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**FINANCIAL STUDY "FLOW OF FUNDS"
PRIMARY EDUCATION DEVELOPMENT PROGRAM (391- 0497)
UNITED STATES AGENCY
FOR INTERNATIONAL DEVELOPMENT (USAID)**

FINAL REPORT

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LIST OF ABBREVIATIONS

ADB	Annual Development Plan
CRM	Centre for Research and Management
CDWP	Central Development Working Party
Dept.	Department
GOP	Government of Pakistan
HRD	Human Resource Development
IBRD	International Bank of Reconstruction and Development
IDA	International Development Association
IMF	International Monetary Fund
NIS	New Items Statement
N.W.F.P.	North West Frontier Province
PDM	Program Development and Monitoring
PED	Primary Education Development
PLA	Personal Ledger Account
PPWD	Pakistan Public Works Department
USAID	United States Agency for International Development

TABLE OF CONTENTS

CHAPTER	SUBJECT	PAGE NO
-	Executive Summary	2
1.	Introduction	6
2.	Dynamics of "Flow of Funds"	11
3.	Budgetary Procedure	16
4.	Requirements of Audit Code	23
5.	Maintenance of USAID Fund Accounts -- Options	26
6.	Monitoring System	34
7.	A Synopsis of Discussions with concerned officials of GOP/USAID/Provincial Governments	44
8.	Placement of Funds Pending Expenditure	55
9.	Conclusion and Recommendations	58
10.	Annexures	63
	I. Scope of the study	64
	II. Outline of the study	65
	III. Specimen form - Major and Minor heads accounts	67
	IV. Opening of PED Trust Account	68
	V. Constitution of the Islamic Republic of Pakistan	70
	VI. Annual Budget Statement 1989-90	77
	VII. Supplementary Grant Proposal	93
	VIII. Rules of Audit	95
	IX. Notification regarding creation of People's Program Funds	98
	X. Procedure for release of funds for Narcotics Projects in N.W.F.P.	100
	XI. Rule 623 of Treasury Rules	104
	XII. Specimen of the letter of approval for creating PLA	106
	XIII. Specimen letter regarding opening of a non-lapsable PLA	108
	XIV. Names of officials	109

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The Government of the United States of America has entered into an agreement with the President of the Islamic Republic of Pakistan to assist Government of Pakistan (GOP) in accelerating the pace of primary education. The U.S. Government is providing \$240 million in the form of Sector Grant Assistance and \$40 million in Technical Assistance to establish a Primary Education Development (PED) Program for the North West Frontier Province (N.W.F.P.) and Balochistan.

USAID has sponsored the present Study. The purpose of the Study is to:

- a) identify procedures and agencies involved in the "Flow of Funds" under PED Program, from the United States Agency for International Development (USAID) to the GOP and then from GOP to the Government of N.W.F.P. and the Government of Balochistan;
- b) design and develop an efficient system for smooth transfer of funds; and
- c) develop a monitoring system that signals expenditure on primary education in N.W.F.P. and Balochistan during the Program period.

The Study provides information about the dynamics of "Flow of Funds," budgetary procedures, requirements of the Constitution of Pakistan and the Audit Code, options available for maintenance of USAID Fund accounts, a synopsis of discussion with concerned officials of GOP, State Bank of Pakistan, USAID and the Provincial Governments, placement of funds pending expenditure and finally the conclusions and recommendations.

The receipt from USAID will be deposited in the Trust Account and will be held in Trust till such time it is released for expenditure on the Program. To enable GOP to release moneys to

N.W.F.P. and Balochistan from the Trust Account, a budget provision will have to be made by GOP through the regular budget or a supplementary grant. Governments of N.W.F.P. and Balochistan will also make a budget provision for the purpose of expenditure or will obtain a supplementary grant.

There is a time schedule for the budgetary process which needs to be adhered to for ensuring release of funds for expenditure.

PED Sector Grant is like a 'Reserve Fund' and is eligible for treatment as a non-lapsable Personal Ledger Account (PLA) at the federal level.

Monitoring of the flow of funds under the Program Grant Agreement of June 6, 1989 is a requirement. Monitoring will also be necessary under Public Law 101-167 of U.S.A. enacted in November, 1989. Quarterly Statements of (i) receipts and withdrawals and (ii) of Sectoral distribution of expenditure have been suggested to comply with the contractual and legal requirements.

The Study shows that there is no advantage to USAID if PED Sector Grant funds are parked with GOP. GOP may prefer to retain PED Sector Grant in its own account for short periods, to avoid the overall deficit ratio from going beyond the numbers agreed to by them with IMF. The Provincial Governments of N.W.F.P. and Balochistan want immediate release of funds. The balance of advantage lies in immediate disbursement to the Provinces.

The Study shows that the procedure selected in the case of foreign-aided Anti-Narcotics Projects in N.W.F.P. will be suitable as a model for the PED Sector Grant with suitable variations. A Personal Ledger Account, each in N.W.F.P. and Balochistan, with non-lapsable status will ensure smooth flow of funds for the Program. The Study describes in detail what is to be done for opening a Personal Ledger Account. The Study

recommends that the Personal Ledger Accounts should be audited by the Auditor General of Pakistan. The functions of the Auditor General have been described in the Study.

INTRODUCTION

CHAPTER - 1

INTRODUCTION

- 1.1 Under an agreement dated June 6, 1989 between the Government of Pakistan and the Government of United States of America, the U.S. Government is providing \$240 million in Sector Grant Assistance and \$40 million in technical assistance to establish a Primary Education Development (PED) Program for the North West Frontier Province (N.W.F.P.) and Balochistan.
- 1.2 The purpose of this Study is to :
- a) identify procedures and agencies involved in the "Flow of Funds," under the PED Program, from the United States Agency for International Development (USAID) to the Government of Pakistan (GOP) and then from GOP to the Government of N.W.F.P. and the Government of Balochistan;
 - b) design and develop an efficient system for smooth transfer of funds; and
 - c) develop a monitoring system that signals expenditure on primary education in North West Frontier Province and Balochistan during the Program period.
- 1.3 The Scope of the Study is given in Annexure-I. The Outline of the Study prepared by the Consultant and approved by USAID is at Annexure-II.
- 1.4 In order to understand the dynamics of "Flow of Funds" it was necessary to collect information regarding the constitutional provisions dealing with the financial procedures followed in the matter of moneys received from a foreign government by the GOP, treatment of funds so received in the budget, and the requirements of Audit Code

in this context etc. Accordingly, the Constitution of the Islamic Republic of Pakistan, the documents relating to the budgetary procedure and the relevant provision of the Audit Code were studied, and will be discussed at appropriate places in the Study.

1.5 It was necessary to meet with the persons who will play a significant role in the "Flow of Funds." Discussions were therefore, carried out with the following :

A. Officials of USAID

B. Officials of the Federal Government in :

- * Ministry of Finance, Islamabad;
- * State Bank of Pakistan, Karachi;
- * Ministry of Education, Islamabad; and
- * Planning and Development Division, Islamabad.

C. Officials of the Provincial Governments in :

N.W.F.P.

- * Finance Department;
- * Education Department; and
- * Planning and Development Department.

Balochistan

- * Finance Department;
- * Education Department; and
- * Planning and Development Department.

1.6 The view-point which came out in the meetings will be reflected in the relevant chapter of this Study.

1.7 The following references and materials were collected for the Study:

- * Specimen of the form in which the Major and Minor Heads

of Accounts are maintained and appended as Annexure - III.

- * Economic Affairs Division's letter No. 1(9)US-I/88, dated the 25th of November, 1989 regarding opening of PED Trust Account appended as Annexure - IV.
- * Articles 73, 78 (2), 80 and 82 of the Constitution of the Islamic Republic of Pakistan appended as Annexure - V.
- * Annual Budget Statement 1989-90 appended as Annexure - VI.
- * Finance Division's Office Memorandum regarding proposals for supplementary grants in respect of unexpected expenditure appended as Annexure - VII.
- * Extract from General Principles and Rules of Audit (Rule 43) appended as Annexure - VIII.
- * Gazette of Pakistan Extra-Ordinary Notification No. 5/IMP/PP/89 - EIII dated the 27th of June, 1989 regarding creation of People's Program Funds appended as Annexure - IX.
- * Finance Division's Office Memorandum regarding procedure for release of funds the foreign-aided Anti-Narcotics Projects in N.W.F.P. appended as Annexure - X.
- * Rule 623 of Treasury Rules regarding moneys tendered for credit as Personal Deposit (Personal Ledger Account) appended as Annexure - XI.

- * Specimen of the letter of approval for creating PLA appended as Annexure - XII.
- * Specimen of the letter to be issued by the Accountant General to the Treasury Officer regarding opening of non-lapsable PLA- appended as Annexure - XIII.
- * Names and positions of concerned officials of GOP, State Bank of Pakistan, USAID and Provincial Governments appended as Annexure - XIV.

The Consultant would like to place on record his appreciation of the co-operation extended to him by the officials of USAID, Ministry of Finance, State Bank of Pakistan, North West Frontier Province and Balochistan. Without their help and assistance, it would not have been possible for the Consultant to finalize the Study in the period laid down for its completion.

DYNAMICS OF " FLOW OF FUNDS "

CHAPTER - 2

DYNAMICS OF " FLOW OF FUNDS "

2.1 The " Flow of Funds " under the PED Program will start with the receipt of first cheque from the USAID in the name of Finance Secretary, Government of Pakistan. This cheque will be forwarded by GOP to the State Bank of Pakistan for collection. The Chief Manager, State Bank of Pakistan, Karachi will credit rupee equivalent of the dollar to GOP, in a Minor Head of Account under the Major Head "3000000 - Deposits and Reserves - B - Not - Bearing Interest." The Minor Head of Account will be in the following form:

MAJOR HEAD 3000000 DEPOSITS AND REVENUES

MINOR HEAD	NUMBER	DETAILED HEAD
3700000 Foreign Aid Deposit Account	3707000	USAID Fund for Projects of Federal and Provincial Governments for Primary Education Trust Account for the N.W.F.P and Balochistan

2.2 A specimen of the form in which the Major and Minor Heads of accounts are kept may be seen at Annexure-III. The number of the Minor account is approved by the Auditor General of Pakistan.

2.3 The Account for the PED Program has already been opened vide Economic Affairs Division's letter No. 1(9)US-I/88, dated the 25th of November, 1989 - appended as Annexure - IV.

2.4 The credit into the rupee account will be transcribed at the

maximum legal rate of exchange prevailing in Pakistan on the date of transfer of the dollar amount.

2.5 Subsequent credits to State Bank of Pakistan's Account will also be advised to the Chief Manager, State Bank of Pakistan, Karachi in the same manner. The Chief Manager, State Bank of Pakistan will report the receipt in U.S. dollars as well as rupees to the Accountant General Pakistan Revenues, Economic Affairs Division and Finance Division of GOP, Finance and Development departments of the N.W.F.P. Balochistan.

2.6 Under Article 78 (1) of the Constitution of Pakistan (Annex-V) all revenues received by GOP and all loans raised by it become a part of the Federal Consolidated Fund. All 'Other Moneys' received by or on behalf of GOP are credited to the 'Public Account' of the Federation. On initial credit, the PED Grant, will be part of 'Other Moneys'. Under Article 79, the custody of other moneys received by or on behalf of GOP, their payment into, and withdrawal from the Public Account are regulated by an Act of Parliament or by Rules made by the President. Under Article 80 (1), a statement of the estimated receipts and expenditure is laid before the National Assembly for every financial year and approved by it. Under Article 73 (1), this approval is granted by the Assembly through a Money Bill. Approval of the Senate is not required for a Money Bill.

2.7 Details of Public Account Receipts are included in the 'Annual Budget Statement' (Annexure-VI). The gross and net balances of the moneys lying in the Public Account are shown in the Annual Budget Statement. Public Account is not subject to debate in the National Assembly nor is it voted upon. Voting takes place on the items in the Federal Consolidated Fund and the Schedule of Authorized

Expenditure. The balances in the Public Account do not lapse at the end of the financial year. The balances in the PED Trust Account will not, therefore, lapse at the end of the financial year.

- 2.8 Under the constitutional provisions quoted above, receipts and expenditure relating to PED Sector Grant shall pass through the Annual Budget Statement during the contract period of ten years by appropriate entries and approved by the National Assembly. The initial deposit will be an item of Public Account of the Federation. It will lie in trust till such time it is released for expenditure on the Program through the budget. The procedure for preparing proposals regarding supplementary grants is given in Annexure- VII.
- 2.9 Under the prescribed budgetary procedure, the deposit in the 'Public Account' will have to be brought into the Federal Consolidated Fund before making expenditure. Since the PED Grant is to be passed on to the Provincial Governments through their budgets, a supplementary grant or budget provision will have to be obtained by Finance Division in a Demand relating to grants to Provincial Governments. As these demands are controlled by Provincial Finance Wing of the Ministry of Finance, the budget provision will be obtained by that wing under the classification 70000 - 74100 to Provinces. A 'deduct entry' will have to be made under the demand showing the amount to be recovered from the Foreign Aid Deposit Account.
- 2.10 Once a budget provision (through supplementary or regular budget) is obtained, a sanction for placement of the fund at the disposal of Provincial Governments can be issued. This will be debited to the budget provision and credited to the Provincial Governments.

2.11 The Provincial Governments will simultaneously make a budget provision in their budget for the purpose of expenditure.

2.12 Under the prescribed procedure, Ministry of Finance will prepare an application for the Supplementary Grant. As the funds are to be passed on to the provincial governments, the Provincial and Corporate Finance Wing of the Ministry of Finance will prepare the proposal and submit it to the higher authorities. If any other ministry is chosen as an intermediary, it would involve delay in release of funds.

2.13 As the funds are provided out of the PED Sector Grant and not by borrowing or levying taxes by the GOP, the Supplementary Grant to be so obtained will be technical in nature and will be a mere formality. The time-frame for obtaining the approval will be the time required for the movement of the summary dealing with the proposal for the supplementary grant through the normal channels. As pointed out in paragraph 2.12 above, it would avoid delay if the formalities for the Supplementary Grant or for making a budgetary provision are carried out by the Ministry of Finance (Provincial and Corporate Finance Wing) instead of Ministry of Education or any other Ministry at the Federal level. Addition in the intermediaries at the Federal level will amount to creating avoidable channels in the flow of funds to the provincial governments.

BUDGETARY PROCEDURE

CHAPTER - 3

BUDGETARY PROCEDURE

3.1 As the Agreement between GOP and USAID for Primary Education Sector Assistance Program was signed rather late in the fiscal year 1988-89 (June 6, 1989), it was not possible for the government agencies in Pakistan, both federal and provincial, to reflect the financial impact of the Agreement in the Budget Documents. It is, therefore, considered necessary to mention in this Study some broad features of the budgetary process in Pakistan to create awareness of the time-schedule and the agencies concerned with the process for the purpose of monitoring the flow of funds during the ten-year life of the PED Assistance Program. The procedure described here applies both to the Federal Government and the Provincial Governments.

3.2 Overview of the Process

The budget-making in Pakistan is a continuous process although the financial operation is based on a legally established fiscal year. Normally the fiscal year is the year beginning July 1, and ending on June 30. The first step in the budget-making is the preparation of estimates by each administrative unit or agency of the Government. Though such estimates are prepared in the light of the particular need of the departments and agencies, they are on the basis of a general financial program developed and announced by the central budgetary agency or the chief executive of the country. The estimates are mainly divided into two parts, one relates to the operation of the government and the other relates to the economic development of the country. The policy directives from the chief executive reflect the priorities which the government desires to give to the various activities.

3.3 Form of Budget

The form in which the budget is prepared is fixed by the constitution, law and other administrative instructions issued by the Government from time to time.

3.4 The budget in Pakistan is divided into the following main sections:

- i) Revenue on Current Account, comprising proceeds of taxation and other receipts categorized as revenue and expenditure met therefrom. The estimates are prepared by the heads of departments who collect the revenue or incur the expenditure.

- ii) Capital Account, consisting of receipts from internal and external borrowings by government, foreign grants and the surplus or revenue account transferred to Capital Account and the expenditure met from the Capital Account. Under normal conditions foreign economic assistance in various forms constitutes a substantial part of the capital account receipts.

- iii) Ways and means estimates, comprising receipts and disbursements relating to (i) debt and deposit heads in respect of which Government becomes liable to repay the money received or has claim to recover the amount paid, and (ii) deferred liabilities which are merely adjustment entries under which appear all cash remittances from one treasury to another and transactions between different branches of the Accounts Department.

3.5 Preparation of Revenue Accounts Estimates

Responsibility for preparing Revenue Account estimates rests with the authority which is expected to incur the expenditure. All ministries/divisions/departments/offices,

therefore, start preparing their estimates during the month of October and November, on the forms supplied to them by the Budget Wing of Finance Division. These estimates are accompanied by such details as nominal rolls, calculations of allowances, honoraria and other object-wise details of expenditure and show separately:

- i) Function and Object-wise details of the sub-heads and detailed heads of estimates;
- ii) the actuals in the past three years;
- iii) the budget estimates for the current year;
- iv) the revised estimates for the current year;
- v) and main reasons for the variations, if any, between:
 - a) budget estimates and revised estimates for the current year; and
 - b) the revised estimates for the current year and the budget estimates for the ensuing year.

3.6 The estimates relating to current expenditure are submitted in duplicate to the administrative ministry concerned so as to reach them by the middle of November. The administrative ministries are required to examine the expenditure estimates in consultation with their financial advisers and to forward them with their remarks, on the computerized proforma designed for the purpose, to the Budget Wing of the Ministry of Finance by 1st of January in the case of Budget Order i.e. for permanent establishments and by 1st of February in the case of NIS (New Items Statement) for temporary establishments.

3.7 Preparation of Capital Account Estimates

Provision for all development schemes is generally made in the capital account estimates. Proposals in respect of on-going and new schemes are required to be submitted by the

administrative ministry to the Ministry of Finance and the Planning Commission by the 15th of December. Besides indicating whether or not they have been included by the Planning Commission in the Annual Development Program, it is necessary that, when sent to the Ministry of Finance, these should be accompanied by :

- i) details of the approved development schemes in proforma PC - I;
- ii) papers, if any, pertaining to the admitted provision for such schemes for the current financial year; and
- iii) a statement in P.P.W.D. (Pakistan Public Works Department), Proforma showing the provisions prepared for works expenditure (buildings etc.).

The Financial Advisers attached to various ministries examine these proposals and convey acceptance of the provisions tentatively agreed by them for individual schemes to the administrative ministries by the 1st of February. In the middle of February, when the ways and means position has become clearer and firm estimates of foreign aid have become available, the Ministry of Finance and the Planning Commission jointly decide the over-all size of the Federal Government Development Program for which provision could be made in the next year's estimates, broken down into different sectors of development. The administrative ministries are informed of sectoral allocations in a series of meetings held in the Ministry of Finance and attended by the representatives of the administrative ministries and the Planning Commission and they are asked to revise, wherever necessary, the provisionally accepted budget provision for individual development schemes so as to conform to sectoral allocations.

3.8 Time schedule for submission of Revised Estimates for 1989-90 and Budget Estimates for 1990-91 is as under:

- A. Current Expenditure (Revenue and Capital)
1. Detailed estimates of current expenditure (both Part I and Part II) to be submitted by:
 - a) Ministries/Divisions to the respective Financial Advisers.
 - b) Attached Departments and Subordinate Offices of Finance Division to concerned administrative section of the Division.
 - c) Audit and Accounts Offices to the Finance Division (Budget Wing) concerning expenditure head controlled by the latter.
By the 1st of December, 1989.
 2. Completion of examination of the estimates of expenditure (Part-I) by the Financial advisers and communication of the accepted estimates to Accountant General of Pakistan Revenues, and Finance Division (Budget Wing) together with explanation of variations.
By the 1st of January, 1990.
 3. Completion of the examination of the estimates of expenditure (Part II) by the Financial Advisers and transmission of fair copies of the New Items Statements (duly verified) to the Accountant General of Pakistan Revenues, and Finance Division (Budget Wing) together with explanation of variations.
By the 1st of February, 1990.

4. Figures of accepted current expenditure estimates (arranged according to functional-cum-object classification) and completed skeletons of Demands for grants, together with the explanation of variations to be sent to Finance and Accounts Officers of Ministries/Divisions through their respective Financial Advisers to Finance Division (Budget Wing).
By the 17th of February, 1990.

B. Explanatory Memoranda of Accepted Estimates of Expenditure

1. Submission of separate and self-contained Explanatory/Memoranda for each individual Demand by Ministries/Divisions to the Financial Advisers.
By the 1st of March, 1990.
2. Submission of separate and self-contained Explanatory/Memoranda for each individual Demand by the Financial Advisers to the Finance Division (Budget Wing).
By the 15th of March, 1990.

REQUIREMENTS OF AUDIT CODE

CHAPTER - 4

REQUIREMENTS OF RESERVES AND RESERVE FUNDS

- 4.1 The funds being provided under the PED Sector Assistance Program are in the form of a Balance of Payments support to GOP. The dollars will be converted into rupees and passed on to the Governments of North West Frontier Province and Balochistan. The rupees so provided will assume the attributes of a Reserve Fund to be spent for a specific purpose. The Accounting of transactions pertaining to Reserves and Reserve Funds are dealt with in Article 43 of Audit Code (Annexure - VIII). Under this Article, 'Reserves' or 'Reserve Funds' can be created by the Central and Provincial Governments under statutory provisions or otherwise, either by allotment of sums from the revenues of a year or series of years or from grants or contributions made by other Governments or outside agencies, with the object of expending the moneys accumulated in the funds on the specific and particular purpose for which they have been constituted.
- 4.2 Article 43 further states that any device of rendering grants non-lapsing by withdrawing amounts to a fund is contrary to the strict theory of 'Parliamentary financial control.' However, it adds that 'if such a course is adopted with the cognizance and approval of the Legislature, Audit cannot make any demur.' The GOP has generally discouraged proposals seeking opening of non-lapsable Personal Ledger Accounts (PLA) to avoid giving non-lapsable status to the funds allocated to a program. However, if the source of funding of a program is not 'government budget' i.e. PLA is created with non-governmental funds, the balance should not lapse at the end of the year.
- 4.3 The relevant portion of Article 43 of Audit Code is reproduced below for ease of reference.

"Article 43(3) (iii) Funds fed by grants by outside agencies.

The grants received from an outside agency will be taken to the appropriate head in the Deposit Section of account. In cases where outside agencies retain control over expenditure from the grants made by them the expenditure from these funds is adjusted directly against the Deposit head under which the grants have been credited. If the outside agencies exercise no such control, then the expenditure will be entered under the relevant Service major head while an equivalent amount will be transferred to the corresponding Revenue head of account by debit to the Deposit head."

The rationale behind giving non-lapsable status to a PLA created with non-governmental funds is understandable. In the case of a PLA created for a specific project out of government funds, the priority of the project has to be determined every year vis-a-vis competing claims of other projects before allocating scarce resources available in the budget for that year. This is not the case where money has come from an outside agency. Allowing unused funds to lapse will result in avoidable waste of time required for completion of formalities involved in providing the funds all over again in the budget.

MAINTENANCE OF USAID FUNDS ACCOUNT - OPTIONS

CHAPTER - 5

MAINTENANCE OF USAID FUND ACCOUNTS - OPTIONS

- 5.1 As stated earlier, the PED Sector Grant is a part of the Public Account and will be held in trust with GOP. It is, therefore, relevant to discuss the various options in the matter of maintenance of accounts and efficient utilization of monies held in trust. A study of some of the funds created by the Government for dealing with similar situations will give us an idea about which course we should select to ensure smooth flow of funds under the Primary Education Development Program.
- 5.2 One point needs mention before the issue of options is discussed in detail. In the first year of implementation of the PED Program, the Provincial Governments of North West Frontier Province and Balochistan will not be fully geared to achieve the targets given to them whatever the extent of the genuineness of the effort. They will not, therefore, be able to spend the entire amount available in the 1989-90 tranche. In the circumstances, an option which ensures non-lapsability should be preferable.
- 5.3 Under a Resolution issued by GOP on the 27th of June, 1989 published in the Gazette of Pakistan Extra-ordinary on the 29th of June, 1989 (Annexure-IX) "People's Program Fund" has been created as a part of the Public Account and the amounts lying unspent in the Personal Ledger Accounts of the People's Program in various cities have been transferred to this Fund. This has been done to comply with the audit requirements and, at the same time to retain the non-lapsable attribute of the Fund.
- 5.4 The Fund has been created as an entity through a government resolution. It is a juridical person managed by a Committee. The Committee has inter-alia been assigned the

following functions:

- a) To maintain and administer the Fund which will be operated upon by any two of the following three officers i.e. the Director General People's Program, Deputy Secretary and Section Officer, Ministry of Local Government and Rural Development.
- b) To authorize releases for various development Schemes and administrative expenses to the Director General and Additional Director General of the People's Program located at Islamabad, Lahore, Karachi, Peshawar, Quetta and Muzaffarabad and other places to be determined by the Government of Pakistan.
- c) To frame rules and regulations and to issue instructions in consultation with the Ministries/Divisions of the Government of Pakistan concerned with the operation of the Fund.

5.5 The accounts of the Fund will be audited by the Auditor General of Pakistan.

5.6 Another option could be to open a Revolving Fund Account for the PED Fund monies on the lines of such Accounts as opened for IDA/IBRD Credits/Loans. The procedure for maintenance and operation of Revolving Fund Accounts opened for IDA/IBRD Credits/Loans is as under:

- a) The account is opened in the National Bank of Pakistan for World Bank's share of financing a Project. A separate account is opened for the GOP's share of financing. The two accounts are in the nature of Assignment Accounts. The payments from the accounts are effected through a cheque issued by the persons

authorized to sign Withdrawal Applications. The Assignment Accounts (Revolving Fund Accounts) for World Bank's share of financing are in dollars and for Government's share of financing in rupees. Both the accounts are treated as non-lapsable, i.e., the balances at the end of financial year are carried forward to the next year.

b) Separate Revolving Fund Accounts are opened for each loan and for each Project Director/person authorized to sign withdrawal applications.

c) National Bank of Pakistan is the designated Bank for handling all foreign exchange transactions.

5.7 The third option is to follow the procedure adopted for release of funds to the foreign-aided Anti-Narcotics Projects in N.W.F.P. In this connection, Office Memorandum No.F.4(9)-B (S)/89-1991 dated the 21st of December, 1989 issued by the Budget Wing, Finance Division, Government of Pakistan may be seen at Annexure - X. A copy of this Office Memorandum was endorsed to Mr. Joseph A. Limprecht, Director for Narcotics Affairs, U. S. Embassy, Islamabad.

5.8 Under the procedure laid down in the Office memorandum, the cheque received by the Finance Division is sent to the State Bank of Pakistan, Islamabad as soon as it is received. The forwarding memorandum has been prescribed to eliminate even the time consumed in drafting a despatch memorandum. A telex is, at the same time, sent to the State Bank of Pakistan, Peshawar advising the said Bank to arrange credit for the cheque to Personal Ledger Account of, amongst others, Project Director, Gadoon Amazai, Swabi per contra debit to the Federal Government Account. The procedure also lays down that the administrative ministry will be advised

that on receipt of credit advice from State Bank of Pakistan against the cheque, a formal non-cash sanction may be issued to AGPR for carrying out necessary entries in their accounts.

- 5.9 The essence of the procedure in the case of foreign-aided Anti-Narcotics Projects in North West Frontier Province is that the implementing agency gets credit for the amount received in the form of foreign aid as soon as the cheque is presented to the State Bank of Pakistan, Islamabad enabling the agency to spend immediately the amount so credited.
- 5.10 It is considered that the procedure selected in the case of foreign-aided Anti-Narcotics Projects in N.W.F.P. could, with suitable variations, be adopted for the PED Sector Grant. The difference is that whereas the Anti-Narcotics Projects are managed by Federal Government agencies, the PED Program will be the responsibility of the two Provincial Governments. In the circumstances, a PLA each in N.W.F.P. and Balochistan with non-lapsable status will ensure smooth flow of funds for the Program. Annexure - X may be seen for description of the procedure followed in the case of Anti-Narcotics Projects.
- 5.11 It is recommended that the Personal Ledger Account should be opened in both the Provinces. These accounts should be audited by the Auditor General of Pakistan. The administrative units controlling the PLAs should employ qualified Accounts Officers to maintain the accounts properly.
- 5.12 A Personal Ledger Account can be opened by the Federal Government under Rule 623 of the Treasury Rules (Annexure - XI). These rules are followed by the Provincial Governments. The account is opened with the approval of the

Finance Division/Department of the concerned Government. The names of officials who are authorized to operate the account are mentioned in the letter giving the approval. The purposes for which the expenditure is to be made out of PLA are also specified. A specimen of the letter of approval has been appended as Annexure - XII. This letter is addressed to the Accountant General who, in turn, authorizes the Treasury Officer concerned to open the Personal Ledger Account. The Treasury Officer opens the account and issues a Cheque-Book to the officers authorized to operate the account. The following officers will operate the account if it is agreed by the Government to open a PLA for the PED Program:

Secretary Education Department, N.W.F.P., Peshawar.
Chief PED Program
Finance and Accounts Officer, PED Program.

5.13 The functions and powers of the Auditor-General are given in the Audit and Accounts Order, 1973 (President's Order No. 21 of 1973). Article 11 of the Order reads as under:

- 1) It shall be the duty of the Auditor-General
 - i) to audit all expenditure from the revenues of the Federation and of the Provinces and to ascertain whether moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it;
 - ii) to audit all transactions of the Federation and of the Provinces relating to debt, deposits, sinking

funds, advances, suspense accounts and remittance business;

iii) to audit all trading, manufacturing and profit and loss accounts and balance sheets kept by order of the President or of the Governor of a Province in any department of the Federal Government or of a Province; and

iv) to audit the accounts of any authority or body established by the Federation or a Province; and in each case to report to the President or, as the case may be, to the Governors on the expenditure, transactions or accounts so audited by him.

2) The Auditor-General may, with the approval of, and shall if so required by the President or the Governor of any Province, audit and report on:

a) the receipts of any department of the Federal government or, as the case may be of the Province;

b) the accounts of stores and stock kept in any office or department of the Federal government or, as the case may be of the Province.

As PLA is a 'deposit,' it is within the jurisdiction of the Auditor-General under sub-clause (ii) of clause (1) of Article 11 of the Audit and Accounts Order, 1973. Briefly, the Auditor-General examines the accounts and reports to the Public Accounts Committee of the National Assembly on whether or not:

- i) proper sanction exists for the amount being spent;
- ii) provision has been made in the budget for the

- appropriate amount;
- iii) the expenditure is being made on the purpose for which it has been sanctioned;
- iv) proper accounts have been maintained to judge their fairness and truth;
- v) there is no waste, inefficiency and impropriety in financial management; and
- vi) relevant provisions of the rules and regulations have been followed.

In the case of a Personal Ledger Account, the Auditor-General does not interfere in the day-to-day operation of the account. He only carries out the audit after the expenditure is incurred.

MONITORING SYSTEM

CHAPTER - 6

MONITORING SYSTEM

- 6.1 Under Section 4.2 (d) of the Program Grant Agreement of June 6, 1989 it is a pre-condition to initial disbursement that Pakistan should allocate, in the budget for the fiscal year 1989-90 for primary education, amounts sufficient to ensure a real terms growth of at least 5 per cent in the case of N.W.F.P. and 8 per cent for Balochistan. This budget allocation has to be in addition to the rupee funds generated by the Assistance Grant under the Agreement. Similar pre-conditions are likely to be there for future disbursements. Under Section 5.7 of the Agreement 'Review of Progress' of the 'policy and action' benchmarks is to be conducted in 'timely fashion' twice each year.
- 6.2 The above quoted provisions of the Agreement clearly establish that continuous monitoring is a contractual part of the project. It may be pointed out in this connection that under Public Law 101- 167 of U.S.A., enacted in November, 1989 it is a requirement that Pakistan and USAID shall establish by agreement, the responsibilities of the two governments to monitor and account for deposits into and disbursements from the separate account under a Sector Assistance Program. There is also a provision for monitoring the use of the grant for the purposes for which the funds are given. These provisions will be applicable to Pakistan's fiscal year 1990-91.
- 6.3 All the implications of Public Law 101-167 need to be examined for the purposes of accounting and monitoring the flow and use of funds under the PED Program.
- 6.4 As the budgetary allocation of Pakistan is to be in addition to the funds provided by USAID and is related to an independent benchmark of growth in real terms, flow of information

on what has been provided in the Budget Estimates and Revised Estimates and what has actually been spent is necessary.

The Chart at page 38 shows the flow of funds if the non-lapsable PLAs are opened in the two Provincial Governments.

- 6.5 As shown in the Chart on page 39, there will be a slight variation if Assignment Accounts are opened by the Provincial Governments. In case, the funds are transferred straight to their Consolidated Funds, the flow will be in the form shown at page 40.

- 6.6 It is considered necessary that USAID should have information not only about the flow of Funds in the ten-year contract period (form on page 41), but should also have a simple statement of budgetary provisions and expenditure during the last five years as in the form illustrated at page 42. The statement at page 42 relates to the past and can be compiled from the information available in the Provincial Accounts. The Government may be requested to supply the same as soon as it is compiled. The Statement at page 41 may be furnished by the 30th of September, every year. As it also gives actual expenditure, it would require a couple of months after the close of the year to compile.

- 6.7 A Quarterly Statement of i) receipts and withdrawals and ii) of Sectoral distribution of expenditure under the PED Program in the form at page 43 should be sent by the Education Departments of the two provinces to their own Finance Departments, Planning and Development Departments, Ministry of Finance, Government of Pakistan and USAID. This Statement may be furnished by the following dates:

QUARTER ENDING

DATE OF SUBMISSION

September 30.

December 31.

March 31.

June 30.

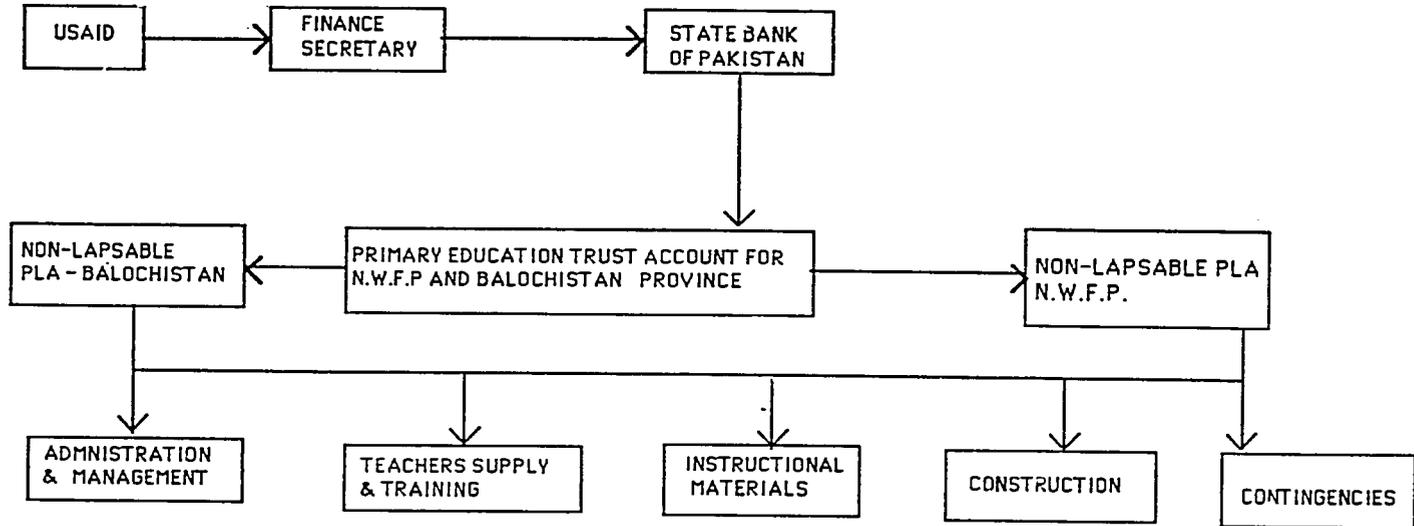
October 31.

January 31.

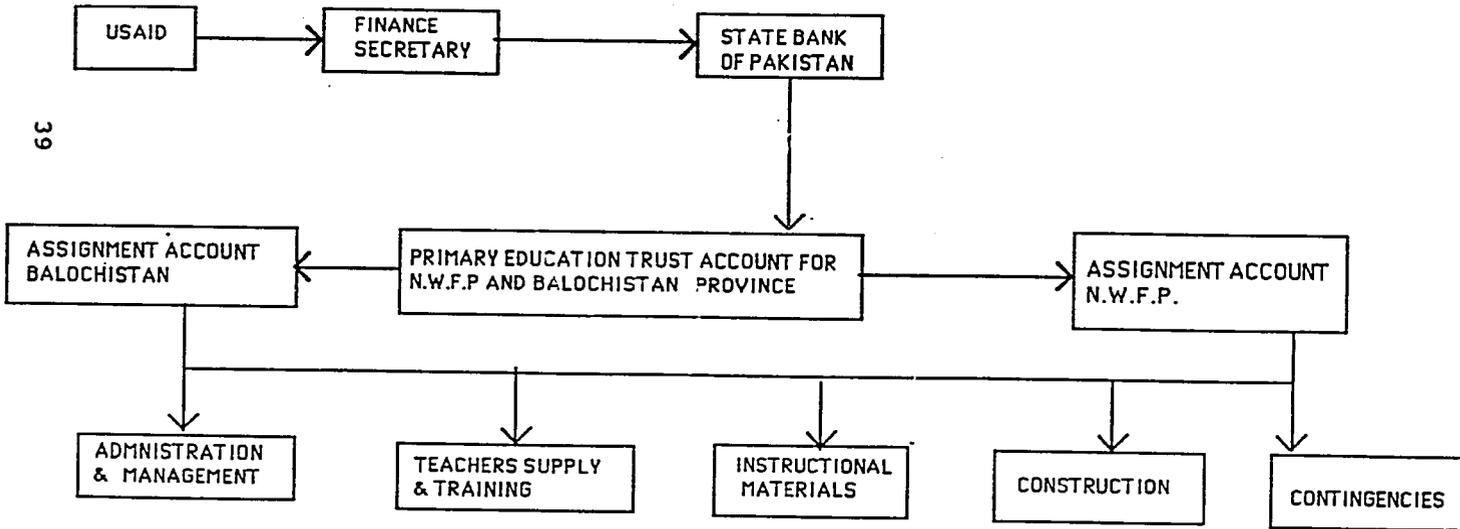
April 30.

July 31.

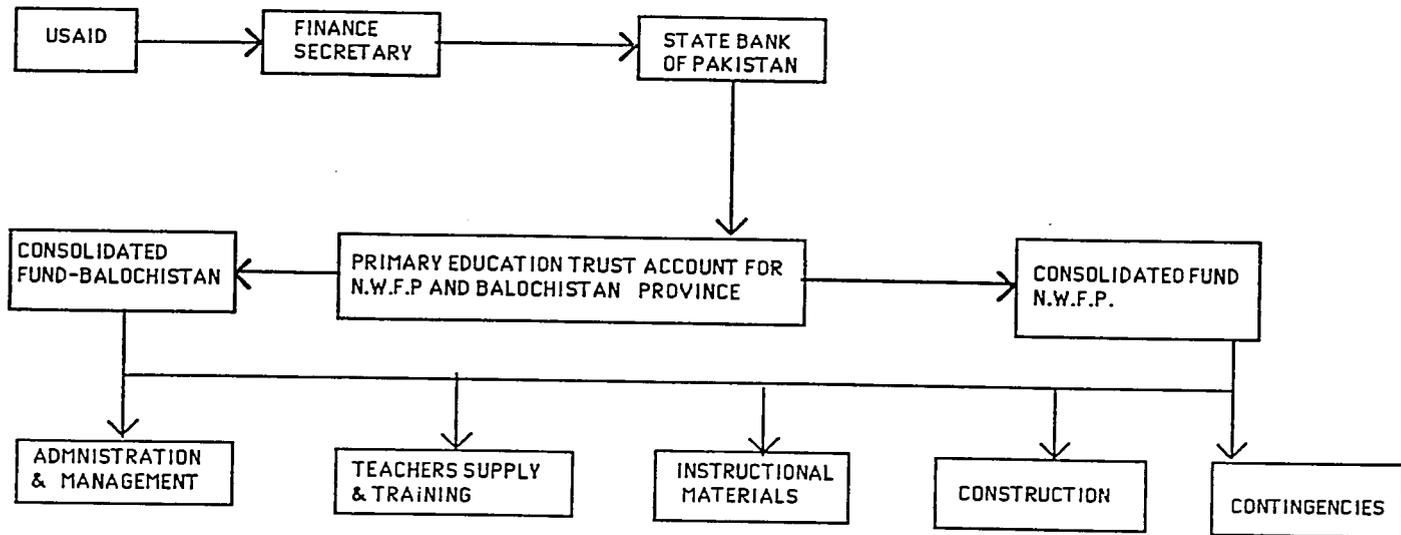
FLOW OF FUNDS CHART - NON-LAPSABLE PLA



FLOW OF FUNDS CHART - ASSIGNMENT ACCOUNT



FLOW OF FUNDS CHART - CONSOLIDATED FUND



**ANNUAL STATEMENT OF EXPENDITURE - FROM 1989-90 ONWARDS
OF N.W.F.P./BALOCHISTAN'S BUDGET**

YEAR	BUDGET ESTIMATES			REVISED ESTIMATES			ACTUAL EXPENDITURE			GROWTH OF EXPENDITURE OVER PREVIOUS YEAR %
	DEVELOP- MENT	RECURRING	TOTAL	DEVELOP- MENT	RECURRING	TOTAL	DEVELOP- MENT	RECURRING	TOTAL	
1989-90										
1990-91										
1991-92										
1992-93										
1993-94										
1994-95										
1995-96										
1996-97										
1997-98										
1998-99										

STATEMENT OF EXPENDITURE - FROM 1984-85 TO 1988-89

YEAR	BUDGET ESTIMATES			REVISED ESTIMATES			ACTUAL EXPENDITURE			GROWTH OF EXPENDITURE OVER PREVIOUS YEAR %
	DEVELOP- MENT	RECURRING	TOTAL	DEVELOP- MENT	RECURRING	TOTAL	DEVELOP- MENT	RECURRING	TOTAL	
1984-85										
1985-86										
1986-87										
1987-88										
1988-89										

**QUARTERLY STATEMENT OF RECEIPTS AND WITHDRAWALS AND
SECTORAL DISTRIBUTION OF EXPENDITURE UNDER PED PROGRAM
FOR N.W.F.P. / BALOCHISTAN FOR THE QUARTER**

RECEIPTS AND WITHDRAWALS

BALANCE BROUGHT FORWARD	ADDITION DURING THE QUARTER	TOTAL	WITHDRAWAL	BALANCE

43

SECTORAL DISTRIBUTION OF EXPENDITURE

ADMINISTRATION AND MANAGEMENT	TEACHERS SUPPLY AND TRAINING	INSTRUCTIONAL MATERIALS	CONSTRUCTION	CONTINGENCIES

**A SYNOPSIS OF DISCUSSIONS WITH CONCERNED OFFICIALS
OF
GOVERNMENT OF PAKISTAN
STATE BANK OF BANK OF PAKISTAN
USAID
PROVINCIAL GOVERNMENTS**

CHAPTER - 7

SYNOPSIS OF DISCUSSIONS

7.1 In order to attend to the relevant issues and to come to meaningful conclusions with awareness of the total environment, the consultant held a number of meetings with the concerned officials of GOP, State Bank of Pakistan, USAID and Provincial Governments. The names and positions of these officials are mentioned in Annexure - XIV. The

OFFICIALS OF MINISTRY OF FINANCE, GOVERNMENT OF PAKISTAN, 'Q' BLOCK, ISLAMABAD.

S/NO	NAME	POSITION	PHONE
1.	Mr. Javed Talat	Additional Secretary (Budget)	821518
2.	Mr. Nabi Bux Khoso	Joint Secretary (Provincial Finance)	822927
3.	Mr. Zaka Farooq Sheikh	Deputy Secretary (Provincial Finance)	812929
4.	Mr. Mohammad Riaz Khan	Section Officer (Balochistan)	829367
5.	Mr. Faqir Mohd. Sabir	Section Officer (N.W.F.P.)	829394

Role: These officers will be concerned with the approval of Supplementary Grant provision in the budget and release of funds at the Federal level.

OFFICIALS OF GOVERNMENT OF NORTH WEST FRONTIER PROVINCE, PESHAWAR.

S.NO.	NAME	POSITION	PHONE
1.	Mr. Mohd. Younus Khan	Secretary Finance Department Secretariat Building, N.W.F.P.	76579 75538
2.	Mr. Sharif Ahmad Khan	Additional Secretary Finance Department Secretariat Building, N.W.F.P.	78037 70255

Role: These officers will be concerned with the approval of supplementary Grant provision in the budget, approval of opening of PLA and release of funds at the provincial level.

3.	Mr. Mahmood Khan	Secretary Education Department Secretariat Building, N.W.F.P.	78586
4.	Mr. Shah Jehan Khan	Chief PED Program, Education Department.	

Role: These officers will operate the Personal Ledger Account

5.	Mr. Mohd. Azam Khan	Additional Chief Secretary (Planning and Development).	73905
6.	Mr. Ibrahim Baig	Additional Secretary (Planning and Development)	70589 76356

Role: These officers will be concerned with the approval of PC - 1

OFFICIALS OF GOVERNMENT OF BALOCHISTAN - QUETTA.

S.NO.	NAME	POSITION	PHONE
1.	Mr. Mohd. Yousaf Hiazi	Secretary Finance Department	70404

Role: He will be concerned with the approval of supplementary Grant, provision in the budget, approval of opening of PLA and release of funds at the provincial level.

2.	Mr. Kazi Mohd. Iqbal	Secretary Education Department	73915
3.	Prof. Ejaz Ahmad Malik	Deputy Director (Planning) Education Directorate	78538

Role: These officers will operate the PLA

4.	Prof. Mohd. Anwar Khetrani	Secretary Planning and Planning and Development department	73905
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Role: He will be concerned with the approval of PC - 1

7.2 On the 24th of January, 1990, a meeting was held with the officers of the Ministry of Finance. A detailed discussion took place in the context of "Flow of Funds" under the PED Program. The officers of the Ministry of Finance expressed a general view that it was not necessary to make PED Funds non-lapsable to ensure a smooth flow to the Provinces of North West Frontier and Balochistan. Quick releases could be ensured without making the account non-lapsable. It was stated that the GOP will act only as a channel and would not be a barrier in the release of funds. It was emphasized that GOP was not in favor of creating non-lapsable Personal Ledger Accounts. It was agreed that the GOP would be interested in expeditious release of grant monies by USAID and use of the funds by the Provinces because that would ensure Balance of Payments support to GOP and, at the same time, assist Provincial Governments in achieving the targets fixed for the Primary Education Development Program. It was agreed that the retention of the PED Fund monies by the GOP will arise only when the Provincial Governments did not have the ability to utilize them. It was emphasized by the Ministry of Finance that while implementing the PED Program, it may be kept in mind that the salary structure of the employees engaged under the Program was not different from that of the other teachers. It was confirmed that the receipts in the Primary Education Trust Account and expenditure therefrom was not reflected in the budget for 1989-90. It was stated that the receipts in the Primary Education Trust Account will be termed as "Public Account" and would not need item-wise approval of the National Assembly.

7.3 Early in January, 1990 a meeting was held with the senior officials of the State Bank of Pakistan to identify the role of the Bank in the flow of funds. A general view was that a policy decision in the matter of selection of options about

opening of Personal Ledger Account, non-lapsability, quicker release procedures for specific projects rested with the Ministry of Finance. State Bank Officials were not averse to a non-lapsable PLA for PED Fund. The general view was that as the funds for the PED Program come from non-government sources, a special procedure on the lines of that adopted for the maintenance and operation of Revolving Fund Accounts for IDA/IBRD Credits/Loans could be adopted.

7.4 A number of meetings were held with the officials of USAID. One of them also participated in the meetings held with the officials of 'GOP and those of North West Frontier Province. The Consultant included them in his thought process to elicit their reaction to the tentative proposals which he had framed before making final recommendations. The Consultant found that USAID officials, at all levels including the Director, rejected any system of monitoring which would give the impression that USAID would be tracking the rupees after disbursement from the Sector Grant. This is a prudent approach, but it will temper with contractual requirements which require knowledge of timely expenditure to reach agreed benchmarks. The monitoring system for the PED Program has, therefore, been designed to cater to the contractual requirements.

7.5 On the 29th of January, 1990 a meeting was held with the officials of the North West Frontier Province concerned with the PED Program. The gist of discussion is given in the succeeding paragraphs.

7.6 It was stated in the meeting that PC-1 for the Program was in the final stages of preparation. Some amendments which were agreed in a recent meeting were being incorporated in the proforma and that the revised PC-I would be put up to Provincial Development Working Party (PDWP) by the 10th of

February, 1990. Thereafter, copies will be sent to Central Development Working Party (CDWP) for approval.

- 7.7 The Provincial Government had asked for Rs.180.44 million for PED Program during the remaining period of 1989-90. It was, however, stated that it would not be possible to spend more than Rs.90 million.
- 7.8 An estimated amount of Rs.1.48 million was being provided by re-appropriation for creating a Provincial Coordinating Unit to act as the administrative base for the PED Program.
- 7.9 The next stage of approval would be when a summary would be prepared by the Planning and Development Division of GOP for submission to the Executive Committee of National Economic Council. However, after obtaining approval of the CDWP it would be possible to obtain Anticipatory Approval to start spending on the implementation of PED Program.
- 7.10 There were no rigid views on the issue of whether or not USAID funds should be kept in a separate account or should be combined with the funds flowing from ADP. A separate account was considered preferable to ensure independent monitoring of the expenditure made from the ADP, and that incurred out of the USAID Funds.
- 7.11 It was found that the expenditure for PED Program had not been shown in the budget estimates for 1989-90. It will now be included in the Revised Estimates.
- 7.12 The following problem areas came out during the discussions:
 - i) In the current year (1989-90), allocation for the Education Budget by GOP had been frozen at the level of 1988-89. In other words, GOP would not pick up the

deficit relating to expenditure on education beyond 1988-89 level. Unless this freeze is eliminated, the growth target of 5% in real terms cannot be achieved. In nominal terms, funds over and above the 1988-89 level to the extent of about 14% to 15% will have to be found in order to achieve the targets agreed to in the June, 1989 Agreement between USAID and GOP.

- ii) The share of profit from the bulk generation of power at Tarbela Hydro-electric Plant due to the Provincial Government under Article 161 (2) of the Constitution of Pakistan amounting to more than about 3 billion has yet to be paid to the Provincial Government, thereby reducing its ability to meet competing claims demanding development and recurring expenditure.
- iii) It would not be possible for the Provincial Government to have a salary structure for teachers employed out of their own funds different from teachers employed under the PED Program. The incentives given to teachers under the PED Program will have to be given to other teachers also thereby increasing the need for additional funds.
- iv) The goals set forth in the Annual Work-Plan for Primary Education (Fiscal Year 1989-90) include establishment of new primary schools, mosque schools, additional classrooms for the existing schools, reconstruction of school buildings, expansion of hostel space in existing GCETS etc. Preparation of tenders, award of work to contractors and completion of construction will not be physically achievable in the remaining part of the fiscal year.
- v) The recurring expenditure for the development projects

completed in the past is putting pressure on the Provincial Government thereby raising its budget deficit.

7.13 On the 5th of February, 1990 a meeting was held with the officials of Balochistan. They expressed the following views:

- i) They are not in favor of a separate Personal Ledger Account. It is their view that PED Grant funds should come into their Consolidated Fund in the same manner as is the case with transfer of funds for ADP and non-development budgets. This is considered desirable by them because there would be no departure from the established accounting procedures. They would like to have their annual share of the grant in one instalment.
- ii) There is no freeze on their Education Budget. There will, therefore, be no difficulty in achieving the 8 per cent growth.
- iii) Targets for recruitment of female teachers and girl students will be difficult to achieve. Relaxation of qualifications for female teachers may have to be done.
- iv) It will not be difficult to monitor expenditure out of normal budget and PED grant as they are mentioned separately in the Annual Plan. A quarterly statement of expenditure for monitoring could be adopted without difficulty. It was stated that C.D.W.P had cleared the PC-I for the PED Program and is waiting for ECNEC's approval. An interim Primary Education Directorate has started functioning in the Province. Malik Ijaz Ahmed Deputy Director Planning, Education Directorate will be incharge of the Directorate.

7.14 A meeting was held on the 7th of February, 1990 with Dr. Musarrat Ali Khan, Chief Education Planning, Planning and Development Division. He confirmed that PC-I of Balochistan for the PED Program had been cleared by the C.D.W.P. and that the Anticipatory Approval could be obtained to enable the province to spend money on the Program. He felt that a non-lapsable PLA would be the right accounting mode for implementing the project because the provinces would take time before they get moving at the pace necessary for implementation. He suggested employment of qualified Accounts Officers to manage the PLA. He was in favor of bi-monthly monitoring of expenditure.

Dr. (Mrs.) Parveen Shahid of the Ministry of Education, Government of Pakistan felt that the Ministry of Education should handle the processing of the Program at the Federal level.

**PLACEMENT OF FUNDS PENDING
EXPENDITURE**

CHAPTER - 8

PLACEMENT OF FUNDS PENDING EXPENDITURE

- 8.1 A question has been raised as to what will be the benefits and liabilities (to USAID and GOP) of holding in the GOP account, for longer term, USAID funds received in Pakistan under PED Sector Grant as opposed to transferring them to the Governments of North West Frontier and Balochistan.
- 8.2 There is no advantage to USAID if the funds are parked with GOP. The Sector Grant is designed to accelerate the process of elimination of illiteracy in the two provinces. Unless the funds are transferred to the provinces and productively utilized, the objective is not achieved.
- 8.3 In the case of GOP, the situation is rather complex. Whereas receipt of funds in the GOP account will increase its ability to spend, out-go as expenditure will add to its over-all deficit as a percentage of GDP. The over-all deficit is the difference between total current and development expenditure (net of repayment of foreign loans) and revenue receipts (both tax and non-tax) and self-financing of autonomous bodies of Federal as well as the Provincial Governments. Grants are not revenue receipts. Under the doctrine of 'Fiscal Purity' which the IMF advocates, though a grant means non-returnable additional resources, it is NOT revenue. In this connection, it is pointed out that GOP is committed to the IMF that its over-all deficit shall NOT exceed 6% of GDP in 1989-90 and will be reduced to 4.2% by 1991-92.
- 8.4 During the year 1989-90 a budgetary gap of Rs.4.5 billion is estimated in the budget speech after taking new tax and non-tax measures to raise resources.
- 8.5 The implication of the situation analyzed above is that in

order to abide by its commitment to the IMF, GOP may prefer to retain PED Sector Grant in its own account for the longer period rather than pass the funds on to the Provincial Governments immediately because the expenditure will increase the over-all deficit as a percentage of GDP. The advantage to GOP will, no doubt, be a short-term one because once the cycle of flow of funds starts, the advantage would disappear.

- 8.6 In the case of the Governments of North West Frontier and Balochistan, both want immediate disbursement. Even though, in the beginning of the PED Program period, the Provincial Governments may not be in the required state of readiness, the balance of advantage lies in immediate disbursement to the Provinces.

CONCLUSIONS AND RECOMMENDATIONS

CHAPTER - 9

CONCLUSIONS AND RECOMMENDATIONS

9.1 In light of the material collected and discussions with the concerned officials, the following facts have emerged, conclusions have been drawn and recommendations made in the Study:

- a) The first cheque in dollars from USAID drawn in the name of Finance Secretary will be forwarded by GOP to the State Bank of Pakistan for deposit and conversion into rupees at the maximum legal rate of exchange prevailing in Pakistan on the date of transfer of the dollar amount. It will be deposited in the Account already opened under the Detailed Head -- USAID FUND for Projects of Federal and Provincial Governments for Primary Education Trust Account for N.W.F.P. and Balochistan.
- b) The Chief Manager, State Bank of Pakistan, Karachi will report the receipt in U.S. dollars as well as in rupees to the Accountant General of Pakistan Revenues, Finance Division, Economic Affairs Division of GOP, Finance and Development Departments of N.W.F. Province and Balochistan.
- c) The Deposit falls in the category of 'Public Account' and will be held in trust till such time it is released for expenditure on the Programs.
- d) To enable GOP to release monies to N.W.F.P. and Balochistan from the 'Trust Account' a budget provision will have to be made by the Federal Government through the regular budget or a supplementary grant.
- e) Governments of N.W.F.P. and Balochistan will also make

a budget provision or obtain a supplementary grant for the purpose of expenditure.

- f) There is a time schedule for the budgetary process which needs to be adhered to for ensuring timely release of funds for expenditure.
- g) PED Sector Grant is like a 'Reserve Fund' and is eligible for treatment as a non-lapsable Personal Ledger Account (PLA)
- h) Procedure selected in the case of foreign-aided Anti-Narcotics Projects in N.W.F.P. could be taken as a model for the PED Sector Grant with some variations. A PLA each in N.W.F.P. and Balochistan with non-lapsable status will ensure smooth flow of funds for the Program. The two PLAs should be audited by the Auditor General of Pakistan. The administrative unit controlling the PLAs should employ qualified Accounts Officers to maintain the accounts properly.
- i) Monitoring of the flow of funds under the Program Agreement of June 6, 1989 is a requirement. Monitoring will also be necessary under Public Law 101-167 of USA enacted in November, 1989. Appropriate proforma have been designed for reporting.
- k) Ministry of Finance is generally not in favor of opening a non-lapsable Personal Ledger Account (PLA).
- l) Ministry of Finance feels that the salary structure of the employees engaged under the Program should not be different from that of other teachers.
- m) State Bank officials were not averse to a non-lapsable

PLA for PED Fund.

- n) USAID officials were not in favor of a system of monitoring which would give the impression that USAID was tracking the rupees after disbursement.
- o) PC-I is in the process of being finalized by N.W.F.P. It will now be put up to C.D.W.P. After approval in this forum, it would be possible to obtain Anticipatory Approval to enable the province to spend PED Funds on the Program.
- p) The N.W.F.P. Government is in favor of a separate account for the PED Program.
- q) The N.W.F.P. Government does not have sufficient funds in the Education Budget.
- r) It would not be possible for the N.W.F.P. Government to have a salary structure for teachers employed out of their own funds different from that of teachers employed under the PED Program.
- s) The N.W.F.P. Government will not be in position to meet the goals set forth in Annual Work-Plan for Primary Education in the remaining part of fiscal year 1989-90.
- t) Balochistan Government is not in favor of a separate Personal Ledger Account.
- u) There is no freeze on Balochistan's Education Budget.
- v) Balochistan is in favor of quarterly statement of expenditure for the purpose of monitoring.

- w) Balochistan Government's PC-I for the PED Program has been cleared by C.D.W.P.
- x) The Chief of Education Planning, Planning and Development Division, Government of Pakistan is in favor of a non-lapsable PLA for the PED program.
- y) There is no advantage to USAID if PED Sector Grant Funds are parked with GOP.
- z) GOP may prefer to retain PED Sector Grant in its own account for short periods to avoid over-all deficit ratios going beyond agreed numbers.
- aa) The Provincial Governments of North West Frontier and Balochistan want immediate release of funds.
- bb) The balance of advantage lies in immediate disbursement to the Provinces.

ANNEXURES

ORDER FOR SUPPLIES OR SERVICES
SCHEDULE - CONTINUATION

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

DATE OF ORDER
10/1/90

CONTRACT NO.

391-0470-0-00-0537-00

ORDER NO.

ITEM NO. (A)	SUPPLIES OR SERVICES (B)	QUANTITY ORDERED (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)	QUANTITY ACCEPTED (G)
Be performed by the Contractor shall include, but are not limited to:						
1.	Illustrate the dynamics of the two different flows of funds: one in dollars from the United States Government to the Government of Pakistan (GOP), the other in rupees from the GOP to the two provinces. The Contractor shall develop procedures and a monitoring system that will ensure a smooth flow from the Federal Government to the provincial governments of Balochistan and NWFP. This mechanism should include a procedure to enable the governments of Baluchistan and NWFP to have access to the rupee account established by the Federal Government;					
2.	Analyse and discuss the benefits and liabilities (to USAID and the Federal Government of Pakistan) of holding the money for the longer term in the federal level account as opposed to transferring it immediately to the provinces as soon as it is disbursed to the GOP;					
3.	Develop a system to monitor the real rate of annual growth of total funds budgeted for primary education. The target real annual growth is 8 percent for Balochistan and at least 5 percent for NWFP;					
4.	Develop a monitoring system that signals if the annual USAID Sector Grant contribution is additive to the primary education budget in each province. This effort may involve the development of two different monitoring systems since USAID will not be tracking the rupees once they are disbursed to the provinces but will need to know the overall primary education expenditures in order to be able to establish if additionality is occurring;					
5.	Develop the two scenarios and the analysis of the benefits and liabilities of each plan for the management of account of the Sector Grant funds. One scenario includes the maintenance of grant monies in a separate account (as the NWFP government proposes) and the other scenario involves the combining of it with the funds from the Annual Development Plan (ADP) as USAID proposes. The NWFP proposal will involve parallel structures. The Contractor shall provide a recommendation of the most appropriate plan based on the long-term benefits and needs;					
6.	Assess the possibility of basing the flow of funds to the two provinces on more than just the annual review (as stated in the Program Agreement). The resulting assessment and recommendation would be linked, in part, to the issues and findings presented in No. 1 of this Article.					
7.	Identify the individuals, and their positions, who will be responsible for the subject flow of funds and for the operational and monitoring systems established.					

TOTAL CARRIED FORWARD TO 1ST PAGE (ITEM 17(H))

Annexure -- II

PRIMARY EDUCATION DEVELOPMENT PROGRAM (391-0497)
OUTLINE OF FINANCIAL STUDY " FLOW OF FUNDS "

- (1) Executive Summary.
- (2) Introduction.
- (3) Out-line of the Dynamics of Flow of Funds.
- (4) Discussion of the Constitutional Provisions regarding Financial Procedure to be followed in the matter of moneys received from USAID by or on behalf of the Federal Government (Articles 73, 78(2), 80 and 82 of the Constitution).
- (5) Discussion of the procedure regarding inclusion of USAID funds in the Capital Account of the Budget (dollars and rupees).
- (6) Discussion of the requirement of inclusion in the expenditure budget an allocation from GOP to the Provinces of North West Frontier and Balochistan. If not included (as is probably the case for the year 1989-90), discussion of the procedure for supplementary grant in respect of the unprovided expenditure.
- (7) Discussion of the provisions of the Audit Code regarding rupee funds provided by the GOP in lieu of the USAID for PED program.
- (8) Discussion regarding the accounting procedure which GOP should follow regarding the rupees received from USAID (whether or not a PED 'Fund" should be created as an entity to make it non-lapsable or Personal Ledger Account should be opened). Procedure for Maintenance and Operation of a Revolving Fund Account may also be mentioned.
- (9) Discussion regarding need for designing proformae for reporting by GOP and the Governments of N.W.F.P. and Balochistan (both for receipt and expenditure) relating to PED Program. Proformae to be designed, if necessary.
- 10) Analysis and discussion of the benefits and liabilities to USAID and GOP) of holding USAID funds for the longer term in the GOP account as opposed to transferring them to the Governments of N.W.F.P. and Balochistan. The possibility of holding the funds for sometime can arise if the Provincial Governments have not developed sufficient capability of productively utilising the funds made available by USAID.

- 11) Discussion on developing mechanism for monitoring overall growth of allocation of funds for primary education and ensuring a real rate of at least 8% growth annually for Balochistan and a minimum of 5% annual for N.W.F.P.
- 12) Discussion on developing a monitoring mechanism showing separately the growth of expenditure on primary education through funds provided by Pakistan (GOP and the Provincial Governments) and the funds provided by USAID.
- 13) Development and analysis of pros and cons of two scenarios namely, maintaining USAID funds in a separate account and combining them with the funds flowing from Annual Development Plan leading to recommendations of the most appropriate option.
- 14) Discussion on monitoring the flow of funds on monthly or quarterly basis to ensure effective utilisation.
- 15) Identification of the officers involved in the Federal and Provincial Governments responsible for the flow of funds.

ANNEXURE - III

MAJOR HEAD 3000000 DEPOSITS AND RESERVES
B-NOT-EARNING INTEREST (Contd)

Minor Head	Detailed Heads
3700000 Foreign Aid Deposit Account.	3701000 Technical Advisory Services received from U.S.A.
	3702000 Technical Advisory Services received from Australia
	3703000 Cash Aid received from Ford Foundation
	3704000 Machinery, Equipment and Supplies received from West Germany
	3705000 Machinery Equipment and Supplies received from Japan
	3706000 U.S. Aid Local Currency Credit
	3707000 U.S. Aid Fund for the Projects of Federal and Provincial Governments.
	3708000 U.N. Development Fund
	3709000 Canadian Debt.
	3710000 Norwegian Wheat
	3711000 German Wheat
	3712000 Sweden Wheat
	3713000 Australian Wheat
	3714000 Deposits on account of Canadian Wheat
	3715000 Food Aid Convention
	3716000 Fertilizer from F.A.O.
	3717000 Re-scheduling of Indonesian Debt, 1965.
	3718000 Foreign Assistance for Afghan Refugees from United Nations High Commissioner for Refugees.
	3719000 Deposit Account of the Japanese Grant for Coastal Fisheries Development Project
	3799000 Other Foreign Grants (269)

(269) The head is intended for small grants received from foreign donors and such grants from foreign Governments which are not made under an International Agreement.



Telegram: ECONOMIC
Telex: ECDIV No. 06-82

Doc No.	12/16
Asst.	
Tele. No.	
Dist.	
Subj.	

No. 1(9)US-I/83
Government of Pakistan
MINISTRY OF FINANCE AND
ECONOMIC AFFAIRS
(ECONOMIC AFFAIRS DIVISION)

Islamabad, the 25th November, 1989.

DEPUTY SECRETARY.

Subject: -PRIMARY EDUCATION DEVELOPMENT.

Dear Mr. Gordon H West,

Kindly refer to your letter dated November 2, 1989 on the subject cited above.

2. State Bank of Pakistan have confirmed vide their telex No.GD/KA/14478 dated November 18, 1989 (copy enclosed) that the requisite account has been opened.

3. We hope that the Condition Precedent No.4.1 C of the Programme Agreement of Primary Education Development . . . now stand fulfilled.

Yours sincerely,

Yours *Yours*
(Hasan Mahmood)

Mr. Gordon H. West,
Chief, PDM,
USAID,
Islamabad.

Islamabad

43/8

Sl. No.	ACT	DATE
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2754 SUPA PKB
5634 EC DIV PK

4-40 (73)

KM15C-2404 18-11-1989 KARACHI 1320 HRS

FOR MR JARJEES ALI KIANI S O ECONOMIC AFFAIRS DIV ISLAMABAD
FROM CHIEF MANAGER PAKMONEY KARACHI

NO GD/ICA/ 14478 (.) PLEASE REFER TO YOUR
TELEX NOS 1X 1(9)US-1/88 AND 1(9) US IV/88 DATED 6TH AND
7TH NOVEMBER 1989 RESPECTIVELY REGARDING OPENNEEE OPENING OF A
SEPARATE ~~XXXXX~~ NON-INTEREST BEARING ACCOUNTS FOR PRIMARY EDUCATION
DEVELOPMENT SECTOR ASSISTANCE PROGRAMME (.) WE HAVE OPENED THE
ACCOUNT IN OUR BOOKS AS DESIRED (.) PLEASE LET US KNOW THE
INSTRUCTIONS REGARDING OPERATION OF THIS ACCOUNT TO PROCEED
FURTHER IN THE MATTER (.)

1-1248
176/c

2754 SUPK PKB
5634 EC DIV PK.....

to immediate of: 22/11



Mr. Gordon H. West,
Chief; PDM;
USAID,
Islamabad.

CONSTITUTION OF PAKISTAN

49

72. (1) The President, after consultation with the Speaker of the National Assembly and the Chairman, may make rules as to the procedure with respect to the joint sittings of, and communications between, the two Houses.

Procedure at
joint sittings.

(2) At a joint sitting, the Speaker of the National Assembly or, in his absence, such person as may be determined by the rules made under clause (1), shall preside.

(3) The rules made under clause (1) shall be laid before a joint sitting and may be added to, varied, amended or replaced at a joint sitting.

(4) Subject to the Constitution, all decisions at a joint sitting shall be taken by the votes of the majority of the members present and voting.

73. (1) Notwithstanding anything contained in Article 70 * * *, a Money Bill shall originate in the National Assembly and after it has been passed by the Assembly it shall, without being transmitted to the Senate, be presented to the President for assent.

Procedure with
respect to
Money Bills.

(2) For the purposes of this Chapter, a Bill or amendment shall be deemed to be a Money Bill if it contains provisions dealing with all or any of the following matters, namely:—

(a) the imposition, abolition, remission, alteration or regulation of any tax;

(b) the borrowing of money, or the giving of any guarantee, by the Federal government, or the

¹ For the Parliament (Joint Sittings) Rules, 1973, see Gazette of Pakistan, 1973, Extraordinary, Part II, pages 1657-1672.

² Omitted by P.O. No. 14 of 1985, Art. 2 and Sch.

50

CONSTITUTION OF PAKISTAN

amendment of the law relating to the financial obligations of that Government ;

- (c) the custody of the Federal Consolidated Fund, the payment of moneys into, or the issue of moneys from, that Fund ;
- (d) the imposition of a charge upon the Federal Consolidated Fund, or the abolition or alteration of any such charge ;
- (e) the receipt of moneys on account of the Public Account of the Federation, the custody or issue of such moneys ;
- (f) the audit of the accounts of the Federal Government or a Provincial Government ; and
- (g) any matter incidental to any of the matters specified in the preceding paragraphs.

(3) A Bill shall not be deemed to be a Money Bill by reason only that it provides—

- (a) for the imposition or alteration of any fine or other pecuniary penalty, or for the demand or payment of a licence fee or a fee or charge for any service rendered ; or
- (b) for the imposition, abolition, remission, alteration or regulation of any tax by any local authority or body for local purposes.

(4) If any question arises whether a Bill is a Money Bill or not, the decision of the Speaker of the National Assembly thereon shall be final.

(5) Every Money Bill presented to the President for assent shall bear a certificate under the hand of the Speaker

CONSTITUTION OF PAKISTAN

51

of the National Assembly that it is a Money Bill, and such certificate shall be conclusive for all purposes and shall not be called in question.

74. A Money Bill, or a Bill or amendment which if enacted and brought into operation would involve expenditure from the Federal Consolidated Fund or withdrawal from the Public Account of the Federation or affect the coinage or currency of Pakistan or the constitution or functions of the State Bank of Pakistan shall not be introduced or moved in ¹[Majlis-e-Shoora (Parliament)] except by or with the consent of the Federal Government.

Federal Government's consent required for financial measures.

¹[75. (1) When a Bill is presented to the President for assent, the President shall, within ~~forty-five~~ days, — *[thirty]*³

President's assent to Bills.

- (a) assent to the Bill; or
- (b) in the case of a Bill other than a Money Bill, return the Bill to the Majlis-e-Shoora (Parliament) with a message requesting that the Bill, or any specified provision thereof, be reconsidered and that any amendment specified in the message be considered.

~~(2) When the President has returned a Bill to the~~

³ [(2) When a Bill is returned to the President by the Majlis-e-Shoora (Parliament) and it is again passed, with or without amendments, by the Majlis-e-Shoora (Parliament) by the vote of a majority of both Houses present and voting it shall be deemed for the purposes of the Constitution to have been passed and the Bill shall be presented to the President and the President shall not withhold assent therefrom.]

see footnote 2 on page 5, *supra*.

¹Substituted by P.O. No. 14 of 1985, Art. 2 and Sch.

³ Subst. by Act XVIII of 1985, A. 8.

52

CONSTITUTION OF PAKISTAN

(3) When the President has assented to a Bill, it shall become law and be called an Act of Majlis-e-Shoora (Parliament).

(4) No Act of Majlis-e-Shoora (Parliament), and no provision in any such Act, shall be invalid by reason only that some recommendation, previous sanction or consent required by the Constitution was not given if that Act was assented to in accordance with the Constitution.]

Bill not to lapse on prorogation, etc.

76. (1) A Bill pending in either House shall not lapse by reason of the prorogation of the House.

(2) A Bill pending in the Senate which has not been passed by the National Assembly shall not lapse on the dissolution of the National Assembly.

(3) A Bill pending in the National Assembly, or a Bill which having been passed by the National Assembly is pending in the Senate, shall lapse on the dissolution of the National Assembly.

Tax to be levied by law only.

77. No tax shall be levied for the purposes of the Federation except by or under the authority of Act of '[Majlis-e-Shoora (Parliament)].'

Financial Procedure

Federal Consolidated Fund and Public Account.

78. (1) All revenues received by the Federal Government, all loans raised by that Government, and all moneys received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Federal Consolidated Fund.

¹ See footnote 2 on page 5, *supra*.

CONSTITUTION OF PAKISTAN

53

(2) All other moneys—

- (a) received by or on behalf of the Federal Government; or
- (b) received by or deposited with the Supreme Court or any other court established under the authority of the Federation;

shall be credited to the Public Account of the Federation.

79. The custody of the Federal Consolidated Fund, the payment of moneys into that Fund, the withdrawal of moneys therefrom, the custody of other moneys received by or on behalf of the Federal Government, their payment into, and withdrawal from, the Public Account of the Federation, and all matters connected with or ancillary to the matters aforesaid shall be regulated by Act of [Majlis-e-Shoora (Parliament)] or, until provision in that behalf is so made, by rules made by the President.

**Custody, etc.,
of Federal
Consolidated
Fund and
Public Account.**

80. (1) The Federal Government shall, in respect of every financial year, cause to be laid before the National Assembly a statement of the estimated receipts and expenditure of the Federal Government for that year, in this Part referred to as the Annual Budget Statement.

**Annual Budget
Statement.**

(2) The Annual Budget Statement shall show separately—

- (a) the sums required to meet expenditure described by the Constitution as expenditure charged upon the Federal Consolidated Fund; and

¹ See footnote 2 on page 5, *supra*.

54

CONSTITUTION OF PAKISTAN

- (b) the sums required to meet other expenditure proposed to be made from the Federal Consolidated Fund ;

and shall distinguish expenditure on revenue account from other expenditure.

Expenditure
charged upon
Federal
Consolidated
Fund.

81. The following expenditure shall be expenditure charged upon the Federal Consolidated Fund :—

- (a) the remuneration payable to the President and other expenditure relating to his office, and the remuneration payable to—
- (i) the Judges of the Supreme Court ;
 - (ii) the Chief Election Commissioner ;
 - (iii) the Chairman and the Deputy Chairman ;
 - (iv) the Speaker and the Deputy Speaker of the National Assembly ;
 - (v) the Auditor-General ;
- (b) the administrative expenses, including the remuneration payable to officers and servants, of the Supreme Court, the department of the Auditor-General and the Office of the Chief Election Commissioner and of the Election Commission and the Secretariats of the Senate and the National Assembly ;
- (c) all debt charges for which the Federal Government is liable, including interest, sinking fund charges, the repayment or amortisation of capital, and other expenditure in connection with the raising of loans, and the service and redemption of debt on the security of the Federal Consolidated Fund ;

CONSTITUTION OF PAKISTAN

55.

- (d) any sums required to satisfy any judgment, decree or award against Pakistan by any court or tribunal; and
- (e) any other sums declared by the Constitution or by Act of ¹[Majlis-e-Shoora (Parliament)] to be so charged.

82. (1) So much of the Annual Budget Statement as relates to expenditure charged upon the Federal Consolidated Fund may be discussed in, but shall not be submitted to the vote of, the National Assembly.

Procedure
relating to
Annual
Budget Statement.

(2) So much of the Annual Budget Statement as relates to other expenditure shall be submitted to the National Assembly in the form of demands for grants, and the Assembly shall have power to assent to, or to refuse to assent to, any demand, or to assent to any demand subject to a reduction of the amount specified therein:

Provided that, for a period of ten years from the commencing day or the holding of the second general election to the National Assembly, whichever occurs later, a demand shall be deemed to have been assented to without any reduction of the amount specified therein, unless, by the votes of a majority of the total membership of the Assembly, it is refused or assented to subject to a reduction of the amount specified therein.

(3) No demand for a grant shall be made except on the recommendation of the Federal Government.

¹See footnote 2 on page 5, *supra*.



ANNUAL
BUDGET
STATEMENT
1989-90

GOVERNMENT OF PAKISTAN
FINANCE DIVISION
ISLAMABAD

**ANNUAL
BUDGET STATEMENT
OF THE
GOVERNMENT OF PAKISTAN
1989-90**

Finance Division
Islamabad, the 3rd May, 1989.

R. A. AKHUND
Secretary to the Government of Pakistan

CONTENTS

	PAGE
I. Estimated Receipts – Summary	1
II. Estimated Expenditure – Summary	2
III. Detailed Statement of Tax Revenue	3
IV. Detailed Statement of Non-Tax Receipts	3
V. Detailed Statement of Capital Receipts	4
VI. Detailed Statement of Expenditure met from Revenue	6-8
VII. Detailed Statement of Expenditure met from Capital	8-9
VIII. Statement of Estimated Expenditure from the Federal Consolidated Fund	13

ESTIMATED RECEIPTS - SUMMARY

(Rs. in million)

		1988-89 Budget	1988-89 Revised	1989-90 Budget
(1) FEDERAL CONSOLIDATED FUND (NET) :				
A-	REVENUE RECEIPTS	(P. 3)		
0000000	Tax Revenue	91824.8	91249.0	89083.5
0100000	Taxes on Income and Wealth	13924.0	13974.0	15421.0
0200000	Taxes on Commodities and Transactions	77800.8	77275.0	83842.5
0297000	Surcharge	17284.0	16009.1	10595.7
1000000	Non Tax Receipts	37032.0	37251.3	40407.9
1100000	Income from Property and Enterprises	24002.1	25750.8	27631.9
1200000	Receipts from Civil Administration etc.	4678.9	3864.1	3913.4
1300000	Miscellaneous Receipts	7551.0	7036.4	8882.6
	Total Revenue Receipts	(P. 3) 146141.7	143509.4	150067.1
B-	CAPITAL RECEIPT (NET)	(P. 4)		
2000000	Capital Receipts	18574.8	28043.3	23009.8
2200000	Recoveries of Loans and Advances	4177.9	4607.7	5241.8
2300000	Public Debt	14396.9	21435.8	17768.2
C-	EXTERNAL RECEIPTS:	P. 5)		
	External Resources	32448.9	45739.3	44548.8
	(Plan)	28934.1	41821.9	40883.1
	(Non-Plan)	3514.8	3917.4	3565.7
	TOTAL-FEDERAL RECEIPT (A+B+C)	187165.4	215202.1	217825.7
(2) PUBLIC ACCOUNT : (P. 11)				
1000000	Deferred Liabilities	23817.0	20455.0	22500.0
2000000	Deposits and Reserves (Interest Bearing)	194.0	115.0	208.2
3000000	Deposits and Reserves (Non Interest Bearing)	175.3	65.2	173.6
	Current Liabilities, Assets and other Accounts	(-)2000.0	(-)2000.0	(-)2000.0
	TOTAL-PUBLIC ACCOUNT (NET)	22186.3	18635.2	20879.7
3.	Internal Resources 1 A + 1B + 2	186902.8	188187.3	193956.8
4.	External Resources 1 C	32448.9	45739.3	44548.8
5.	Total-Resources (3 + 4)	219351.7	233927.2	238505.4
6.	Less Revenues Transferred to Provinces (P. 6)	18134.3	23931.2	28403.8
7.	Federal Receipts (Net) (5 - 6)	201217.4	209996.0	212101.6
8.	Use of Cash Balances (P. 6)	3746.1	(-) 2519.7	11654.8
9.	Total-Resources (7 + 8)	204983.5	207478.3	223956.4

ESTIMATED EXPENDITURE - SUMMARY

		(Rs. In million)			
		Details at	1988-89 Budget	1988-89 Revised	1989-90 Budget
(1) EXPENDITURE MET FROM REVENUE (A + B)			163059.5	169481.7	164098.5
Current Expenditure (A)		(A at p. 6, 7, 8)	136707.3	136021.5	143274.3
00000	General Administration		8952.8	5660.6	6073.3
10000	Defence		49789.2	51103.2	51736.8
20000	Law and Order		2831.3	2819.5	3283.7
30000	Community Services		2146.2	1997.8	2027.1
40000	Social Services		5936.1	6582.0	4870.1
50000	Economic Services		1067.2	1082.7	1016.3
60000	Subsidies		6919.6	8313.2	7585.3
70000	Debt Servicing, Investible Funds and Grants		69683.0	67852.4	66181.2
80000	Unallocable Less Economy Measures		1892.2 3420.3	710.1 ..	460.5 ..
Development Expenditure (B)		(C at P. 8)	27352.2	24460.2	20824.2
(2) EXPENDITURE MET FROM CAPITAL (C + D)			41904.0	47994.8	59857.9
Current Expenditure (C)		(B at P. 8)	12657.0	16817.9	16825.1
Development Expenditure (D)		(D at P. 9)	29247.0	31176.7	43031.8
Total - Expenditure			204963.5	207476.3	223956.4

BREAK - UP OF EXPENDITURE

TOTAL - EXPENDITURE	204963.5	207476.3	223956.4
Revenue (A + B)	163059.5	169481.7	164098.5
Capital (C + D)	41904.0	47994.8	59857.9
TOTAL - EXPENDITURE	204963.5	207476.3	223956.4
Current (A + C)	148364.3	161839.4	160100.4
Development (B + D)	60699.2	65636.9	63856.0

DETAILS OF REVENUES

		(Rs. in million)			
		Details at	1988-89 Budget	1988-89 Revised	1989-90 Budget
0000000	Tax Revenue				
0100000	Direct Taxes (Income and Wealth)		91824.8	91249.0	99063.6
0110000	Taxes on Income		13924.0	13974.0	16421.0
0121000	Wealth Tax		(13624.0)	(13624.0)	(15000.0)
0160000	Worker's Welfare Tax		(200.0)	(250.0)	(315.0)
			(100.0)	(100.0)	(100.0)
0200000	Indirect Taxes (Commodities and Transactions (A to C))		77000.8	77275.0	83642.5
0210000	Customs (A)		43175.0	43175.0	46742.5
0213000	Custom Surcharge		(38175.0)	(37575.0)	(40694.5)
0213100	Iqra Surcharge		(5000.0)	(5600.0)	(6048.0)
0220000	Sites Tax (B)		12805.9	14000.0	15400.0
0230000	Federal Excise (C)		21919.9	20100.0	21500.0
0297000	Surcharges		17284.9	15009.1	10595.7
0297100	Petroleum		(13921.0)	(10384.0)	(6686.0)
0297200	Natural Gas		(3363.9)	(4625.1)	(4909.7)
	Total Taxes & Surcharges (J)		109109.7	106258.1	109659.2
1000000	Non-Tax Revenue (A+B+C) (K)		37032.0	37251.3	40407.9
1100000	Income from Property and Enterprise (A)		24902.1	25750.8	27631.9
1110000	Profits Railways				
	Gross receipt		5615.0	5285.0	5525.0
	Deduct working expenses met from receipt		5615.0	5285.0	5525.0
1120000	Profits Post Office Deptt.				
	Gross Receipt		-236.0	-236.0	-247.8
	Deduct Working Expenses		1000.0	1000.0	1050.0
	Interest on Capital at Charge		1147.0	1147.0	1194.9
1113000	Profits Telegraph and Telephone Deptt.				
	Gross Receipts		89.0	89.0	102.9
	Deduct Working Expenses		5341.5	5462.4	6719.0
	Interest on Capital at Charge		7750.0	7871.0	8248.0
1118000	State Trading Profits		2348.5	2348.4	2469.0
	1. Trading Corporation of Pakistan		60.0	60.0	60.0
	2. Cotton Export Corporation		1093.0	1093.0	784.3
	3. Rice Export Corporation		(730.0)	(730.0)	(50.0)
1130000	Interest (Provinces)		(730.0)	(730.0)	(68.2)
	(Others)		17757.4	18485.2	19814.2
			(9679.9)	(9792.2)	(10327.3)
			(8077.5)	(8693.0)	(9486.9)
1140000	Dividends				
1200000	Receipts from Civil Administration and Other Functions (B)		946.2	946.2	662.2
1210000	Receipts from General Administration		4578.9	3864.1	3913.4
1220000	Defence Receipts		2070.4	2193.0	2198.2
1230000	Law and Order		2333.0	1458.2	1493.0
1240000	Receipts from Community Services		13.2	14.6	17.6
1250000	Receipts from Social Services		40.2	88.1	88.0
1260000	Receipts from Economic Services		18.8	20.5	21.4
			91.3	83.7	95.2
1300000	Miscellaneous Receipts (C)				
	Workers Participation Fund		7651.0	7836.4	8862.8
	Foreign Transit Tax			400.0	494.0
			400.0	330.0	330.0
1.	Receipts Realised under the Imports and Exports (Federal Control Act, 1950),		4000.0	4300.0	4700.0
2.	Royalty				
a)	Oil		1232.0	808.8	1221.0
b)	Gas		(590.1)	(510.8)	(754.0)
			(641.9)	(298.0)	(488.1)
3.	Sale Proceeds				
a)	Oil		1167.7	952.7	1273.4
b)	Gas		(901.6)	(901.3)	(1131.3)
			(266.1)	(51.4)	(142.1)
4.	Others		751.3	844.9	844.2

DETAILS OF CAPITAL RECEIPTS

		(Rs. in million)		
		1988-89 Budget	1988-89 Revised	1989-90 Budget
2000000	Capital Receipts : (L) Gross	489158.0	578824.2	588889.6
2200000	Recoveries of Loans and Advances	4177.9	4607.7	5241.8
2210000	Provincial Governments	1008.0	1144.5	1131.4
2220000	Local Bodies	1023.6	1037.7	1853.8
2240000	Non-Financial Institutions	2007.9	2285.6	2091.7
2290000	Other Loans and Advances Recovery of Commodity Loans	138.4 —	140.0	164.7
2300000	Public Debt	484980.1	574216.5	583648.0
(a)	Permanent Debt	34913.8	38388.1	39002.1
	Market Loans			
	WAPDA, OGDC Bonds	2769.0	3467.1	5368.2
	Government Bonds	—	—	—
	Prize Bonds	19674.0	12870.0	16076.5
	Land Reforms Act, 1977	—	—	—
	Special Govt. Bonds for SLIC	880.0	1200.0	1200.0
	National Fund Bearer Bonds	5400.0	11918.5	5000.0
	Foreign Exchange Bearer (Certificates)	6040.6	8782.5	9857.4
	Special National Fund Bonds	—	—	—
	Disinvestment of Shares of Public Corporation	150.0	150.0	1500.0
(b)	Floating Debt	450066.5	535828.4	54645.9
	Bill for former East Pakistan	617.7	617.7	648.0
	Govt. Treasury Deposit Receipts	24039.3	25276.3	27604.2
	Other Treasury Bills	335.0	2573.7	2433.7
	Ways and Means Advances	1100.0	2523.0	2801.4
	Treasury Bills on Tap	209474.5	217240.5	245766.0
	Adhoc Treasury Bills for Ways and Means	210000.0	283078.9	260000.0
	Cash Credit Accommodation	4500.0	4518.3	6091.6
	Public Debt (Gross)	484980.1	574216.5	583648.0
	Public Debt Expenditure (P.B)	470583.2	552780.9	565879.8
	Net Public Debt	14396.9	21435.6	17768.2
(M)	Total—Federal Internal Receipt (J + K + L) Gross	635299.7	722333.6	738956.7

DETAILS OF EXTERNAL RECEIPTS

		(Rs. in million)		
		1988-89	1988-89	1989-90
		Budget	Revised	Budget
PLAN RESOURCES:				
1.	Project Aid	14486.0	15260.5	14388.1
2.	Commodity Aid	5200.1	9588.2	9466.0
	Loans	4449.7	7315.5	8260.0
	Grants	750.4	2252.7	1206.0
3.	Food Aid	5060.5	10378.0	3520.0
	Loans	1396.0	7991.3	3520.0
	Grants	3664.5	2386.7	..
4.	Other Aid	4188.0	6603.2	3600.0
	Loans	4188.0	6603.2	3600.0
5.	Rupee Grants	10.5	12.0	9.0
6.	O.E.C.F.	..	..	3000.0
7.	Other Grants	..	..	7000.0
	Sub-Total	28934.1	41821.9	40983.1
NON-PLAN RESOURCES				
(N)	Total-External Receipts	3514.8	3917.4	3565.7
		32448.9	45739.3	44648.8

STATEMENT SHOWING REVENUE RECEIPTS TRANSFERRED TO PROVINCES

(O)	Transfer to Provinces	18134.3	23931.2	26403.8
	Export Duty on Cotton	..	1780.0	1928.9
	Taxes on Income	9365.0	10207.1	11238.0
	Sales Tax	7098.4	10540.0	11704.0
	Excise Duty and Royalty on Natural Gas	1670.9	1298.1	1532.9
	Internal Receipts M at P. 4	635299.7	722333.6	738956.7
	External Receipt N at P. 5	32448.9	45739.3	44548.8
	Total-Federal Consolidated Fund	667748.6	768072.9	783505.5
	Deduct Provincial Share O at P. 5.	(-) 18134.3	(-) 23931.2	(-) 26403.8
(P)	Federal Consolidated Fund Receipts.	649614.3	744141.7	757101.7
(Q)	Add Public Account Receipts (Not (P.11)	22108.3	18635.2	20679.7
	Total Receipts (P + Q)	671800.6	762776.9	777981.4
	Use of Cash Balances	3746.1	(-)2619.7	11854.8
	Total Resources (Gross)	675546.7	760257.2	789836.2
	Total Resources (Net)	204963.5	207476.3	223956.4

DETAILS OF EXPENDITURE

(Rs. in million)

		1988-89 Budget	1988-89 Revised	1989-90 Budget
Current Expenditure met from Revenue (A)		135707.3	135021.5	143274.3
		8052.8	6580.6	6073.3
00000	General Administration			
		1326.6	1275.8	927.8
01000	Organs of State	6754.2	2441.6	3287.8
02000	Fiscal Administration	300.0	302.4	313.4
03000	Economic Regulation	874.9	931.8	877.7
04000	Foreign Affairs	160.6	164.7	216.4
05000	Foreign Aid			
		184.6	207.6	204.3
06000	Statistics	117.5	114.4	119.4
07000	Publicity and Information			
		60.1	47.6	60.8
08000	Immigration and Passport			
		70.2	75.1	76.1
09000	Others			
		49789.2	51103.2	51786.8
10000	Defence			
		629.5	608.6	388.3
11000	Defence Administration			
		49169.7	50494.8	51378.5
12000	Defence Services			
		2831.3	2819.5	3283.7
20000	Law and Order			
		44.9	42.7	45.3
21000	Justice Low Courts			
		2737.3	2728.1	3191.0
22000	Police and Civil Armed Forces			
		2.4	2.3	2.4
23000	Jails and Detention Places			
		6.3	8.2	8.5
24000	Civil Defence			
		17.1	18.3	21.1
25000	Narcotics Control			
		23.3	21.9	25.4
26000	Training and Research in Law and Order			
		2146.2	1987.8	2027.1
30000	Community Services			
		676.7	684.1	679.3
31000	Works			
		17.7	16.7	21.0
32000	Public Health Services			
		278.7	264.8	278.0
34000	Broadcasting Services			
		171.0	81.2	"
35000	Television Services			
		271.6	260.8	272.4
36000	Urban Town-Planning and Regulatory services			
		730.0	688.1	774.0
38000	Scientific and General Research			
		1.6	1.4	1.5
39000	Other Community Services			

ANNEXURE - VI P/10

7

DETAILS OF EXPENDITURE

		(Rs. in million)		
		1988-89 Budget	1988-89 Revised	1989-90 Budget
40000	Social Services	5936.1	6582.0	4870.1
41000	Education	2165.9	1937.0	2089.1
42000	Health	702.7	668.9	687.4
43000	Population Planning	2.0	2.0	2.4
44000	Manpower and Labour Management	74.0	69.1	71.2
46000	Sports and Recreation Facilities	142.0	166.1	137.8
47000	Social Security and Other Welfare Measures	1534.9	1601.2	1182.8
48000	Natural Calamities and Other Disasters	1206.6	1146.3	618.4
49000	Religious Affairs	109.0	102.4	81.0
50000	Economic Services	1087.2	1082.7	1016.3
51000	Agriculture and Food	288.7	278.2	309.2
52000	Irrigation	37.2	35.2	37.0
53000	Land Reclamation	16.4	16.2	16.2
54000	Fuel and Power	101.3	174.6	171.4
56000	Rural Development	11.4	10.7	11.4
57000	Industries and Mineral Resources	444.1	481.8	346.0
58000	Transport and Communications	51.7	80.2	97.8
59000	Other Economic Services	26.4	25.8	27.3
60000	Subsidies	6919.6	8313.2	7685.3
61000	Food Items	3550.2	6317.6	265.8
64000	Exports	-	-	-
69000	Others	3269.4	2995.7	7319.6
70000	Debt Servicing, Investible Funds and Grants	59683.0	67852.4	66181.2
71000	Debt Servicing	44617.6	47882.3	60479.4
71100	Interest on Domestic Debt	25719.2	26936.0	34428.7
A.	Permanent Debt	6197.2	6908.6	7960.3

DETAILS OF EXPENDITURE

		(Rs. in million)		
		1988-89 Budget	1988-89 Revised	1989-90 Budget
B.	Floating Debt	6205.1	4968.0	7649.7
C.	Deferred Liabilities	13424.6	14146.5	17755.6
D.	Other Obligations	654.7	672.4	805.8
E.	Other Payments	237.7	240.5	267.3
71300	Interest on Foreign Debt	8482.0	9848.2	11648.2
	Foreign Loans	6840.0	7717.7	9630.6
	IMF Drawings	753.0	1007.3	1080.6
	Other Credits	889.0	1123.2	937.0
71700	Repayments of Principal Foreign Debt	10416.4	11098.1	13402.5
74000	Grants to Provinces and Local Authorities	15065.4	9970.1	6701.8
	(i) Grants and Subventions	4236.6	4564.2	3827.7
	(ii) Non-Obligatory Grants to Provinces	10828.8	5405.9	2874.1
80000	Unallocable Less Economy Measures	1892.2 3420.3	710.1 ..	460.5 ..
	Current Expenditure met from Revenue (A)	136707.3	135021.6	143274.3
	Current Expenditure met from Capital (B)	12667.0	16817.9	16826.1
50000	Economic Services	23.9	23.9	20.4
51000	Agriculture and Food	23.9	23.9	20.4
70000	Debt Servicing Investible Funds and Grants	12633.1	15559.9	16805.7
71000	Debt Servicing	11042.2	13777.6	14350.4
	(i) Repayment of Short Term Credits	4828.5	7288.8	5634.5
	Other Credits	(4758.6)	(7288.8)	(6564.5)
	Partition Debt	(70.0)	(-)	(70.0)
	(ii) Repayment of Domestic Debt	6213.7	6488.8	8715.9
72000	Government Investment (NES)	230.6	233.8	239.1
73000	Loans and Advances	1360.4	1548.5	2216.2
80000	Purchase of US Try Bills	-	1234.1	-
	Total Current Expenditure (A + B)	148384.3	151839.4	160100.4
	Development Expenditure met from Revenue (C)	27352.2	24460.2	20824.2
00000	General Administration	1831.3	1568.2	1680.4
30000	Community Services	1599.4	1223.7	1367.6
40000	Social Services	3090.6	2594.5	3480.2
50000	Economic Services	2084.0	1659.4	4933.5
60000	Subsidies	1422.7	1409.9	2113.0
70000	Debt Servicing, Investible Funds and Grants	17324.2	16004.5	7269.5

9
ANNEXURE - VI P/12
DETAILS OF EXPENDITURE

		(Rs. in million)		
		1988-89 Budget	1988-89 Revised	1989-90 Budget
Development Expenditure met from Capital (D)				
00000	General Administration	29247.0	31176.7	43031.8
10000	Defence	-	-	-
20000	Law and Order	-	-	380.0
30000	Community Services	17.8	15.0	16.0
40000	Social Services	1181.1	801.5	886.6
50000	Economic Services	-	-	-
70000	Debt Servicing, Investible Funds and Grants	5531.8	4652.6	4807.6
	Less: Expected shortfall	22516.3	25707.0	38821.2
	Total Development Expenditure (C + D)	-	-	(-) 1679.4
		<u>66599.2</u>	<u>55836.9</u>	<u>63858.0</u>
TOTAL EXPENDITURE :				
		<u>204863.6</u>	<u>207476.3</u>	<u>223956.4</u>
Expenditure on Public Debt				
Permanent Debt				
	Market Loan	470683.2	652780.9	665879.8
	Prize Bonds	20516.7	18452.5	22233.9
	Government Bonds	-	-	-
	Foreign Exchange Bearer Certificates	15976.0	10870.0	13876.5
	B.N.F.B.	4540.7	7582.5	8357.4
	Income Tax Bonds	-	-	-
Floating Debt				
	Bill for former East Pakistan	450086.5	634328.4	643645.9
	Government Treasury Deposit Receipts	602.7	602.6	633.2
	Other Treasury Bills	23984.3	23721.3	26750.0
	Ways and Means Advances	405.0	2643.7	2803.7
	Treasury Bills on Tap	1100.0	2523.0	2901.4
	Ad-hoc Treasury Bills for Ways and Means	209474.5	217240.5	245760.0
	Cash Credit Accommodation	210000.0	283078.9	280000.0
		4500.0	4518.4	5091.6
	Total - Federal Consolidated Fund	<u>675546.7</u>	<u>760257.2</u>	<u>789836.2</u>

ANNEXURE -VI P/13

10

DETAILS OF PUBLIC ACCOUNT RECEIPT

(Rs. in million)

Details at		1988-89 Budget	1988-89 Revised	1989-90 Budget
A	11000000			
	Deferred Liabilities Gross	58362.4	66712.0	58294.4
	11100000 Saving Bank Deposits	20638.0	20641.0	20669.0
	11101000 Saving Bank Accounts	(5912.0)	(5912.0)	(5922.0)
	11103000 Khas Deposit Accounts	(14597.0)	(14597.0)	(14597.0)
	11104000 Mahana Amdani Accounts	(127.0)	(132.0)	(150.0)
	11200000 Federal Savings Certificates	6370.0	7100.0	7700.0
	11201000 Defence Saving Certificates	(6370.0)	(7100.0)	(7700.0)
	11300000 Federal Deposit Certificates	30442.0	28054.0	29008.0
	11301000 National Deposit Certificates	(1538.0)	(2150.0)	(2300.0)
	11302000 Khas Deposit Certificates	(28904.0)	(25904.0)	(26708.0)
	11500000 State Provident Fund	502.4	502.4	502.4
	11600000 Other Accounts	412.0	415.0	415.0
	11601000 Postal Life Insurance Fund	(412.0)	(415.0)	(415.0)
	Gross Receipts	58362.4	66712.4	58294.4
	Expenditure	34545.4	36257.4	35704.4
	Net Receipts	23817.0	20455.0	22500.0
B	12000000			
	Deposits and Reserves (A. Bearing Interest)	1301.4	1443.6	1445.6
	12100000 Reserve Funds	455.9	450.2	452.2
	12101000 Post Office Renewal Reserve Fund	1.0	1.0	1.0
	12102000 Telegraph & Telephone Renewal Reserve Fund	350.0	350.0	350.0
	12104000 Railway Reserve Fund	0.3		
	12105000 Railway Improvement Fund	104.6	99.2	101.2
	12106000 Railway Pension Fund	-		
	12200000 Depreciation Funds	845.5	993.4	993.4
	Gross Receipts	1301.4	1443.6	1445.6
	Expenditure	1107.4	1328.6	1239.4
	Net Receipts	194.0	115.0	206.2

DETAILS OF PUBLIC ACCOUNT RECEIPT

		(Rs. In million)		
Details at		1988-89 Budget	1988-89 Revised	1989-90 Budget
C. 13000000	Deposits and Reserves (B. Not Bearing Interest)	2432.9	3395.0	3639.1
13300000	Reserve Funds	2432.9	3395.0	3639.1
13302000	Pakistan Post Office Welfare Fund	6.0	5.0	2.2
13303000	Telegraph & Telephone Welfare Funds	2.4	2.3	2.7
13304002	National Defence Fund,	..	..	..
13304003	Prime Minister Disaster Relief Fund	..	39.3	..
13306001	President's Fund for Afghan Refugees	..	18.7	..
13307004	Bangladesh Cyclone Relief Fund,	..	5.8	..
13311004	Worker's Welfare Fund	600.0	600.0	600.0
13312018	Fund for Exchange Risk on Foreign Loans	64.0	120.3	172.6
13501008	Haj Deposits,	1860.0	2692.0	2760.0
13316015	War Risk Insurance Fund 1971	..	..	..
13318004	Save Moenjodaro Fund,	10.6	10.6	10.6
	Central Research Fund(Health Division)	1.0	1.0	1.0
	Gross Receipts	2432.9	3395.0	3639.1
	Expenditure	2267.6	3329.8	3366.6
	Net Receipts	175.3	65.2	173.5
D. Current Liabilities Assets and Other Accounts				
	Gross Receipts	28117.0	28312.0	29280.0
	Expenditure	30117.0	30312.0	31280.0
	Net Receipts	(-)2000.0	(-)2000.0	(-)2000.0
	Public Account Gross Receipt (A+B+C+D)	80213.7	89863.0	92569.1
	Public Account Expenditure (E+F+G+H) p-12	88027.4	71227.8	71689.4
	Public Account - Net	22186.3	18636.2	20879.7

DETAILS OF PUBLIC ACCOUNTS EXPENDITURE

		(Rs in million)		
		1988-89 Budget	1988-89 Revised	1989-90 Budget
E.	21000000	<u>Deferred Liabilities</u>		
		<u>34545.4</u>	<u>36257.4</u>	<u>35784.4</u>
	21100000	12508.0	13966.0	13269.0
	21101000	5692.0	6812.0	5812.0
	21102000	352.0	350.0	350.0
	21103000	6457.0	7797.0	7097.0
	21104000	7.0	7.0	10.0
	21105000	"	"	"
	21200000	1877.0	1900.0	2000.0
	21201000	1870.0	1900.0	2000.0
	21202000	7.0	"	"
	21300000	19826.0	20054.0	20188.0
	21301000	922.0	950.0	980.0
	21302000	18904.0	19104.0	19208.0
	21500000	262.4	252.4	252.4
	21600000	82.0	85.0	85.0
	21600000	82.0	85.0	85.0
F.	22000000	<u>Deposits and Reserves 'A' Bearing Interest</u>		
		<u>1107.4</u>	<u>1328.6</u>	<u>1239.4</u>
	22100000	"	"	"
	2104000	191.9	275.2	186.0
	22105000	70.0	60.0	60.0
	22106000	-		
	22202000	845.5	993.4	993.4
G.	23000000	<u>Deposits and Reserves 'B' Not Bearing Interest</u>		
		<u>2267.6</u>	<u>3329.8</u>	<u>3365.8</u>
	23302000	5.0	5.0	2.2
	23303000	2.4	2.4	2.8
		"	82.5	"
		"	2.8	"
	23313002	"	"	"
	23311004	500.0	500.0	600.0
	23318004	10.6	10.6	10.8
	23501008	1739.6	2726.5	2750.0
H.	24000000	<u>Current Liabilities Assets and Other Accounts</u>		
		<u>30117.0</u>	<u>30312.0</u>	<u>31280.0</u>
		68027.4	71227.6	71689.4

STATEMENT OF ESTIMATED CHARGED AND OTHER THAN CHARGED
EXPENDITURE FROM THE FEDERAL CONSOLIDATED FUND

(Rs. in million)

	1988-89 Budget	1988-89 Revised	1989-90 Budget
EXPENDITURE FROM FEDERAL CONSOLIDATED FUND:			
A. EXPENDITURE OF REVENUE ACCOUNT:			
Current Expenditure	136707.3	135021.6	143274.3
Development Expenditure	27352.2	24400.2	20824.2
Total—Authorised	163059.5	159481.7	164098.5
<i>Charged</i>	46357.6	50163.9	61104.2
Other Than Charged	116701.9	109317.8	102994.3
B. OTHER EXPENDITURE (CAPITAL ACCOUNT DISBURSEMENTS)			
Current Expenditure	483240.2	569598.8	682706.9
Development Expenditure	29247.0	31176.7	43031.8
Total—Authorised	512487.2	600775.5	625737.7
<i>Charged</i>	486763.1	571819.9	693073.1
Other Than Charged	25724.1	28955.6	32664.6
C. TOTAL EXPENDITURE FROM FEDERAL CONSOLIDATED FUND.			
Current Expenditure	618947.5	704620.3	726980.2
Development Expenditure	58599.2	55636.9	63868.0
Total—Authorised	676546.7	760257.2	788838.2
<i>Charged Total</i>	533120.7	621983.8	654177.3
Other Than Charged Total	142426.0	138273.4	136668.9

PCPPI-2085(89)Fin. Div-31-5-1989-3000.

Annexure III

[See para 9(viii) of the Finance Division's O.M. No. F. 1(5)R-12(80), dated the 11th March, 1981.]

FINANCE DIVISION'S O.M. No. F. 318-EI/71, DATED THE 19TH JULY, 1972 TO ALL MINISTRIES/DIVISIONS.

SUBJECT : *Proposals for supplementary grants in respect of unexpected expenditure.*

The undersigned is directed to refer to this Ministry's O.M. No. 318-EI/71, dated the 6th November, 1971, and to state that under the Interim Constitution of the Islamic Republic of Pakistan, no provision for Contingency Item has been made in the current financial year. Under the Constitutional provisions, the additional funds for unexpected expenditure would require to be allocated through supplementary grants, the principles for which are laid down in para 98 (iv) of C.P.R., Vol. I which reads as under : -

"If such savings are not available, it should be seen whether special economies can be effected under other sub-heads. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Ministry of Finance through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All applications for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it."

2. Keeping in view the above principles, the request for a supplementary grant should be made in a self-contained summary to be signed by the Secretary concerned in his capacity as the Principal Accounting Officer. The summary should contain the following information : -

- (i) Total expenditure involved in the proposal in the current year and the following years both recurring and non-recurring.
- (ii) Classification of the expenditure in terms of clause (3) of Article 84 of the Interim Constitution *i.e.* whether it is "Charged on the Federal Consolidated Fund" or "Other Expenditure", and also whether it is Revenue expenditure or Capital expenditure.

- (iii) An analysis of the budget grant to which the expenditure is debitable indicating:--
- (a) amounts provided sub-head-wise;
 - (b) particulars of expenditure already incurred under each sub-head; and
 - (c) particulars of commitments (including sanctions already issued) and plan of expenditure under each sub-head for the remaining part of the financial year.
- (iv) Detailed justification of the proposal and reasons why provision was not made in the budget.
- (v) The reasons why some of the contemplated expenditure at (iii) (c) above cannot be dropped/curtailed to accommodate the present proposal.
- (vi) The reasons why the proposed expenditure cannot be postponed to a subsequent year.

The summary may be forwarded to the Financial Adviser concerned who will examine the proposal and submit it to the Additional Finance Secretary (Expenditure) with his recommendations. If the proposal is approved by the Ministry of Finance, necessary sanction will be issued by the Ministry/Division concerned under intimation to the Budget wing of the Ministry of Finance. The sanction letter will state that it issues with the concurrence of the Finance Division and a copy of the sanction will be endorsed to Audit by the Deputy Financial Adviser concerned.

41. The duties of Audit in connection with the allocation of expenditure between capital and revenue and in connection with the record of expenditure inside or outside the Revenue Account may be summarised as follows:—

- (a) It should see that commonly accepted accounting or commercial principles are not infringed;
- (b) It should verify that the accounts exhibit the true financial facts, and
- (c) It should bring to notice transgression of generally accepted principles of public finance.

Although Audit has the right of criticising in the light of financial rules which have been generally laid down or on grounds of general financial propriety any order of classification issued by Government, it should be remembered that the final decision will in the last resort rest with the Governor-General or the Governor, as the case may be, after consultation with the Auditor General, *vide* Article 32.

42. Dispositions of the allocation of expenditure between capital and revenue, and of the legitimacy of financing expenditure from funds outside the Revenue Account often involve difficult questions of policy, and an Accountant General would be well advised to consult the Auditor General in cases of doubt before pressing any objection to Government action.

42-A. In cases where it is decided to write down capital, it is the duty of Audit to satisfy itself that such writing down is approved by the competent authority for valid reasons and is in accordance with commonly accepted principles both of Commercial accounting and Government financial control. Where necessary, the writing down of capital should also be brought to the notice of the Public Accounts Committee.

Accounting of Transactions pertaining to Reserves and Reserve Funds.

43. Any device of rendering grants non-lapsing by withdrawing amounts to a fund is contrary to the strict theory of Parliamentary financial control. But if such a course is adopted with the cognizance and approval of the Legislature Audit cannot make any demur. Subject to this fundamental condition Reserves or Reserve Funds may be constituted by the Central and Provincial Governments under any statutory provisions or otherwise, either by allotment of sums from the revenues of a year or series of years or from grants or contributions made by other Governments or outside agencies, with the object of expending the moneys accumulated in the funds on the specific and particular purposes for which they have been constituted. The procedure of accounting for transactions pertaining to such funds will ordinarily be determined by the procedure followed in budgeting for these transactions. It shall, however, be the duty of Audit to see that the procedure adopted in budgeting and accounting for such transactions generally conforms to the principles mentioned in this Article and, where departures are made from these principles, to suggest to the Executive Government the desirability of following them. The Reserves

43]

GENERAL PRINCIPLES AND RULES OF AUDIT.

[Sec. III.]

or Funds referred to may be classified under the following three categories according to the sources from which they are fed :—

- (i) funds accumulated from grants made by another Government and at times aided by public subscriptions, e.g., Fund formed from subventions from the Central Road Fund; Fund for Economic Development and Improvement of Rural Areas;
- (ii) funds accumulated from sums set aside by the Central or Provincial Governments from revenues to provide reserves for expenditure to be incurred by themselves on particular purposes, e.g., the various Depreciation or Renewals Reserve Funds created in respect of commercial departments and undertakings;
- (iii) funds accumulated from contributions made by outside agencies to the Central or Provincial Governments, e.g., deposit account of grants made by the Imperial Council of Agricultural Research in the undivided India.

(2) The main principles which should govern the procedure of expenditure from these funds and its exhibition in estimates and accounts are set out below.

- (i) The first principle relates to control. A grant by another Government or by an outside agency to the Central or Provincial Government may be made conditional on the granting authority reserving full control over the expenditure from the grant. Where such control is retained, the grant itself and the expenditure from it cannot enter the ordinary revenue and expenditure estimates framed by Government and submitted to the Legislature. The expenditure from the grant will not be subject to the vote of the Legislature and should therefore be taken as a direct charge against the moneys held in the Deposit Section of the accounts.
- (ii) The second principle is that, where moneys are set aside by a Government and the expenditure from the Reserve so constituted is incurred by the same Government, the expenditure requires to be voted by the Legislature (or shown as "charged") only once. For example, if the Legislature has voted an allotment from revenue to be taken to a Depreciation Reserve Fund for Government Presses, it is not necessary that it should vote again the actual expenditure on renewals and replacements in the Press concerned. This principle of a single vote is not a vital principle though the adoption of it reduces complications and is in fact strictly legal. Its adoption is, however, a matter for settlement between the Executive Government and the Legislature.
- (iii) The third principle is that expenditure from a fund should be brought into the Appropriation Accounts of the Government which incurs it and exhibited therein except where some measure of control on it is exercised by an outside authority. The corollary of this principle is that if expenditure is to be exhibited in the Appropriation Accounts, the provision for it must appear in the estimates although under the Indian constitutional practice of voting net grants no actual vote is made by the Legislature.

Sec. III.]

GENERAL PRINCIPLES AND RULES OF AUDIT.

[43

(3) The method of accounting which, having regard to the aforesaid principles, should be applied to the three classes of funds mentioned in clause (1) above will be as follows.

- (i) *Funds accumulated from grants made by another Government.*—The grants by another Government will in the first instance be taken to the relevant head in the Deposit Section of the accounts of the Government to which the grant is made. The expenditure from the grants accumulated in the fund, where the Government making the grants has not reserved any control to itself, will be entered under the relevant Service head of expenditure while an equivalent amount will be transferred to the corresponding Revenue head of account by debit to the Deposit head to which the grants were originally taken. In cases where the other Government desires to retain some measure of control over expenditure from the grants made by it the procedure described in (iii) below will be followed.
- (ii) *Central and Provincial Funds fed by Central and Provincial Revenues respectively.*—The amounts voted by the Legislature for transfer to the fund are taken to the Deposit head reserved for the purpose. A second vote for expenditure from the fund is not necessary but in order to bring the expenditure from the fund into the Appropriation Accounts, it should be accounted for under the relevant Service head and an equivalent amount transferred from the Deposit head concerned and shown as a *deduct* entry under the Service head concerned. Where, however the Legislature does not desire to retain any detailed control over the expenditure from the fund, the expenditure may be adjusted by direct debit to the fund.
- (iii) *Funds fed by grants by outside agencies.*—The grants received from an outside agency will be taken to the appropriate head in the Deposit Section of account. In cases where outside agencies retain control over expenditure from the grants made by them the expenditure from these funds is adjusted direct against the Deposit head under which the grants have been credited. If the outside agencies exercise no such control, then the expenditure will be entered under the relevant Service major head while an equivalent amount will be transferred to the corresponding Revenue head of account by debit to the Deposit head.
- (4) The principles and procedure described in this article do not apply to transactions pertaining to Famine Relief Funds and Sinking Funds for loans which are governed by special arrangements nor do they apply to certain special Reserves maintained by the Central Government such as the Defence Reserve Fund or the Silver Redemption Reserve.

THE GAZETTE OF PAKISTAN EXTRA-ORDINARY

GOVERNMENT OF PAKISTAN
MINISTRY OF LOCAL GOVT. & RURAL DEVELOPMENT

Islamabad

No. 5/Imp/PP/89-E.III

Dated: 27.6.1989

RESOLUTION

WHEREAS the Government of Pakistan has launched a social welfare oriented programme with popular participation under the title "the People's Programme";

AND WHEREAS it is necessary and expedient to ensure efficient utilisation of funds received through budgetary allocations from the Government of Pakistan or any other source for implementation of the People's Programme;

NOW, THEREFORE, the Government of Pakistan, hereby resolves as under:-

- i) A Fund under the title "People's Programme Fund" (hereinafter called the Fund) be established with immediate effect.
- ii) The Fund will be a part of the Public Account and will be kept by the Accountant General Pakistan Revenue, Islamabad under the Head Others Deposits not Bearing Interest - 3601033.
- iii) All receipts by way of budgetary allocations by the Government of Pakistan or receipts from any other source be credited to the Fund.
- iv) All funds lying unspent in the Personal Ledger Accounts of the People's Programme at Islamabad, Lahore, Karachi, Peshawar and Quetta be transferred to the Fund with immediate effect.

- v) The Fund be administered by a Managing Committee which shall consist of the following:
- (a) Secretary, Ministry of Local Government and Rural Development, Islamabad (Chairman).
 - (b) Joint Secretary (Admin.), Ministry of Local Government and Rural Development, Islamabad (Member)
 - (c) Financial Adviser, Ministry of Local Government and Rural Development, Islamabad (Member)
 - (d) Joint Secretary, Planning & Development Division, Islamabad (Member)
 - (e) Joint Secretary/Director General, People's Programme, Ministry of Local Government and Rural Development, Islamabad (Member/Managing Director).
- vi) Joint Secretary/Director General, People's Programme, shall be the Chief Executive of the Fund.
- vii) The Managing Committee of the Fund shall have the following functions :-
- (a) To maintain and administer the Fund which will be operated upon by any two of the following three officers i.e. the Director General, People's Programme, Deputy Secretary and Section Officer, Ministry of Local Government and Rural Development.
 - (b) To authorise releases for various development schemes and administrative expenses to the Director General and Additional Director General of the People's Programme located at Islamabad, Lahore, Karachi, Peshawar, Quetta and Muzaffarabad and other places to be determined by the Government of Pakistan.
 - (c) To frame rules and regulations and to issue instructions in consultation with the Ministries/Divisions of the Government of Pakistan concerned with the operation of the Fund.

viii) The accounts of the Fund shall be audited by the Auditor-General of Pakistan.

Resolved that this Resolution may be published in the Gazette of Pakistan.

The Manager,
Printing Corp of Pak Press,
Islamabad.

No.F.4(9)-D(S)/15-111
GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(BUDGET WING)

"@#@#@"

Islamabad, the

21st December 1981.

OFFICE MEMORANDUM

Subject:- PROCEDURE FOR RELEASE OF FUNDS TO THE FOREIGN -
AIDED ANTI-NARCOTICS PROJECTS IN NWFP.

The undersigned is directed to say that in view of the importance of Anti-Narcotics Projects/Schemes and the need to ensure expeditious flow of funds to the Project authorities it has been decided to follow the following procedure for credit of Foreign Aid for Anti-Narcotics Projects:-

2. As soon as a Cheque on account of rupee Foreign Aid for Anti-Narcotics Projects in the NWFP is received by Finance Division, it will be sent to the State Bank of Pakistan, Islamabad (specimen memo enclosed) and simultaneously a Telex (specimen enclosed) will be issued to the State Bank of Pakistan, Peshawar advising them to arrange credit for the above Cheque to Personal Ledger Account of Director General, Special Development Unit, Planning and Development Department, at Government Treasury Peshawar/Project Director, District Accounts Office, Timargrah/Project Director Gadoon Amazai at District Accounts Office, Swabi with a sum of Rs. per contra debit to Federal Government's Account No.I.

3. The administrative Ministry/Division will be advised that on receipt of credit advice from the State Bank of Pakistan, Islamabad, against the Cheque mentioned at para 2/N above a formal non-cash sanction may be issued to ACPR, Peshawar for carrying out necessary entries in their accounts as the cash transaction for the said sanction has already been carried out by State Bank of Pakistan, Peshawar.

4. The cases for supplementary forms required in such cases, will be sent to D.S.(BR) Finance Division for approval etc. No ways and means clearance of the Budget Wing will be required in such cases.

5. This procedure will be implemented with immediate effect. However, the Cheques already transmitted to the State Bank of Pakistan, Islamabad upto 21-12-1989 for Anti-Narcotics Projects will be governed by the previous procedure. This procedure will apply to Anti-Narcotics Projects only.

2 (MUTIAMMAD RAFIQUE)
Deputy Secretary(BR)
Ph: 829346

Secretary,
Narcotics Control Division,
House No. 167, Street No. 2,
E-7/3,
ISLAMABAD.

Copy forwarded for information and necessary action to:-

1. Chairman, Pakistan Narcotics Control Board, Islamabad.
2. F.A./D.F.A. (Interior), Islamabad. It may please be ensured that no cash transaction is authorized in such sanction.
3. Chief Manager, State Bank of Pakistan, Peshawar.
4. Chief Manager, State Bank of Pakistan, Islamabad.
5. Chief Manager, State Bank of Pakistan, Karachi.
6. Accountant General, Pakistan Revenues, Peshawar.
7. Accountant General, Pakistan Revenues, Islamabad.
- ✓ 8. Mr. Joseph A. Limprecht, Director for Narcotics Affairs, U.S. Embassy, Islamabad.
9. Director General, Special Development Unit, Planning & Development Department, Peshawar.
10. Project Director, Dir District Development Project, Dir.
11. Project Director, Gadoon Amazai, Swabi.
12. Director of Accounts, Economic Affairs Division (Accounts Wing), Aaly Plaza, W-6/1, Islamabad.
13. Deputy Secretary(US), Economic Affairs Division, Islamabad.

Issued
2 (MUTIAMMAD RAFIQUE)
Deputy Secretary(BR)
3/1/90

TELEX MESSAGE

FROM : FINANCE DIVISION ISLAMABAD
 TO : BANKRATE PESHAWAR
 NO. : DATED:

KINDLY ARRANGE CREDIT TO PERSONAL LEDGER
 ACCOUNT OF DIRECTOR GENERAL, SPECIAL DEVELOPMENT UNIT,
 PLANNING AND DEVELOPMENT DEPARTMENT, AT GOVERNMENT TREASURY
 PESHAWAR/PROJECT DIRECTOR, DIR DISTRICT DEVELOPMENT PROJECT
 AT DISTRICT ACCOUNTS OFFICE, TIMARGRAH/PROJECT DIRECTOR
 GADOON AMAZAI AT DISTRICT ACCOUNTS OFFICE, SWABI WITH A SUM
 OF RS. PER CONTRA DEBIT TO FEDERAL GOVERNMENT'S
 ACCOUNT NO. I UNDER DEMAND NO. THE PAYMENT
 REPRESENTS CASH PROCEED OF CHEQUE NO, DATED,
 RECEIVED FROM ON ACCOUNT OF
(.) FORMAL NON-CASH SANCTION LETTER WILL BE ISSUED
 BY MINISTRY OF INTERIOR (NARCOTICS CONTROL DIVISION)
 ISLAMABAD(.)

Please issue the above message through
 telex immediately.

Deputy Secretary(BR)

GOVERNMENT OF PAKISTAN
FINANCE DIVISION
(BUDGET WING)

"312"6"6"

Islamabad, the

To

The Chief Manager,
State Bank of Pakistan,
ISLAMABAD.

Subject:- RELEASES OF FUNDS FOR THE PROJECTS OF THE FEDERAL
AND PROVINCIAL GOVERNMENTS DURING THE FISCAL YEAR
1989-90.

Dear Sir,

Enclosed please find duly receipt for payment, the
.....
Cheque No., dated for Rs.
(Rupees.....(equivalent to
US \$)) drawn on Bank of in favour
of the Secretary, Ministry of Finance, Government of Pakistan,
Islamabad. You are requested kindly to collect and credit
the amount of this Cheque to the Federal Government's No.1
(Non-Food) Account under the head "3000000-Deposits And Reserve
(N-Not Bearing Interest) - 3700000-Foreign Aid Deposit Account
....."

2. The abovementioned credit as soon as afforded may
please be advised to (1) the AGPR, (Foreign Aid Section),
Peshawar; (2) the Director of Accounts, Economic Affairs
Division(Accounts Wing), Aaly Plaza, F-6/1, Islamabad;
(3) Narcotics Control Division, House No.167, Street No.2,
F-7/3, Islamabad; (4) Pakistan Narcotics Control Board(PNCB),
House No.167, Street No.2, F-7/3, Islamabad and (5) this
Division (undersigned).

Yours faithfully,

Encl : _____

Section Officer

in the State coin, it may be credited in the deposit register at its reputed value; repayments, which will be in the same coin, being of course made at the same value.

620. Government Promissory Notes or other security deposits (not being cash) received from revenue farmers, contractors or other parties must on no account be credited as deposits.

621. The net sale proceeds of unclaimed impounded cattle may be kept in deposits for three months, and if no claim be made within that time, are to be credited to the proper account.

622. The sale-proceeds of unclaimed property are not to be placed in deposit at all: under Act V of 1861, section 26, the property itself is to be kept for six months, but moneys realized by sale is at once (section 27) at the disposal of the Government, and should be taken to credit of the appropriate receipt head concerned. Exception must, however, be made in the case of property left by persons dying intestate and without heirs, which Civil Courts will secure and hold for certain periods in accordance with the local law.

NOTE 1.—If unclaimed property be perishable and be sold because it cannot be kept, or if be sold for the benefit of the owner or because its value is less than ten rupees, its proceeds should be held for six months in deposit, but the circumstances should be clearly stated in the challan presented at the treasury for entry under "Nature of deposits" in the deposit register.

NOTE 2.—Money belonging to prisoners in jail should not be held for long terms by the Jail Department, but should be paid into the treasury at convenient intervals.

NOTE 3.—The Police Department should have no deposits except security and earnest money deposits, which should be paid into the treasury as Revenue Deposits; unclaimed property found by, delivered up, to, a police officer should be made over to the Magistrate; proceeds of sales of old stores on other Government property should be paid into the treasury for credit to Government account.

623. The following provisions apply to moneys tendered for credit as Personal Deposits at a treasury:—

(a) Moneys tendered by or on behalf of wards and attached estates and estates under Government management may be accepted at a Federal treasury for credit as Personal Deposits.

(b) Officers Commanding Units and other concerned in the administration of Public Funds or Regimental Funds in the Defence Department are authorised to open Personal Deposit accounts for such funds at any treasury the cash business of which is not conducted by the Bank.

* (bb) Certain public sector agencies declared specifically by Government as small autonomous bodies or small local bodies are required to keep their funds in personal ledger accounts within the Government account in a Federal treasury, the State Bank of Pakistan or the National Bank of Pakistan, or as an agent of the State Bank of Pakistan. If any difficulty is faced by any such agency to regulate its funds in accordance with the above instructions, such agency shall be authorised to deal directly with the National Bank of Pakistan acting as an agent of the State Bank of Pakistan without the intervention of the treasury.

* Added vide Finance Division Notification No. S.R.O. 296(1)/72, dated 20-5-72.

Small local bodies should either open personal ledger accounts with the National Bank of Pakistan acting as an agent of the State Bank of Pakistan, or treasuries so as to keep the funds within the Government account in the manner prescribed for small autonomous bodies, or open Savings Bank accounts with the Post Offices at places where there are no treasuries or sub-treasuries. The surplus funds of small local bodies may be kept in the form of Post Office Deposit accounts, either Current or Fixed, or Savings and Defence Savings Certificates with the Post Office, with the approval of the Government concerned.

A half-yearly certificate of the balances of the accounts kept at a treasury will be furnished by the Treasury Officers on the application of the officer concerned.

NOTE.—Without prejudice to the provisions of rule 9, Regimental Funds may, under departmental regulations, be deposited outside the Government account with a branch of the National Bank of Pakistan or with any other bank or banking firm of good standing.

- (c) Save as provided above, moneys tendered by Government officers acting in their official or any other capacity, and funds of quasi-public institutions, even though like certain dispensaries they may be aided by the Government, may not be accepted as Personal Deposits at a treasury without the special permission of the Government for the opening of a banking account with that treasury. Such permission may not be granted, except after consultation with the Accountant General and unless the Government be satisfied that the initial accounts of moneys to be held in such Personal Deposit accounts are properly maintained and are subject to audit.

The powers of the Government under this clause may be exercised, in relation to Personal Deposit accounts to be opened at treasuries under their administrative control, by Heads of Local Administrations.

- (d) Nothing contained in this rule shall operate to affect the banking accounts kept at a treasury of any Personal Deposits which formed part of the Public Account of the Federation on the date of promulgation of these rules.

624. Save as otherwise provided by any law or rule having the force of law, and subject to any general or special orders of the Government to the contrary, the provisions of rules 632 to 639 apply *mutatis mutandis* to Personal Deposits and all other classes of deposits dealt with in this part.

Section III.—Revenue Deposits

Receipts

625. All deposits must be separately paid into the treasury with chalan or other documents, setting forth all the particulars necessary for the entries to be made in the register of deposit receipts.

NOTE.—Each item of receipt must be recorded in the register of receipts and each entry must be checked and initialled by the Treasury Officer in accordance with the directions contained in this section in the Account Code, Vol. II.

Annexure-XII.

GOVERNMENT OF NWFP
DEPARTMENT OF EDUCATION, PESHAWAR.

No..... Peshawar, the ----- 1990

From: Mr. Mahmood Khan
Secretary, Education Department,
Peshawar.

To : The Accountant General,
N.W.F.P.,
Peshawar.

SUBJECT: OPENING OF NON-LAPSABLE PERSONAL LEDGER ACCOUNT
TITLED " PRIMARY EDUCATION DEVELOPMENT (PED)
PROGRAM FUND" UNDER THE EDUCATION DEPARTMENT

Sir,

In terms of rule 623 (c) of Treasury Rules, I am directed to convey the sanction of the Government of N.W.F.P. to the opening of Non-Lapsable Personal Ledger Account in the Treasury in favor of Education Department at Peshawar. It will be operated jointly by the following:

1. Mr. Mahmood Khan
Secretary, Education Department, N.W.F.P., Peshawar

Alongwith either

2. Mr. _____
Chief PED Program

OR

3. Mr. _____
Finance & Accounts Officer,
PED Program.

The amount will be deposited under the following Heads of Account:-

3000000-Deposits and Reserves (Not Bearing Interest), 3500000-Departmental and Judicial Deposits, 3501003-Personal Deposits.

The amount in the PLA will be spent on Primary Education Development for the following purposes:-

Administration and Management, Teachers Supply and Training, Instructional Materials, Construction and Contingencies.

I am directed to request that Treasury Officer, Peshawar, may be authorized to open Non-Lapsable Personal Ledger Account to be

operated upon jointly by the

The specimen signatures of the officers authorized to operate the Account are enclosed.

This issues with the approval of the Finance Department.

Your obedient servant,

Copy to:-

1. The Manager, State Bank of Pakistan, Peshawar.
 2. Treasury Officer, Peshawar.
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Annexure-XIII.

OFFICE OF THE ACCOUNTANT GENERAL
PESHAWAR

No..... Peshawar the1990.

To: The Treasury Officer, Peshawar.

SUBJECT: OPENING OF NON-LAPSABLE PERSONAL LEDGER ACCOUNT
TITLED "PRIMARY EDUCATION DEVELOPMENT (PED)
PROGRAM FUND" UNDER THE EDUCATION DEPARTMENT

In pursuance of the Government of N.W.F.P., Education Department letter No..... bearing Finance Department endorsement No.....dated, you are hereby authorized to open a non-lapsable Personal Ledger Account in the Government Treasury under the following Heads of Account in favor of Mr. Mahmood Khan, Secretary Department of Education, N.W.F.P., Peshawar:

3000000-Deposits and Reserves (Not Bearing Interest),
3500000- Departmental and Judicial Deposits, 3501003-Personal Deposits.

The amount in the PLA will be spent on Primary Education Development for the following purposes:

Administration and Management, Teachers Supply and Training, Instructional Materials, Construction and Contingencies.

The expenditure out of the PLA will be audited by the Accountant General, Peshawar.

The account will be operated jointly by the following:

Mr. Mahmood Khan
Secretary Education Department, N.W.F.P., Peshawar.

Alongwith

Mr.....
Chief PED Program
Or
Mr.....
Finance and Accounts Officer, PED Program.

The specimen signatures of the officers authorized to operate the account are enclosed.

ACCOUNTS OFFICER

Annexure - XIV.

OFFICIALS OF GOP

S.No.	Name	Office
Ministry of Finance		
1.	Mr. Javed Talat	Additional Secretary (Budget)
2.	Mr. Zulfiqar Khan	Joint Secretary (Budget)
3.	Mr. Nabi Bux Khoso	Joint Secretary (Provincial Finance)
4.	Mr. Zaka Farooq Shiekh	Deputy Secretary (Provincial Finance)
5.	Mr. Ahmed Mahmood Zahid	Deputy Secretary (Corporate Finance)
6.	Mr. Rafiq Ahmad	Deputy Secretary
7.	Mr. Mohammad Riaz Khan	Section Officer (Balochistan)
8.	Mr. Faqir Mohammad Sabir	Section Officer (N.W.F.P.)
9.	Mr. Mohammad Ayyaz	Section Officer (Budget and Statistics)
10.	Mr. Mohammad Aslam	Accounts Officer
11.	Mr. M. Mazharul Aziz	Budget Publication Officer

Ministry of Planning and Development

1.	Dr. Musarrat Ali Khan	Chief Education Planning
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Ministry of Education

1.	Dr.(Mrs.) Parveen Shahid	Deputy Education Advisor (R & E.V.)
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OFFICIALS OF THE STATE BANK OF PAKISTAN

1.	Mr. I. H. Qarni	Deputy Governor
2.	Mr. Mahfooz Alam	Director Foreign Exchange Control Department

OFFICIALS OF N.W.F. PROVINCE

1.	Mr. Umar Khan Afridi	Chief Secretary
2.	Mr. Mohammad Younus Khan	Secretary Finance Department

- | | | |
|----|-----------------------|--|
| 3. | Mr. Sharif Ahmad Khan | Additional Secretary Finance
Department |
| 4. | Mr. Mohd Azam Khan | Additional Chief Secretary
Planning and Development Dept. |
| 5. | Mr. Ibrahim Baig | Additional Secretary Planning
and Development Department |
| 6. | Mr. Shah Jehan Khan | Chief PED Program |
| 7. | Mr. Afsar Saeed Khan | Statistical Officer Education
Department |

OFFICIALS OF BALOCHISTAN

- | | | |
|----|-------------------------------------|---|
| 1. | Mr. Mohammad Yousuf
Niazi | Secretary Finance Department |
| 2. | Mr. Kazi Mohammad Iqbal | Acting Secretary, Education Dept. |
| 3. | Professor Mohammad Anwar
Khetran | Secretary Planning and
Development Department. |
| 4. | Ejaz Ahmed Malik | Deputy Director (Planning)
Education Directorate |

OFFICIALS OF USAID

- | | | |
|-----|----------------------|---|
| 1. | Dr. David Spargue | Chief Human Resource Development
(HRD) |
| 2. | Mr. Gordon M. West | Chief Program Development and
Monitoring (PDM) |
| 3. | Mr. Carlos Crowe | Deputy Chief, Engineering |
| 4. | Mr. Nadir Abbas | Project Engineer, Engineering |
| 5. | Mr. Ted Carter | Regional Legal Advisor |
| 6. | Mr. Samiullah Malik | Project Specialist, Project
Development and Monitoring |
| 7. | Dr. Sarah Tirmazi | Economist, Human Resource
Development (HRD) |
| 8. | Dr. Mark Gellerson | Economist, Office of Program |
| 9. | Dr. Laurier Mailloux | Deputy Chief, P.D.M. |
| 10. | Mr. Andra Herriott | Deputy Chief, H.R.D. |
| 11. | Mr. Mehmood Ahmad | Financial Management Office |
| 12. | Mr. Richard Mc Clure | Controller |