



Government of Pakistan
Ministry of National Health
Services, Regulations &
Coordination

PAKISTAN **21/22**

HEALTH BUDGET BRIEF



USAID
FROM THE AMERICAN PEOPLE



Key Highlights:

Total Budget for **FY 21-22** is increased by **11%** from **FY 20-21**

Total Re-current Expenditure is **89%** of total Budget.

Health Budget for **FY 21-22** is increased by **11%** from **FY 20-21**

Health spending increased by **2,858 million** Rupees in real terms.

Health Budget for **FY 20-21** is **0.4%** of total budget.

Federal Budget

Pakistan is a federal democracy. To maintain inter-governmental fiscal relationship, Article 160 of the Constitution provides for setting up of a National Finance Commission (NFC) with intervals not exceeding five years. The mandate of NFC is to make recommendations to the President for the distribution of resources between the Federal and Provincial Governments.

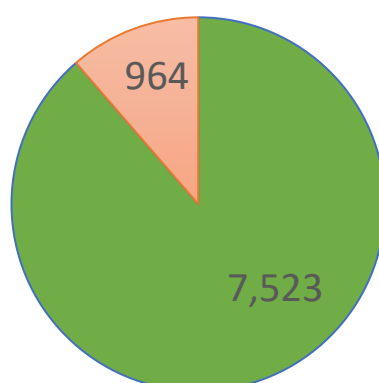
The Federal Budget for FY 21-22 was announced on Jun 11, 2021. Total outlay of the Federal Budget 2021-22 is over PKR 8 trillion. Total expenditure for the next year stands at PKR 8.487 trillion; almost 19 percent higher than last year's PKR 7.136 trillion. The growth benchmark for the next fiscal year is 4.8 percent; Current Account Deficit (CAD) is to be limited to 0.7 percent. The government's priorities for the next fiscal year are:

- inclusive and sustainable economic growth,
- pro-poor initiatives and social safety net through the Ehsaas Programme's vertical and horizontal expansion,
- increased development spending for more job creation,
- PM's initiatives including Kamyab Jawan and Kissan Programmes,
- impact mitigation of COVID-19, and
- continuation of the stimulus package.

Comparison of Budget from 20-21 and 21-22

	In Billions	
	Budget 20-21	Budget 21-22
Current Expenditure	6,346	7,523
Development Expenditure	792	964
Total	7,138	8,487

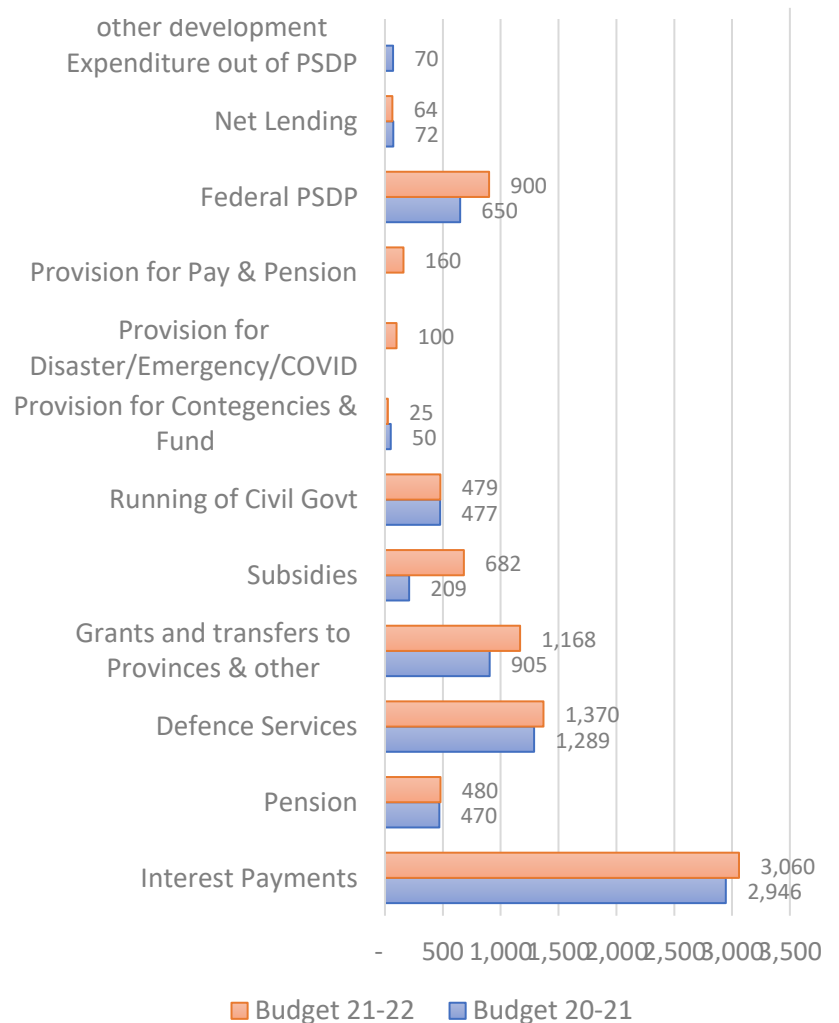
Federal Budget 21-22



■ Current Expenditure ■ Development Expenditure

Budget Comparison for FY 20-21 and 21-22

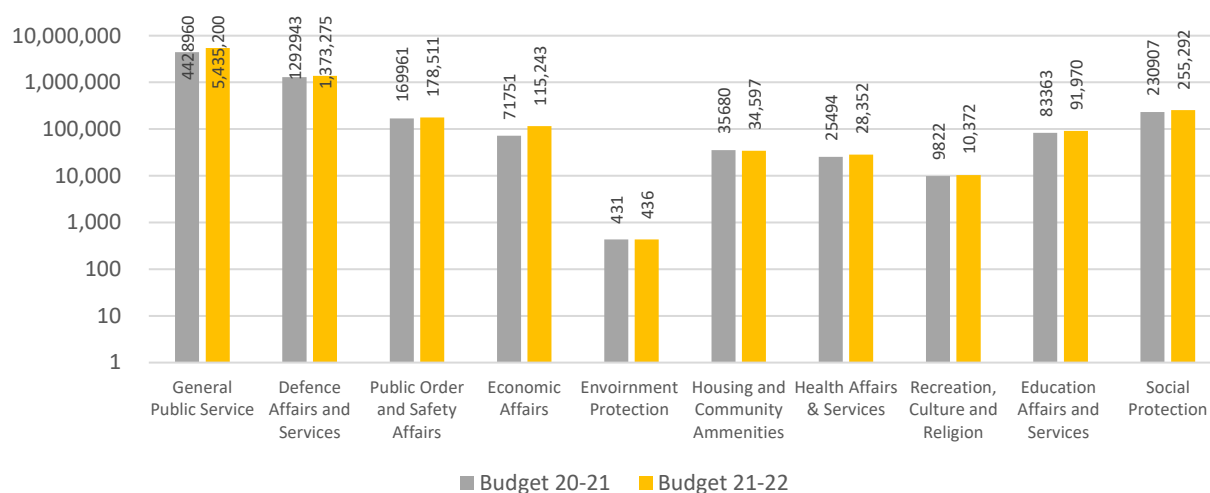
	Budget 20-21	Budget 21-22
Current Expenditure:	6,346	7,524
Interest Payments	2,946	3,060
Pension	470	480
Defence Services	1,289	1,370
Grants and transfers to Provinces & other	905	1,168
Subsidies	209	682
Running of Civil Govt	477	479
Provision for Contingencies & Fund	50	25
Provision for Disaster/Emergency/COVID		100
Provision for Pay & Pension		160
Development Expenditure:	792	964
Federal PSDP	650	900
Net Lending	72	64
other development Expenditure out of PSDP	70	



Health Budget

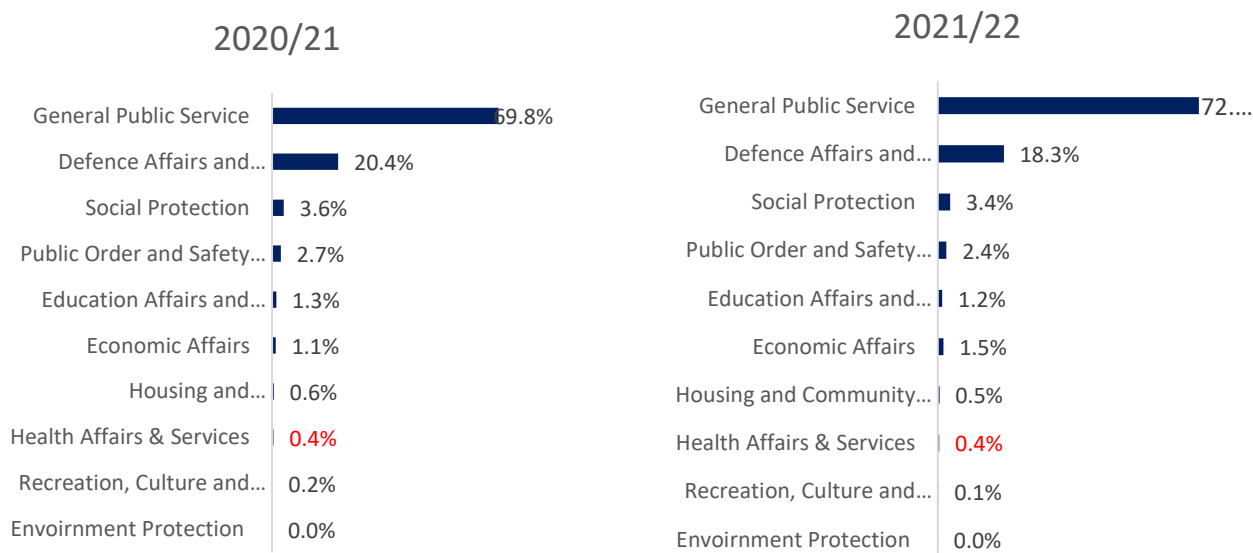
This Budget Analysis (BA) of the health sector intends to enable the Federal Ministry of National Health Services, Regulation and Coordination (MoNHSRC), Department of Health Services (DoHS), policy makers, planners, programme managers and External Development Partners (EDPs) to understand the trend of budget for the five-year period and expenditure for the four years from Fiscal Year (FY) 2015/16 to FY 2019/20. The expenditure of FY 2019/20 has not been included in the analysis. In the current year, the total budget allocated to the health sector is increased, compared to previous year. The government has increased the budget by 11% in nominal terms from 25,494 Million to 28,352 Million PKR. The increased budget in Health sector is mainly due to the COVID 19.

Comparison of Allocations of budget Sector wise



As a percentage of the total budget, health is the government's third last share for funding, after Housing and community amenities. General public services received 72.2% of total budget and health received only 0.4% of total budget which is the same as per previous year. No increase of percentage change from total budget in Health.

Share of total budget allocated to health and other sectors, 2020/21 and 2021/22

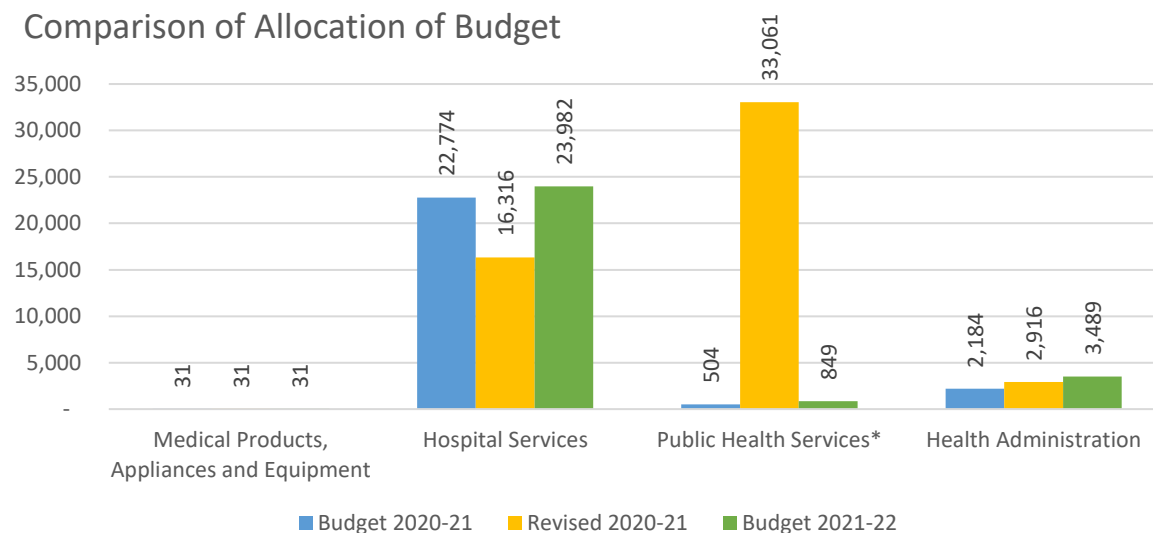


The revised allocation for health is increased from 25 Bn to 52 Bn PKR in 2020/21 due to COVID 19 surgency in the country. An amount of Rs. 100 billion is only allocated for COVID related expenditures in FY 2021/22. Comparison of the budget allocation of FY2020/21, revised budget allocation of FY20/21 and allocation of FY 2021/22 is as follows:

Classification	Budget 2020-21	(Rs. In Million)	
		Revised 2020-21	Budget 2021-22
Medical Products, Appliances and Equipment	31	31	31
Hospital Services	22,774	16,316	23,982
Public Health Services*	504	33,061	849
Health Administration	2,184	2,916	3,489
Total Health Affairs and Services	25,493	52,324	28,351

*An Amount of Rs. 100 billion is only allocated for COVID related expenditures in FY 2021/22

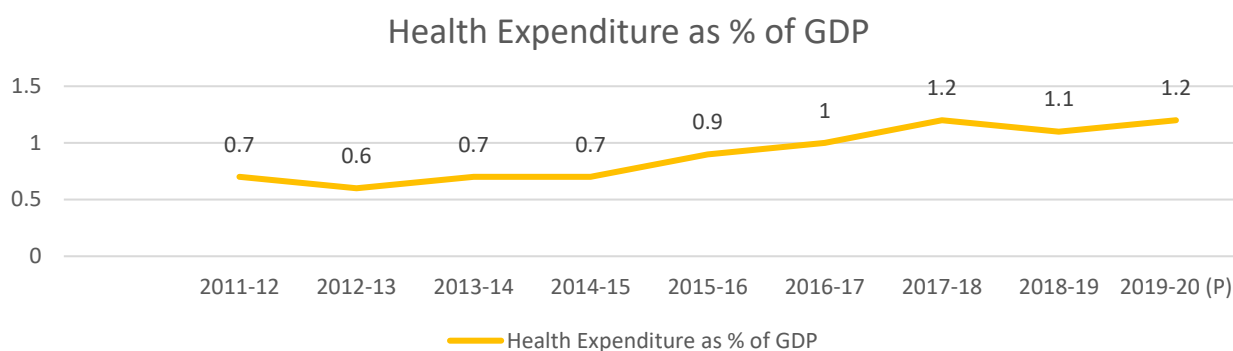
Comparison of Allocation of Budget



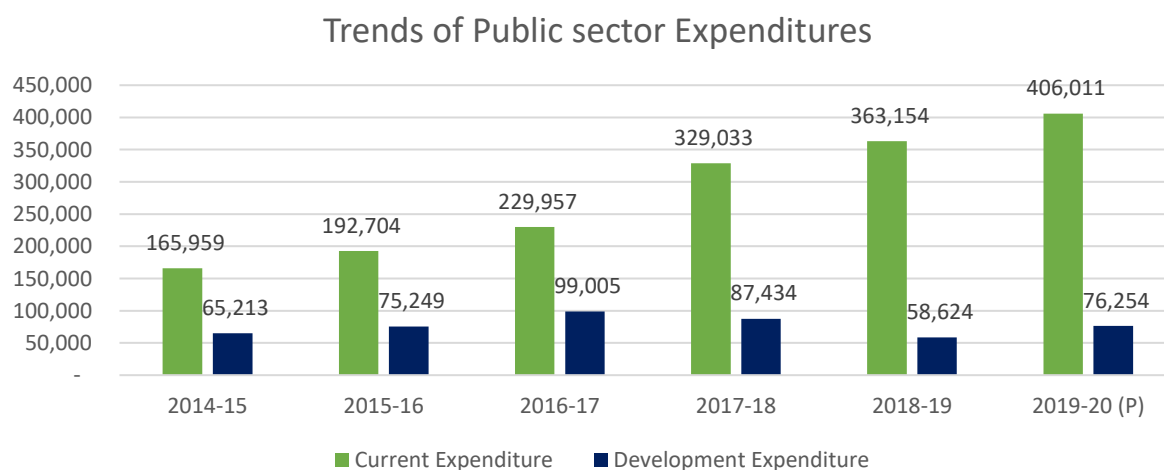
Almost 85% of the total health budget is allocated to Hospital services and 12% of total budget allocated to health Administration. Allocation of 59.8% increase in Health Administration, 5.3% increase in Hospital Services and 3% increase in public Health services. Most of the health budget, including salaries, support services, capacity building and programme activities, has been devolved to Provincial Governments.

Health Expenditures

Health expenditures have increased gradually since 2011-12. The health-related expenditure increased by 14.3 percent from Rs 421.8 billion in 2018-19 to Rs 482.3 billion in 2019-20. Public sector expenditure on health was estimated at 1.2 percent of GDP in 2019-20, as compared to 1.1 percent in 2018-19. The health expenditure details are as follows:



Government spending on health as a share of Gross Domestic Product (GDP) has slowly increased from 0.9 percent in FY 2015/16 to 1.2 percent in FY 2019/20. Evidence suggests that countries should strive to spend five percent of their GDP to progress towards Universal Health Coverage (UHC). The health sector budget has been gradually increasing over the years from PKR 267 bn in FY 2015/16 to PKR 482 bn in FY 2019/20. Trends of Health spending are as follows:



The budget for recurrent expenses has declined from 86.1 per cent of the health budget in 2018/19 to 84.2 per cent in 2019/20.

To achieve UHC and SDG Targets

UHC is based on the principle that all individuals and communities have equitable access to their needed health care, in good quality, without suffering financial hardship. A set of policy choices about benefits and their rationing are among the critical decisions in the reform of health financing system towards universal coverage. Choices need to be made about proceeding along each of the three dimensions, in many combinations, in a way that best fits their objectives as well as the financial, organizational, and political contexts. The three dimensions are:

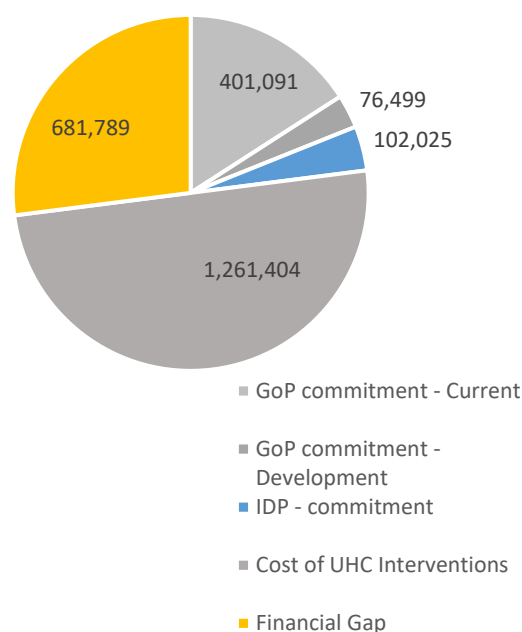
- i) which services are covered, and which needs to be included?
- ii) covered population and extension to non-covered.
- iii) reducing cost sharing and fees.

Pakistan has adapted a set of costed priority interventions named as UHC-BP based on the DCP-3. UHC-BP is comprised of four clusters:

1. Reproductive, maternal, neonatal, child, and adolescent health and nutrition (RMNCAH-N)
2. Communicable/infectious diseases
3. non-communicable diseases and injuries
4. Health services.

To achieve Universal Health Coverage, increase access to quality health care services and provision of protection against catastrophic health expenditure, An amount of Rs. 1.26 trillion is required as per the World bank analysis whereas Government commitment is Rs. 477 billion and Donor`s support is Rs. 102 billion. The Gap is of Rs. 681 billion which is required to spend on Health sector to step towards achieving Universal Health Coverage.

	PKR in million
GoP commitment - Current	401,091
GoP commitment- Development	76,499
Total - GoP commitment	477,590
IDP - commitment	102,025
Total commitment	579,615
Cost of UHC interventions	1,261,404
Financing Gap	681,789





**Ministry of National Health Services, Regulations and Coordination
3rd Floor, Kohsar Block, Pak Secretariat, Islamabad**