,003	5,899,708,586	5,919,029,575	6,060,586,002
2200000 Use of Goods and Services	2,197,900,006	2,320,006,028	2,138,838,129	2,300,585,423
2700000 Social Benefits	80,945	80,945	82,564	91,854
3100000 Non Financial Assets	23,902,100	23,902,100	24,091,147	25,028,578
Capital Expenditure	350,000,000	555,000,000	359,590,000	384,820,000
3100000 Non Financial Assets	350,000,000	555,000,000	359,590,000	384,820,000
Total Expenditure	8,256,013,054	8,798,697,659	8,441,631,415	8,771,111,857

A glimpse from the Program Based Budgeting Kenya. It sets the key outputs, KPIs and targets for three years. Although baseline and benchmarks are still missing in the provided information, it is a significant stride forward. Source: <https://www.treasury.go.ke/wp-content/uploads/2022/06/FY-2022-23-Programme-Based-Budget-Book.pdf> last accessed on 20 July 2023

RECOMMENDATIONS

Given the significant benefits, we recommend that federal and provincial governments consider the following steps to transition toward PBB:

1. Link Outputs To Budget Allocation:

Ensure that all key performance indicators (KPIs) are directly connected to specific budget allocations, avoiding isolation in planning and execution.

2. Capacity Building:

Invest in training and capacity building for government officials, civil servants, and stakeholders to effectively understand and implement PBB principles.

3. Stakeholder Engagement:

Engage citizens, civil society organizations, and experts in the budgeting process to identify and define outcome-based targets and KPIs that align with national priorities.

4. Establish a Clear Framework:

Develop a comprehensive PBB framework that outlines the process, roles, and responsibilities for implementing PBB throughout the budget cycle.

5. Incorporate Qualitative Indicators:

Use both qualitative and quantitative indicators for a more comprehensive view of performance outcomes, especially in areas like public service evaluation.

6. Improved Data Collection and Analysis:

Strengthen data collection and analytical capabilities to ensure accurate measurement and reporting of performance outcomes.

7. Gradual Implementation:

Learning from Kenya's experience, instead of abruptly shifting, adopt PBB gradually, piloting the approach in specific sectors or programs before implementing it across all budgetary areas. Starting from Education and Health could be good entry points. This will require political will, a change in bureaucratic mindset, and capacity building of staff involved in the budgeting process.

8. Institutionalize PBB:

Create a dedicated office or department responsible for overseeing PBB implementation and tracking the progress of outcome achievements.

2.3 MACHINE READABLE FORMAT

In Pakistan, budget data is currently not available in machine-readable format, neither at the federal level nor at the provincial level. This lack of accessibility poses significant challenges for analysts, journalists, researchers, and citizens who wish to engage with fiscal information. Presenting budget data in a machine-readable format is vital for modern governance, as it promotes transparency, accountability, and participatory democracy. Machine-readable data enables automated processing, which facilitates more in-depth analysis, visualization, and comparison. This, in turn, empowers citizens to understand government spending patterns better, contribute to informed public discourse and hold authorities accountable for their fiscal decisions. By aligning with international best practices and making budget data available in machine-readable formats, governments can foster greater trust and engagement with their citizenry while also enhancing their own decision-making processes.



INTERNATIONAL BEST PRACTICES:

In India, the availability of budget data in machine-readable formats represents a commitment to transparency, accountability, and citizen participation, aligning with international best practices.

The Government of India has made significant strides in ensuring that budget documents are easily accessible. The Union Budget and the Economic Survey are published online and available in machine-readable formats like Excel and CSV. This allows researchers, analysts, policymakers, and the general public to download, analyze, and visualize the data, facilitating more in-depth understanding and engagement with the budget.

In addition to the central government, many state governments in India also provide budget documents in machine-readable formats, encouraging local-level analysis and engagement. The Open Government Data Platform India (data.gov.in) is a hub for various government datasets, including budget data, in machine-readable formats. It promotes transparency and innovation by allowing users to create applications and tools based on real government data.

RECOMMENDATIONS

1. Adopt Standardized Formats:

Governments should make budget data available in widely accepted machine-readable formats like Excel and CSV. This approach will facilitate data analysis, visualization, and comparison across various stakeholders, including analysts, journalists, and the general public.

2. Create a Centralized Data Hub:

Establish a centralized platform or hub where all federal and provincial budget documents can be accessed in machine-readable formats. This hub can function as a single point of access, similar to India's Open Government Data Platform, enhancing ease of use and fostering innovation.

3. Promote Local-Level Engagement:

Alongside federal documents, provincial governments should adopt machine-readable budget data formats. This decentralization of access will encourage local analysis, discourse, and accountability, aligning with international best practices.

4. Incorporate Transparency in Governance:

Emphasize the importance of machine-readable formats as a commitment to transparency, accountability, and participatory democracy. Engaging with citizens through clear and accessible data reinforces trust and promotes a more informed public understanding of government spending patterns.

2.4 REPORTS

The importance of periodic reports of budget expenditure lies in their capacity to foster transparency, accountability, and informed citizen engagement. These reports, when made accessible to the public, allow citizens to understand how public funds are being allocated and spent, thereby enhancing trust in government and facilitating public participation in the governance process. Periodic reports, whether monthly, quarterly, mid-year, or end-year, serve as essential tools for monitoring government performance and ensuring that expenditures align with established priorities and objectives.

In Pakistan, however, the tradition of sharing budget-related information with citizens is notably weak. Despite the critical role that these reports play in democratic governance, no government regularly releases monthly, quarterly, mid-year, or end-year reports to the public. The Ministry of Planning & Development has recently launched a dashboard containing details of development projects, but complaints about its utility and non-user-friendly nature have undermined its effectiveness. The Punjab and Balochistan governments have a link to the PIFRA system to determine the budget position against the DDO code, but it is restricted to official use only, leaving citizens without access to vital records. The KP finance department's website contains an outdated expenditure report from 2020-21, lacking detailed information on development schemes and non-development budget under different object heads.

In contrast, the Sindh government stands out with its excellent Dashboard, containing comprehensive and updated records of both development and non-development expenditure. However, even in this case, the practice of issuing periodic reports specifically tailored for citizen understanding is missing. The absence of such reporting not only hampers public understanding and engagement but also limits the government's ability to respond to public needs and preferences effectively. The adoption of a robust, transparent reporting system across all provinces would mark a significant step toward a more open and accountable government, reflecting international best practices and meeting the needs and expectations of Pakistani citizens.



INTERNATIONAL BEST PRACTICE:

New Zealand's government is widely recognized for its commitment to transparency and openness in budgetary matters. The Public Finance Act of 1989 mandates regular and comprehensive reporting of budget expenditures, ensuring that government financial activities are transparent and accountable.

Here's how New Zealand practices this:

1. Monthly Economic Indicators:

Published by the Treasury, these reports provide timely information on fiscal and economic indicators, allowing citizens, researchers, and policymakers to gauge the economy's health and government's fiscal position.

2. Monthly Financial Statements:

Also published by the Treasury, these statements offer a detailed look at the government's financial activities, comparing actual performance with forecasts.

3. Quarterly Economic and Fiscal Updates (EFU):

These updates include both economic forecasts and an updated fiscal outlook, providing a snapshot of how the government's economic and fiscal objectives are evolving.

4. Half-Year Economic and Fiscal Update (HYEFU):

The HYEFU offers a comprehensive update of the government's fiscal position, including updated economic and fiscal forecasts and information on specific fiscal risks.

5. Budget Economic and Fiscal Update (BEFU):

Released annually, this update provides a detailed statement of the government's fiscal intentions and how it plans to achieve its economic objectives.

6. Year-End Financial Statements:

These provide a detailed account of government spending and revenue collection for the completed fiscal year, including a comparison with the budgeted figures.

All these reports are readily available to the public and can be accessed online through the Treasury's website. This practice of regular, transparent reporting has been lauded by international organizations such as the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD), and it sets an exemplary standard for other countries aiming to enhance public accountability and citizen engagement in the budgetary process.

RECOMMENDATIONS**1. Legislate Regular Reporting Requirements:**

As seen in New Zealand's case, a solid legal framework can ensure consistency and commitment to regular budget reporting. Pakistan should consider adopting legislation or regulations that mandate the production and public release of monthly, quarterly, mid-year, and end-year spending reports. This legal foundation would define the content, format, and timelines for reports, making it an integral part of the governance structure and ensuring continuity across different government administrations.

2. Develop User-Friendly Platforms and Dashboards:

The successful implementation of the Sindh government's dashboard shows the potential of using technology to make budget information accessible. Governments at both federal and provincial levels should develop or enhance user-friendly platforms that present budget spending reports in an easily digestible and visually appealing format. Collaborating with technology experts and considering public feedback on usability can ensure that these platforms serve the needs of diverse citizens, including those with limited technical skills.

3. Engage with Civil Society and Media:

To maximize the impact and reach of budget spending reports, governments should actively engage with civil society organizations, media outlets, and other stakeholders. These collaborations can help in disseminating reports, organizing public forums, and facilitating dialogues on budget matters.

2.5 DEBT MANAGEMENT

FEDERAL GOVERNMENT

The federal government's approach to debt management has raised several concerns. While information on the total debt required for the year and the potential lenders are available, many critical details are missing. There is no month-wise schedule for capital receipts and capital expenditures. Additionally, there is no information on the total outstanding debt at the end of the year or its composition. The absence of information about the permissible debt limit as a percentage of GDP also raises questions about transparency and oversight. The Debt bulletin is published only semi-annually; however, considering Pakistan's precarious financial situation, it should ideally be made available monthly. Concerns also persist regarding the reliance on multilateral loans for debt servicing and principal repayment without a clear alternative plan if these loans are not forthcoming.

PUNJAB

Punjab's debt situation is outlined in a quarterly report, and as the Annual Budget Statement is not published this year, critical information is lacking. Details about new debt for the current financial year, total debt at the end of the year, and the amount allocated for debt servicing and repayment are missing. Similarly, there is no information about the total permissible debt limit as a percentage of GDP, leaving a gap in understanding the province's fiscal management.

KP

The KP province provides a six-monthly report detailing loans committed between July-Dec 2022, along with historical data for the last eight years. However, the report lacks information about the debt in the current financial year, total outstanding debt at the year-end, and the permissible debt limit as a percentage of GDP. This lack of forecast and specific financial year data restricts a comprehensive assessment of the province's debt situation.

BALUCHISTAN

Baluchistan's debt situation is even more opaque, with the latest available debt report on the finance department's website dating back to 2020. This lack of up-to-date information presents serious challenges in evaluating and understanding the province's financial health.

SINDH

Sindh follows a six-monthly reporting pattern, providing details of loans committed between July-Dec 2022 and historical data for the last eight years. However, like KP, there is no clarity on the current financial year's debt and the total outstanding debt at the end of the year. Additionally, information on the permissible debt limit as a percentage of GDP is not provided.



INTERNATIONAL BEST PRACTICE:

One notable example of international best practice in debt information sharing and engaging the public comes from Canada. The Canadian government is recognized for its transparent and proactive approach to public debt management.

Canada publishes an annual Debt Management Strategy alongside the federal budget. This document outlines the key elements of the government's debt management approach, including the planned borrowing activities and the management of associated risks. All information regarding federal debt, including historical and projected government debt levels data, is made available to the public through user-friendly platforms.

Before the annual Debt Management Strategy is finalized, the Department of Finance and the Bank of Canada conduct public consultations. These consultations involve meetings with various market participants, including investors, dealers, economists, and other stakeholders, to gather their views on various issues related to the government's debt program and market functioning. The Canadian government actively encourages the public to provide feedback and suggestions on its debt management policies and practices. This allows for a more democratic approach, where citizens feel part of the decision-making process.

Debt Management Strategy Consultations – 2023-24

Notice - Thursday, September 15, 2022, 16:15 (ET)



The Department of Finance and the Bank of Canada are seeking the views of government securities distributors, institutional investors, and other interested parties on issues related to the design and operation of the Government of Canada's domestic debt program for 2023-24 and beyond. Regular consultations with market participants are an integral and valued part of the debt management process and all market participants are encouraged to provide input.

The **Debt Management Strategy consultations**  will take place in September and October 2022. A summary of comments received from market participants will be made available on the Bank of Canada's website.

For further information, please contact:

Matthieu Truno 

RECOMMENDATIONS

1. Comprehensive Debt Reporting:

To foster a deeper understanding of the nation's financial health, it's imperative that all provinces, including Punjab and Sindh, consistently provide a detailed breakdown of new debts for the current fiscal year, end-of-year total debts, and allocations for debt servicing and repayment. This will facilitate better financial analysis and instill greater confidence in stakeholders.

2. Debt Ceiling Communication:

The permissible debt limit as a percentage of GDP should be publicly disclosed and updated regularly. This transparent communication can serve as a proactive measure, informing stakeholders about the nation's borrowing threshold and ensuring that fiscal strategies remain within sustainable limits.

3. Adoption of Technology:

Taking inspiration from international best practices, Pakistan should consider adopting technology-driven solutions, such as digital dashboards or platforms, that provide real-time updates on debt management. These platforms can offer interactive visuals, historical data comparisons, and forecasts, making the data more comprehensible for both experts and the general public.

3. LEGISLATIVE CONTROL OVER BUDGET

3.1 BUDGET PRESENTATION IN ASSEMBLY

In democratic countries such as the United States of America (USA), Canada, the United Kingdom, and Germany, the budget is presented to parliament months before the start of the fiscal year. This practice allows parliamentarians to exercise significant control over budget information through detailed scrutiny, debate, and potential amendments, facilitated by various parliamentary committees and public consultations. The process in these countries ensures transparency and accountability, placing parliamentarians at the center of fiscal decision-making. In stark contrast, Pakistan's expedited budget process, with the budget presented only a couple of weeks before the fiscal year begins, leaves parliamentarians with limited control over budget information. The restricted timeframe hampers thorough examination and public engagement, reducing the ability of elected representatives to influence budgetary decisions effectively. Aligning Pakistan's practices with the examples set by countries like the United States, Canada, the United Kingdom, and others in our list would empower parliamentarians with greater control over budget information, bringing the process more in line with international standards of democratic governance and fiscal responsibility.

Government	Budget presented in Assembly on	Budget Passed by Assembly on
Federal	June 9, 2023	June 25, 2023
Balochistan	June 19, 2023	June 26, 2023
Sindh	June 11, 2023	June 21, 2023
KP	June 20, 2023	The care-taker government presented a four-month Punjab budget for 2023-24 on June 20.
Punjab	June 19, 2023	The care-taker government presented a four-month Punjab budget for 2023-24 on June 19.

INTERNATIONAL BEST PRACTICES

S. No.	Country	Fiscal Year Starts	Budget Presented in the Assembly
1.	USA	October 1	The President's budget proposal is usually submitted to Congress by the first Monday in February, allowing several months for review and modification.
2.	Germany	January 1	The Federal Ministry of Finance generally submits the draft budget to the Bundestag in the summer, several months before the start of the fiscal year.
3.	United Kingdom	April 1	The Chancellor's Autumn Statement (including budget proposals) is typically released in November for the following fiscal year.
4.	France	January 1	The Government sends the Finance Bill to Parliament at least three weeks before the parliamentary session opens, usually in September.
5.	Canada	April 1	The federal budget is generally presented in the spring, but pre-budget consultations begin months in advance with various stakeholders, including parliamentary committees. Since the full budget approval process can take time, Parliament often approves "interim supply."
6.	Australia	July 1	The Federal Budget is usually handed down in May

S. No.	Country	Fiscal Year Starts	Budget Presented in the Assembly
7.	India	April 1	Often in February
8.	South Africa	April 1	The National Treasury engages with parliamentary committees through pre-budget briefings, and the finance minister usually tables the budget at the end of February.
9.	Netherlands	January 1	The budget is presented on Prinsjesdag (the third Tuesday in September), but preparations and discussions with Parliament start much earlier in the year.
10.	Sweden	January 1	The Government presents the budget bill to the Riksdag on the third Tuesday in September, following a process of consultation and drafting that begins much earlier in the year.
11.	Pakistan	July 1	The budget is approved by the cabinet on the 2 nd or 3 rd Friday of June and presented in the National Assembly on the same day.

RECOMMENDATIONS

1. Establish A Fixed Timeline For Budget Presentation:

Set a clear and mandatory date for the presentation of the budget in the assembly, ideally, two months before the beginning of the fiscal year, to allow for sufficient time for debate, amendments, and input from various stakeholders, ensuring a comprehensive and well-informed budgeting process.

2. Create a Structured Pre-Budget Consultation Process with Stakeholders:

Develop a formal procedure for consulting with relevant stakeholders, including industry experts, civil society organizations, and the public, at least three months before the budget presentation. Organize town-hall meetings, online forums, or dedicated consultation sessions to gather diverse opinions and insights, ensuring that the budget reflects the needs and priorities of various segments of society.

3. Implement Regular Budget Review Sessions in the Assembly:

Make the presence of parliamentarians during the budget session mandatory, thus facilitating an open and inclusive debate. Allow all members to thoroughly analyze, question, and propose modifications to the budget, and encourage the participation of specialized committees within the assembly to assess different aspects of the budget, from economic implications to social equity considerations, strengthening the overall budgeting process.

3.2 EXAMINING BUDGET SPENDING IN STANDING COMMITTEES

The National Assembly of Pakistan, according to its Rules of Procedure (Rule 201(4)), grants special empowerment to its Standing Committees, allowing them to scrutinize the expenditures, administration, delegated legislations, public petitions, and policies of the Ministry concerned, as well as its related public bodies. However, a review of the National Assembly's committees' records for the past four years indicates that this power has never been exercised. Instead, most of the Standing Committees' work has been limited to examining the bills referred to them by the house.

In Punjab's Provincial Assembly, the role of Standing Committees is specifically defined in terms of examining the Bills or "other matter" referred to them under Rule 154. Rule 155 extends this to allow the Assembly to remit to the Committee concerned "any subject" or matter for study. The rule 154(7) enables committees to examine departmental spending after getting the speaker's approval. Historical records indicate that no committee has undertaken such an examination in recent memory.

The Sindh Assembly's procedures are more explicit, with Rule 167 directly mandating committees to examine the expenditures of the relevant department. Rule 168 further extends this by allowing the Assembly to assign to the Committee any subject or matter for investigation.

In contrast, the Khyber Pakhtunkhwa (KP) Assembly's rules do not make clear references to financial matters. The standing committees' roles are confined to examining a bill or subject matter referred by the Assembly itself.

The rules governing committees in Balochistan are even more ambiguous. The functions of the committees are described in broad terms, focusing on supporting Parliament in holding the government accountable and assisting ministers in their responsibilities and management performance. However, there is no clear reference to a role in examining spending.

While some legislatures, like the National Assembly and Sindh Assembly, and Punjab Assembly, have clear rules empowering committees to examine expenditures, the practical implementation of these rules is lacking. In other cases, like in KP, and Balochistan, the rules are either ambiguous or silent on this aspect, reflecting a gap in the oversight of government spending at various levels of Pakistan's parliamentary system.



INTERNATIONAL BEST PRACTICE:

The United Kingdom (UK)'s parliamentary system serves as an international best practice where committees have a strong tradition of examining departmental spending.

In the UK's House of Commons, the Select Committees are vital in overseeing and examining government expenditure. Each government department has a corresponding Select Committee, and these committees have broad responsibilities, including the scrutiny of expenditure, administration, and policy matters. The Committees often have access to departmental officials, financial documents, and other resources that enable them to conduct thorough evaluations of spending.

The success of these committees in the UK can be attributed to several factors, including a clear mandate, access to essential information, support from expert bodies like the NAO, and a culture of robust, independent scrutiny. This structure has fostered a system where parliamentary committees actively engage in detailed examination and oversight of government spending, thereby enhancing transparency and accountability.

RECOMMENDATIONS

1. Clear Empowerment And Mandate:

All provincial and national assemblies should have clear rules empowering standing committees to examine budget proposals and departmental expenditures. This may require revising rules in assemblies like KP and Balochistan to explicitly define the committees' roles in financial matters, and ensuring that existing rules in other assemblies, such as the National Assembly, Sindh Assembly, and Punjab Assembly, are actively implemented.

2. Access to Information and Resources:

Standing committees should be provided with the necessary access to departmental officials, financial documents, and other resources that enable them to conduct a thorough evaluation of spending. This would allow committees to effectively scrutinize expenditures, administration, and policy matters, akin to the UK's Select Committees.

3. Cultural Shift Towards Active Oversight:

Efforts should be made to foster a culture where parliamentary committees actively engage in detailed examination and oversight of government spending. This involves not only having clear rules and access to information but also providing training and support to committee members and encouraging a tradition of robust, independent scrutiny.

3.3 BUDGET IN THE FINANCE COMMITTEES

In Pakistan, both federal and provincial assemblies possess finance committees, but the typical practice for budget review does not involve referring the budget to these committees for detailed examination. Instead, the budget process is often fast-tracked, especially in the weeks leading up to the start of the fiscal year.

Once the budget is approved internally by the cabinet, it is presented in the assembly, initiating a period of debate and discussion among the assembly members. This presentation occurs so close to the commencement of the fiscal year that there is often limited time for a more comprehensive review process.

This approach contrasts with some international practices where budget proposals are presented to specialized committees well in advance of the new fiscal year, allowing for detailed examination and broader legislative input. The compressed timeline in Pakistan's budget process can limit the assembly's ability to engage in substantial debate and may constrain the full exercise of parliamentary oversight and transparency.

Each Standing Committee shall scrutinize and suggest amendments, if necessary, and recommend Ministry's Public Sector Development Program (PSDP) for the next financial year before the same is sent to the Ministry of Finance for inclusion in the Federal Budget for the next financial year. Each Ministry shall submit its budgetary proposals relating to the Public Sector Development Program (PSDP) for the next financial year to the relevant Standing Committee not later than the 31st January of preceding financial year and Standing Committee shall make recommendations thereon not later than the 1st March of preceding financial year

Rule 201(6) Rules of Procedure and Conduct of Business in the National Assembly, 2007 as modifies up to 30th of May, 2023.



INTERNATIONAL BEST PRACTICE:

In Germany, the annual federal budget process involves extensive deliberation, scrutiny, and amendment at the committee level, particularly within the Budget Committee of the Bundestag (German Federal Parliament). Once the budget is presented to the Bundestag, it is referred to the Budget Committee. The Budget Committee thoroughly reviews each budget section, often consulting with other specialized committees to gain insights into specific areas of expenditure. They also engage with external experts, stakeholders, and government officials during hearings to ensure a comprehensive understanding. The Budget Committee may suggest amendments to the budget, reflecting the outcomes of their detailed scrutiny. The amended budget is then debated and voted on in the plenary session of the Bundestag.

RECOMMENDATIONS

1. Referral To Finance Committees:

Instead of fast-tracking the budget, it should be referred to the finance committees in both federal and provincial assemblies well in advance of the fiscal year. This practice will allow for a more detailed examination of the budget, aligning with international best practices.

2. Extended Review Period:

The finance committees should be given a sufficient time frame to review the budget thoroughly, consult with specialized committees, and engage with external experts and stakeholders. This

extended review period would promote broader legislative input and provide an opportunity for meaningful amendments.

3. Enhanced Parliamentary Oversight:

Emphasize the role of finance committees in ensuring parliamentary oversight and transparency. This might include regular hearings with government officials, public consultations, and transparent reporting of the committee's findings and recommendations. By adopting a more structured approach, similar to Germany's Budget Committee, Pakistan's assemblies could foster a more participatory, transparent, and accountable budgeting process.

3.4 CONTROL OF LEGISLATIVE ON BUDGET PROCESS

In Pakistan, although the legislature has full authority to pass, reject, or amend the budget, these powers are rarely utilized. The budgetary process often proceeds without significant debate, scrutiny, or amendment. During the 2023 budget process, this pattern largely continued.

At the federal level, changes to the budget were initiated not by the assembly but by the government itself, particularly the Foreign Minister, after a meeting between Prime Minister Shahbaz Sharif and the IMF's Managing Director. These changes included the introduction of new taxes amounting to PKR 215 billion and a spending cut of PKR 85 billion, a move that diverged from the IMF's suggestion to broaden the tax base.

In Balochistan, the budget process was uneventful and elicited little interest from the legislature. The final day's session even had to be adjourned due to a lack of quorum. In Sindh, all 155 "customary" cut motions were summarily rejected, and the budget was passed without alteration.

In Punjab and KP, the situation was unique due to the presence of a caretaker government, resulting in the absence of typical legislative activity regarding the budget.

This lack of legislative engagement in the budget process reflects a concerning trend in Pakistan, where the powers vested in the assembly to shape and refine the budget are seldom exercised. Such a situation underscores the need for greater transparency, accountability, and participation in the budgetary process to ensure that it truly reflects the needs and priorities of the people.



INTERNATIONAL BEST PRACTICES:

Let's examine the case of the United States, where the legislature frequently exercises the power to amend the budget.

A recent and specific example of this can be found in the Fiscal Year 2021 budget process. During the crafting of the FY 2021 Omnibus Spending Bill, members of both the House and Senate actively engaged in debates and negotiations over the allocation of funds. This collaborative effort resulted in a series of amendments and changes to the proposed budget.

Among the key changes were increases in funding for domestic programs, including education, health care, and infrastructure. Additionally, legislators negotiated adjustments to foreign aid allocations, military spending, and provisions related to the COVID-19 pandemic response.

After extensive deliberations and negotiations, the amended Omnibus Spending Bill was passed by both the House and the Senate and signed into law by the President on December 27, 2020.

This example illustrates the active role of the U.S. Congress in shaping the federal budget, including asserting the power to amend proposals, negotiate priorities, and ultimately pass a budget that reflects the collective decisions of the elected representatives.

RECOMMENDATIONS

- **Enhance Legislative Engagement and Scrutiny:**
Encourage active participation by assembly members in the debate, scrutiny, and amendment of the budget. This includes providing sufficient time for discussion and analysis, as well as utilizing relevant committees for detailed examination, as seen in international practices such as the U.S. Congress.
- **Introduce Pre-Budget Sessions in the Assembly:**
Establish a dedicated pre-budget session within the legislative timetable to allow assembly members to engage in open dialogues, debates, and consultations before the formal budget proposal. This would include opportunities for legislators to propose suggestions, voice concerns, and highlight priorities, contributing to a more inclusive and responsive budgeting process.

3.5 PRIOR APPROVAL OF LEGISLATURE BEFORE SHIFTING BUDGET

Under the Constitution of Pakistan, the shifting of budget allocations, also known as virement, is regulated by specific provisions that allow a degree of flexibility to the executive branch without requiring prior approval from the legislature.

1. **Federal Level - Article 84:** For the federal budget, Article 84 of the Constitution grants the Federal Government the authority to authorize expenditure from the Federal Consolidated Fund, provided that the National Assembly later approves it. This means that the executive branch can make budgetary shifts without initially obtaining approval from the National Assembly. However, such shifts must be presented to and approved by the Assembly by the end of the fiscal year.
2. **Provincial Level - Article 124:** Similarly, at the provincial level, Article 124 of the Constitution enables the Governor to authorize expenditure from the Provincial Consolidated Fund, subject to later approval by the respective Provincial Assembly. As with the federal level, this allows for budgetary shifts to be made without prior legislative approval but with a requirement for retrospective validation by the end of the financial year.



INTERNATIONAL BEST PRACTICE: SWEDEN - PRIOR LEGISLATIVE APPROVAL FOR BUDGET SHIFTING

1. Legal Framework:

Sweden's budgetary process is governed by the Swedish Budget Act, and the Swedish Parliament (Riksdag) plays a central role in approving and overseeing government spending.

2. Restrictions on Budget Shifting:

Within the expenditure areas, the government has some flexibility to reallocate funds, but if the government wants to shift funds between different expenditure areas, prior approval from the Riksdag is required. This process is outlined in Chapter 3 of the Budget Act.

With Riksdag authorisation, the Government may also decide to allow an appropriation to be exceeded if this is necessary in an area of activity in order to cover particular expenses that were not known when the appropriation was allocated or in order to enable a purpose of the appropriation approved by the Riksdag to be achieved.

3. Transparency and Accountability:

The requirement for parliamentary approval for significant shifts in budget allocations ensures that the government's spending aligns with the priorities and guidelines set by the legislature. It also fosters transparency and accountability in the budgetary process.

4. Challenges and Considerations:

While this approach strengthens democratic control and oversight of public finances, it also requires a robust system of communication and collaboration between the government and the Riksdag to ensure that the budgetary process is responsive to changing needs and priorities. Sweden's approach to budget shifting provides an example of how legislatures can exert control and oversight over government spending and ensure alignment with national priorities and values. The Swedish system is often cited as an example of good governance and has been studied by other countries looking to enhance their budgetary processes.

RECOMMENDATIONS

1. Establish Clear Guidelines For Budget Shifting:

Implement comprehensive regulations that detail the specific circumstances under which budget shifting can occur both at the federal and provincial levels. Clearly outline the parameters and limitations of these shifts to ensure they align with the original intentions and priorities of the approved budget. This can provide a structure for the executive branch's flexibility while preserving legislative oversight.

2. Introduce a Process for Prior Legislative Approval:

Similar to Sweden's approach, Pakistan could introduce a requirement for prior legislative approval for significant shifts between different expenditure areas. By engaging the National Assembly or Provincial Assemblies in the decision-making process, legislators can ensure that budgetary changes align with the broader goals and policies set by the legislature. This would foster greater collaboration between the legislative and executive branches and enhance democratic control over public finances.

3. Enhance Transparency and Accountability through Regular Reporting:

Implement a robust system of communication and collaboration between the government and the legislatures to facilitate timely approval of budget shifts. This could include regular reporting of any shifts to the relevant legislative bodies, along with detailed explanations and justifications. Such transparency would enable ongoing scrutiny, foster accountability, and ensure that the budgetary process remains responsive to changing needs and priorities.

4. INSTITUTIONS

4.1 PLANNING COMMISSION DOCUMENTS:





When undertaking a development project at the federal or provincial level in Pakistan, a systematic process is adhered to, encompassing at least five Planning Commission Forms that must be completed by various agencies. These include:

- **PC-I:** Provides detailed information on every aspect of the project, from conception to implementation. This information includes the total cost of the project, timelines, proposed design etc.
- **PC-II:** Required as a feasibility report for projects costing more than 500 million PKR, ensuring the project's viability and alignment with strategic goals.
- **PC-III:** Focuses on monitoring, tracking the progress of the project to make necessary adjustments and maintain alignment with the original goals. This is required to be filled every quarter for monitoring report (PWoo3) and every month for progress (PC-III(B)).
- **PC-IV:** Acts as a project completion report, summarizing the outcomes, successes, challenges, and lessons learned upon the project's conclusion.
- **PC-V:** Functions as an Annual Performance Report, required to be filled for five years after the completion of the project, providing a long-term evaluation of the project's impact and efficiency.

In a move towards transparency, both Pakistan's federal government and the Sindh provincial government have taken initiatives to provide access to PC-I documents. Sindh has innovatively employed QR codes in its ADP documents on the P&DD website. Similarly, the Planning Ministry has introduced the Public Sector Development Program Portal to provide this access. The Punjab government has taken steps by placing copies of PC-I and PC-II for selected projects on the finance ministry website, although this effort is somewhat constrained as the copies are placed in isolation, disconnected from the development schemes of ADP, limiting their utility.

The disclosure of these Planning Commission documents is crucial for transparency in government projects, allowing stakeholders to understand essential details such as approval data, dates for project completion, initial costs, delays, and cost overrun, if any. This proactive disclosure aligns with global best practices, fostering accountability and public trust in government initiatives. It not only opens the door for public scrutiny but also promotes a culture of transparency and collaborative governance, setting the stage for more responsible project management and public expenditure.

Unfortunately, the lack of similar action from other provincial governments hinders the overall transparency of government operations in Pakistan. Until the PC-I documents are uploaded, citizens will remain in the dark regarding vital information about the approval, initiation, cost, and delays in critical public projects. Sindh's example stands as a commendable step in the right direction, but it emphasizes the need for uniformity in transparency across all levels of government. In addition, proactive disclosure of PC-I is only the initial step; it should be followed by disclosure of other Planning Commission documents, including PC-II, PC-III, PC-IV, and PC-V.

9	AGRAE-PP-21-0006		Implementation of Grow More Cotton and Pulses Campaign in Sindh (R:75.00)	Sindh	Approved 01.11.21
10	AGRAE-PP-21-0007		Rehabilitation of Existing Buildings of Agriculture Extension in District Kashmore (C:100.00)	Kashmore	Approved 08.11.21
11	AGRAE-PP-23-0003		Construction of Office of the Directorate of Agriculture Extension, Sukkur Division	Sukkur	Approved 31.10.16 (U/R)
12	AGRWM-FP-21-0021		Sindh Water & Agriculture Transformation (SWAT) Project (Component III: Agriculture) (Total:14228.720 including World Bank's Share:11926.500 & GoS' Share:2302.22)	Sindh	Approved 06.12.22 ECNEC



INTERNATIONAL BEST PRACTICE: FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA), UNITED STATES

The FFATA was signed into law on September 26, 2006. It requires the full disclosure of all entities and organizations receiving federal funds. This act mandates that information on federal awards (federal financial assistance and expenditures) must be made available to the public via a single, searchable website, which is known as USAspending.gov.

All the details related to federal spending, including grants, contracts, loans, and other financial assistance, are made publicly available. This includes information related to the project's planning, execution, cost, timeline, and more. It ensures complete transparency and accountability in the use of federal funds.

RECOMMENDATIONS

1. Universal Availability Of All Forms:

Make all Planning Commission Forms (PC-I to PC-V) available to the public across all federal and provincial levels, not just PC-I documents. This comprehensive disclosure will provide a complete picture of the development project's life cycle.

2. Integration with Development Schemes:

Ensure that Planning Commission documents are connected with specific development schemes of ADP, avoiding isolated placement and enhancing their utility. It should be easy for stakeholders to correlate documents with specific projects and initiatives.

3. Adoption of Modern Technology:

Continue to expand and innovate with technological solutions, such as QR codes and interactive web portals, to enhance accessibility. These can provide a user-friendly gateway to all necessary information.

4. Consistency Across Regions:

Strive for uniformity in transparency across all provincial governments, following the examples set by Sindh. This ensures that all citizens have equal access to crucial information.

5. Collaboration and Stakeholder Engagement:

Encourage engagement with civil society, the media, and the general public by creating platforms for interactive dialogue, questions, feedback, and analysis.

6. Education and Awareness:

Conduct public awareness campaigns to inform citizens about the availability and significance of these documents. Facilitate understanding and utilization of this information by the public.

7. Legislation and Policy Support:

Consider enacting laws or regulations that mandate the proactive disclosure of all Planning Commission documents, ensuring legal backing for transparency and accountability.

4.2 FUNCTIONING OF PLANNING COMMISSION

The Planning Ministry must enhance transparency in its operations, particularly in shortlisting development projects. Currently, neither the list of proposals for development projects received from line ministries nor the criteria for proposing these projects have been published or made available online. This lack of information extends to the recommendations made by the priority committee on development proposals submitted by various ministries and departments. Additionally, the decisions taken by the APCC based on these recommendations have not been shared with the public. This pattern of non-disclosure is mirrored at

the provincial level, where the process is overseen by P&DD, and there is a similar lack of transparency. The absence of such vital information hinders public understanding and scrutiny of the development planning process, emphasizing the need for more open communication and accessibility of relevant documents.

This year, the development and non-development budgets for Punjab and KP have been framed by caretaker governments, covering a four-month period. There needs to be more transparency regarding the process that has been adopted. The absence of publicly available information about the criteria, priorities, and methods used in formulating these budgets leaves stakeholders, including the citizens, civil society, and oversight bodies, in the dark. This situation underscores the need for greater openness and communication about budgeting procedures in line with international best practices. Without transparency, it becomes challenging to assess the fairness, effectiveness, and alignment of the budget with the broader development goals and needs of the regions.

RECOMMENDATIONS

1. Publishing Criteria And Proposals:

The Planning Ministry must publish the list of proposals for development schemes received from line ministries, along with the specific criteria used for proposing these projects. This information should be made available online in an easily accessible and user-friendly format. By doing this, the government ensures transparency in the shortlisting process and enables stakeholders to understand the rationale behind selecting certain development projects.

2. Disclosure of Priority Committee Recommendations and Decisions:

The recommendations made by the priority committee on development proposals and the subsequent decisions taken by the APCC should be publicly disclosed. This transparency should extend to the provincial level, where the process is overseen by P&DD. Making this information available will allow for public scrutiny and a greater understanding of the decision-making process, aligning with principles of democratic governance.

3. Institutionalizing Public Engagement:

Implement mechanisms to actively engage civil society, the media, and the general public in the planning and budgeting processes. This could include regular consultations, public hearings, or online platforms where citizens can provide feedback and ask questions. Institutionalizing such engagement fosters a culture of participatory governance and builds public trust in the decision-making processes.

4.3 SUPREME AUDIT INSTITUTION

Pakistan's Supreme Audit Institution (SAI) is the Auditor General of Pakistan (AGP), an entity responsible for ensuring transparency, accountability, and compliance with financial rules and regulations in government operations.

The Auditor General of Pakistan (AGP) has made significant strides in budget transparency by clearing the backlog of audit reports, making the latest fiscal year 2021-22 findings publicly available on their website. This marks an improvement from the previous year, when reports were accessible only up to 2018-19. Traditionally, the AGP's emphasis has been on compliance audits concerning government expenditures and ministries rather than project-specific audits. However, the recent Citizens Participatory Audit (CPA) introduction signals a promising shift. Through CPA, the AGP is expected to receive inputs and suggestions from citizens and Civil Society Organizations (CSOs), potentially broadening the scope of audits to include specific projects, thereby enhancing transparency and accountability.

This initiative, currently in its preliminary phase, invites citizens and Civil Society Organizations (CSOs) to suggest specific projects or government facilities for auditing, which the AGP's office will then include in

the subsequent audit cycle. By bridging the gap between citizens and the auditing process, this approach has the potential to enhance transparency and accountability. However, it is still early days, and the seriousness and commitment of the AGP in implementing this initiative will be revealed as it progresses. Continued engagement and transparent communication with the public will be key to realizing the potential of this promising initiative.

Indeed, the complexity and length of actual audit reports can be a barrier to citizens' understanding and engagement. To address this challenge, the AGP could initiate a citizen education program to build citizens' capacity to comprehend audit reports. This would include crafting concise summaries of each report, incorporating visuals to facilitate understanding, and ensuring these summaries reach the public. Such an approach would not only make the reports more accessible to the average citizen but would also foster a culture of transparency and accountability. The collaboration of media, educational institutions, and civil society organizations could further aid in disseminating and comprehending these summarized reports, strengthening the democratic process.



INTERNATIONAL BEST PRACTICE: STATE AUDIT OFFICE OF GEORGIA: A MODEL FOR PUBLIC ENGAGEMENT AND TRANSPARENCY

The State Audit Office (SAO) of Georgia is often regarded as an example of good practice in terms of auditing and transparency. Here's a brief overview:

1. Transparency And Accessibility:

The SAO of Georgia publishes summaries of audit reports, making them accessible to both the general public and specialized stakeholders. The summaries are typically concise, easy to understand, and include the main findings, recommendations, and conclusions.

2. Public Engagement and Collaboration:

The SAO regularly engages with civil society organizations, media, and other stakeholders to disseminate findings and foster collaboration. This includes hosting joint seminars, workshops, and other public forums.

3. Use of Technology:

Utilizing digital platforms, the SAO has developed interactive dashboards and data visualization tools to present complex financial data in a user-friendly manner. This enables citizens and stakeholders to understand and analyze the financial performance and expenditure of different government entities.

4. Timely Reporting and Follow-Up:

The SAO conducts timely audits and follows up on the implementation of its recommendations. This continuous monitoring ensures that government entities take corrective actions as recommended, enhancing accountability and governance.

5. International Recognition:

The efforts of the SAO of Georgia have been acknowledged by international organizations. Their commitment to best practices aligns with international standards like the INTOSAI (International Organization of Supreme Audit Institutions) guidelines.

6. Citizen-Focused Initiatives:

The SAO has launched initiatives that specifically target citizen engagement, such as the Citizen's Audit initiative, allowing citizens to propose subjects for audit and contribute to the auditing process.

7. Education and Awareness:

The SAO invests in educating the public about the importance of audits, accountability, and public finance management. This includes publishing guides, holding public lectures, and engaging with educational institutions.

Budget Monitor:

The State Audit Office of Georgia (SAOG) has developed an innovative web-platform called Budget Monitor (BM), designed to enhance citizen engagement in public resource management. BM offers comprehensive insights into public finances through interactive diagrams, info-graphics, tables, and user-friendly data visualization tools. It allows citizens to examine consolidated information about state and municipal budgets, audit findings, and recommendations in an accessible way. This includes data on spending entities, municipal budgets, state programs, employee compensation, government vehicles, capital projects, and systemic deficiencies in procurement procedures.

SAOG's objective in developing BM is not only to foster greater transparency but to empower citizen participation in government decision-making. Through the BM, citizens can actively engage with the SAOG by sending audit requests, suggestions, and proposals, informing about deficiencies in the Public Financial Management (PFM) system, and contributing to the reduction of corruption risks. This two-way communication encourages public participation in the monitoring process and contributes to the improvement of good governance in Georgia.

An innovative web-platform, Budget Monitor, developed by Georgia's State Audit Office is one of the winners of the World Summit Awards 2017 at Vienna, Austria

RECOMMENDATIONS

1. Citizen Engagement and Education:

Implement the Citizens Participatory Audit (CPA) initiative, allowing citizens and Civil Society Organizations (CSOs) to propose specific projects for auditing. AGP office should develop educational campaigns using media, CSOs, and educational institutions to educate citizens about the audit process and findings.

2. Transparency, Accessibility, and Accountability:

Produce and publish user-friendly summaries of audit reports, incorporating interactive dashboards and infographics. Ensure timely publication and conduct follow-up on audit findings, reinforcing accountability and transparency. Develop a platform similar to Georgia's Budget Monitor, facilitating two-way communication with citizens.

5. THE CARE-TAKER'S BUDGET

The budget rules in Pakistan during the caretaker government's tenure are guided by Art. 86/126 (for National and provincial assemblies) of the constitution of Pakistan. The caretaker government is a temporary administration that takes charge between the dissolution of the Assembly and the formation of a new government after general elections. Its primary responsibility is to ensure a smooth electoral process and a level playing field for all political parties contesting the elections.

The Art 86 is reproduced below:

Art 86: Notwithstanding anything contained in the foregoing provisions relating to financial matters, at any time when the National Assembly stands dissolved, the Federal Government may authorize expenditure from the Federal Consolidated Fund in respect of the estimated expenditure for a period not exceeding four months in any financial year, pending completion of the procedure prescribed in Article 82 for the voting of grants and the authentication of the schedule of authorized expenditure in accordance with the provisions of Article 83 in relation to the expenditure.

During the caretaker government's term, there are certain budgetary restrictions in place to prevent them from making significant policy decisions or initiating new projects that could bind the incoming elected government. Some key deductions for the caretaker government can be made under Art 86:

1. Limited Spending:

The caretaker government operates on a limited and interim budget, primarily aimed at meeting essential administrative expenses. Major expenditures and long-term financial commitments are usually avoided.

2. No major policy decisions:

The caretaker government is expected to refrain from making significant policy changes or decisions that could have long-term implications, as these matters should be left to the elected government after the elections.

3. Continuation of essential services:

The caretaker government ensures the continuity of essential public services and day-to-day government operations.

4. Budget transparency:

The caretaker government must maintain transparency in its financial matters and ensure that all financial transactions are properly recorded and accounted for.

THE BUDGET UNDER CARETAKER GOVERNMENTS

It appears that the Punjab government's decision to release only a four-month development budget with a total volume of PKR 325 billion, representing 47% (PKR 685 billion) of the previous year's development budget, raises some questions.

The budget is divided into three categories: Ongoing projects (PKR 114 billion), New Projects (PKR 800 million), and Other Development projects (PKR 16 billion). The creation of the "Other Development" category is puzzling, as most of the projects listed under this head are new, with only a few being ongoing. This categorization could lead to confusion and questions about transparency in budget allocation.

The mention of new development schemes being left to the government hints at a desire for more control or discretion in project initiation and management. Without more detailed information and a clear rationale behind these budgeting choices, it is difficult to fully understand the government's strategy and intentions.

A more transparent approach, providing comprehensive explanations for these budget decisions and categorizing projects in a clear and consistent manner, would enable better understanding and support from stakeholders, ensuring that development funds are used efficiently and effectively. It may also be beneficial for the Punjab government to consider engaging citizens and civil society in the budgeting process to foster trust and ensure that the budget aligns with the needs and priorities of the community.

The Khyber Pakhtunkhwa (KP) government, similar to Punjab, has released a four-month budget under a caretaker government. The total volume of the development budget is PKR 71 billion, which equates to 25% of the entire development budget for 2022-23.

The allocation has been divided between ongoing projects (PKR 60 billion) and new projects (PKR 11 billion). What distinguishes the KP budget from that of Punjab is its transparency; the KP budget includes detailed demand for grant books for the development budget.

This commitment to transparency reflects positively on the KP government, as it allows stakeholders, citizens, and other interested parties to understand the rationale behind budget decisions. Detailed documentation can facilitate scrutiny, promote accountability, and build public trust in how development funds are allocated and spent.

Centre for Peace and Development Initiatives (CPDI) is an independent, non-partisan and a not-for-profit civil society organization working on issues of peace and development in Pakistan. It is registered under section 42 of the Companies Ordinance, 1984 (XLVII of 1984) later substituted by Companies Act 2017. It was established in September 2003 by a group of concerned citizens who realized that there was a need to approach the issues of peace and development in an integrated manner. CPDI is a first initiative of its kind in Pakistan. It seeks to inform and influence public policies and civil society initiatives through research-based advocacy and capacity building in order to promote citizenship, build peace and achieve inclusive and sustainable development. Areas of special sectoral focus include promotion of peace and tolerance, rule of law, transparency and access to information, budget watch, media watch, local government, climate change, election watch and legislative watch and development.



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