

MEDIUM TERM BUDGETARY FRAMEWORK (MTBF)

(2009-12)



Volume - III

**Medium Term Budgetary Framework (MTBF) - Irrigation & Power Department
(2009-12)**

**Government of the Punjab
Irrigation & Power Department**

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MESSAGE FROM SECRETARY IRRIGATION & POWER DEPARTMENT

The need for effective financial management in a government department cannot be over emphasized. Improved financial management and budgetary practices go hand in hand to achieve the strategic goals and operational targets effectively, besides helping the constituents of the departments (i.e. the spending units) in correlating their financial requirements with their operational plans/targets.

It is worth mentioning that I&P is a forward-looking department. A well defined operational planning system is in place at the Department which facilitates preparation and execution of detailed work plans by the personnel at all tiers for one of department's most significant activities, i.e. Maintenance & Repair (M&R) work. These work plans are further supplemented by costing benchmarks provided in M & R 'Yardsticks'. The concept of Medium Term Budgetary Framework (MTBF) can integrate well into the whole system of planning since both envisage improving the budgetary practices at the Department and its constituents.

Realizing the significance of MTBF reforms, the Department provided full support for the initiative so as to fully realize its benefits, learn key lessons and provide feedback for sustained improvements in succeeding years. A core team comprising senior officials and operational personnel of the department was nominated at inception stage. The core team worked closely with the consultant team in taking the reform process forward. The result of this joint effort is development of a detailed 'MTBF Statement 2009-12' with spending unit wise allocations for 2009-12.

One of the areas where MTBF process has attempted to contribute is capacity development of field staff, i.e. the personnel who actually prepare budget submissions. The process has also helped in identifying certain key capacity issues that confront the Department. Addressing these issues on a sustainable basis would be important to continuously provide impetus to the ongoing MTBF reforms. It is hoped that from next budget cycle the spending units of the Department would be able to develop MTBF estimates by utilizing the skills and knowledge acquired during the current reforms phase in a more efficient manner.

MAJOR (R) AZAM SULEMAN KHAN

Acronyms

ADP	Annual Development Plan
AS(O&B)	Additional Secretary (Operations & Budget)
AS (T)	Additional Secretary (Technical)
BCC	Budget Call Circular
BPS	Basic Pay Scale
CE	Chief Engineer
CFT	Cubic Feet
DS (Ops)	Deputy Secretary (Operations)
DDO	Drawing and Disbursing Officer
FD	Finance Department
FO	Farmers Organization
FY	Fiscal Year
GDP	Gross Domestic Product
I&P	Irrigation & Power
KM	Kilometer
LCC	Lower Chenab Canal
MAF	Million Acre Feet
MGD	Million Gallon/day
MTBF	Medium Term Budgetary Framework
MTDF	Medium Term Development Framework
No.	Number
O&M	Operations & Maintenance
P&DD	Planning & Development Department
PIDA	Punjab Irrigation & Drainage Authority
PMU	Program Management Unit
PRMP	Punjab Resource Management Program
R&M	Repair & Maintenance
SE	Superintending Engineer
UOM	Unit of Measurement
XEN	Executive Engineer

**Medium Term Budgetary Framework
2009-12**

Section I

Section I

1. Introduction and background to the Department

1.1. Particulars of the Department

Name of the Department	Irrigation & Power Department, Punjab
Name of the Principal Accounting Officer	Major (R) Azam Suleman Khan
Number of current budgets (2009-10)	26
No. of development schemes (2009-10)	78
Number of DDO's	167
Staff strength (2009-10)	42,262

1.2. Vision statement¹

“To provide adequate, equitable and reliable irrigation supplies to the cultivable lands of Punjab aiming at enhanced agricultural productivity with focus on broad based institutional reforms.”

1.3. Policy objectives²

Policy Objective Number	Policy Objective Description
1	Provide adequate, equitable and reliable irrigation supplies to the culturable lands
2	Extend and improve drainage, flood protection, hill torrent management and command area development interventions in revering and rain-fed (Barani) areas
3	Implement measures to reverse environmental degradation and ground water mining
4	Introduce broad based institutional reforms aiming at transparency, efficiency and autonomy to sustain the resource base and infrastructure

¹ Source: Medium Term Development Framework 2008-09, Government of the Punjab

² Source: Medium Term Development Framework 2008-09, Government of the Punjab

Policy Objective Number	Policy Objective Description
5	Support Irrigation functions by undertaking planning & research activities
6	Augment renewable energy resource base through installation of low-head hydel stations on canal falls.

1.4. Overview of Irrigation Sector in Punjab³

Irrigated agriculture is the major determinant of economic growth of Punjab as it accounts for 26% of GDP and caters for over 40% of the Provincial work force. Over 90% of Punjab's agricultural output comes from farmlands irrigated by one of the largest irrigation systems in the world. This irrigation network is serving 21 million acres (8.4 million hectares) cultivable command area having cropping intensities generally exceeding 120%.

1.5. Organizational Structure and Functions of the Department

1.5.1 About the Department

Irrigation & Power (I&P) is a non-devolved department with well defined organizational structures and having its spending units spread all across the Province. It is headed by a Secretary who is the over-all administrative and management in charge. Secretary is also the Principal Accounting Officer for the Department with the over-all responsibility of financial management and control.

He/she also provides direction to the Department and plays lead role in setting and implementing Departmental policy objectives in the Province. Secretary Irrigation & Power is assisted by Additional Secretaries (Technical/Budget & Operations/Admin, etc), Directors, Chief Engineers and heads of autonomous bodies and other program management and implementation units.

The irrigation system in the Province has been divided according to hydrological boundaries and is managed through field Irrigation Zones. At present there are six Irrigation Zones, namely Multan, Faisalabad, Lahore, DG Khan, Bahawalpur

³ Source: Medium Term Development Framework 2008-09, Government of the Punjab

and Sargodha. Each zone is responsible for management of irrigation system falling within its jurisdiction. In addition to the Irrigation Zones, there are other zones also, e.g. Development Zone, Planning and Review Zone, Research Zone, Drainage and Flood Zone and Directorate of Land Reclamation. Each Zone is headed by a Chief Engineer (CE).

Underneath each zone there are 'Circles'. There are typically 4-5 Circles in each zone which are headed by a Superintending Engineer (SE). Each Circle is in turn responsible for managing a number of 'Divisions'. There are usually 4-5 Divisions under each Circle. Each Division is headed by an Executive Engineer (XEN). Overall organogram of the Department is given at Appendix – A.

In addition, there is a separate Power Zone which is responsible for performing regulatory functions, such as administering the Electricity Act and village electrification matters and other monitoring functions for dispute resolutions, etc. There is an autonomous body called Punjab Irrigation and Drainage Authority (PIDA) with mandate to establish, manage and monitor Farmers Organizations (FOs) to promote better irrigation practices in the Province.

1.5.2 Key functions of the Department:

Key functions⁴ of the Department are as follows:

- Operation and upkeep of Irrigation System of the Province;
- Planning, prioritization and implementation of maintenance works through approved O&M Work Plans, and under third party top supervision;
- Optimizing the use of water resources in the province by the equitable distribution of irrigation water supplies (about 54 MAF) through 58,000 canal outlets;
- Assessing water rates based on flat rate system by the revenue staff of the department;
- Operation and upkeep of the irrigation system of the province;
- Implementing the development program portfolio and foreign-aided projects;

⁴ Source: Rules of Business / Website, Irrigation & Power Department

- Providing for and executing a plan for the management of river floods in the Province, and to construct and maintain flood protection programs/works;
- Promoting the participation of beneficiaries in the management of the Irrigation and Drainage Systems of the province, in line with requirements of the Punjab Irrigation and Drainage Authority (PIDA) Act, 1997;
- Administering the Electricity Act and Village Electrification matters: and Acting as the Personnel Department for over 52,000 employees of the Provincial Irrigation Department, including matters related to career development, posting and transfer, promotion and in-service training.

1.5.3 Planning & budgeting process in the department

In I&P Department, current and development budgets are processed, executed and monitored by separate Sections. Additional Secretary (O&B) is responsible for current budget and is assisted by a Deputy Secretary (Ops) and Section Officers. Similarly, Additional Secretary (Technical) is in-charge of development budgeting and is assisted by Deputy Secretary (Development) and Program Officers.

Current budgets are prepared at Division, Circle and Zonal levels, directorates and I&P headquarters. Budgets prepared by XENs are submitted to their relevant Circle offices where they are consolidated and then submitted to Zones who then forwards them to I&P headquarters.

Current budgets at Division level are prepared usually in three parts, separately for (a) maintenance & repair; (b) drainage and flood control; and (c) revenue function. Total number of budget submissions from all spending units of I&P is around 325, which are consolidated at various levels. Due to the consolidation, the number of published budgets gets significantly reduced (26 as given in Section II of this Statement).

Similarly, development budget estimates are formulated for each scheme separately. The function of formulating, finalizing and conveying development budget estimates (to spending units) is primarily performed by Deputy Secretary (Development) who reports to Additional Secretary (Technical). The process of budget formulation begins with issuance of draft budget ceilings by Planning & Development Department (P&DD). These ceilings are for the department as a

whole which are further subdivided to development schemes (new and ongoing) after a consultative process internally (within the department) and externally (with P&DD). Scheme wise ceilings once discussed, approved and finalized are conveyed to the executing bodies (e.g. CEs/ SEs/XENs, etc.)

1.6. Share of I&P's budget in provincial budget outlay

From 2006-08 there appears to be a slight increasing trend in Irrigation and Power Department's total budget allocations in comparison with total provincial budget outlay. However, there is a declining trend with I&P Department's total budget allocation for 2009-10 at Rs. 18,597 million which is 3.80% of Provincial budget outlay of Rs. 489,873 million compared to 4.49% of the Provincial budget outlay in 2008-09.

A further split of similar analysis into current and development budget reveals some interesting trends. Current budget is showing declining trends where as the development budget increased from 2006-07 to 2007-08 before declining straight through 2009-10

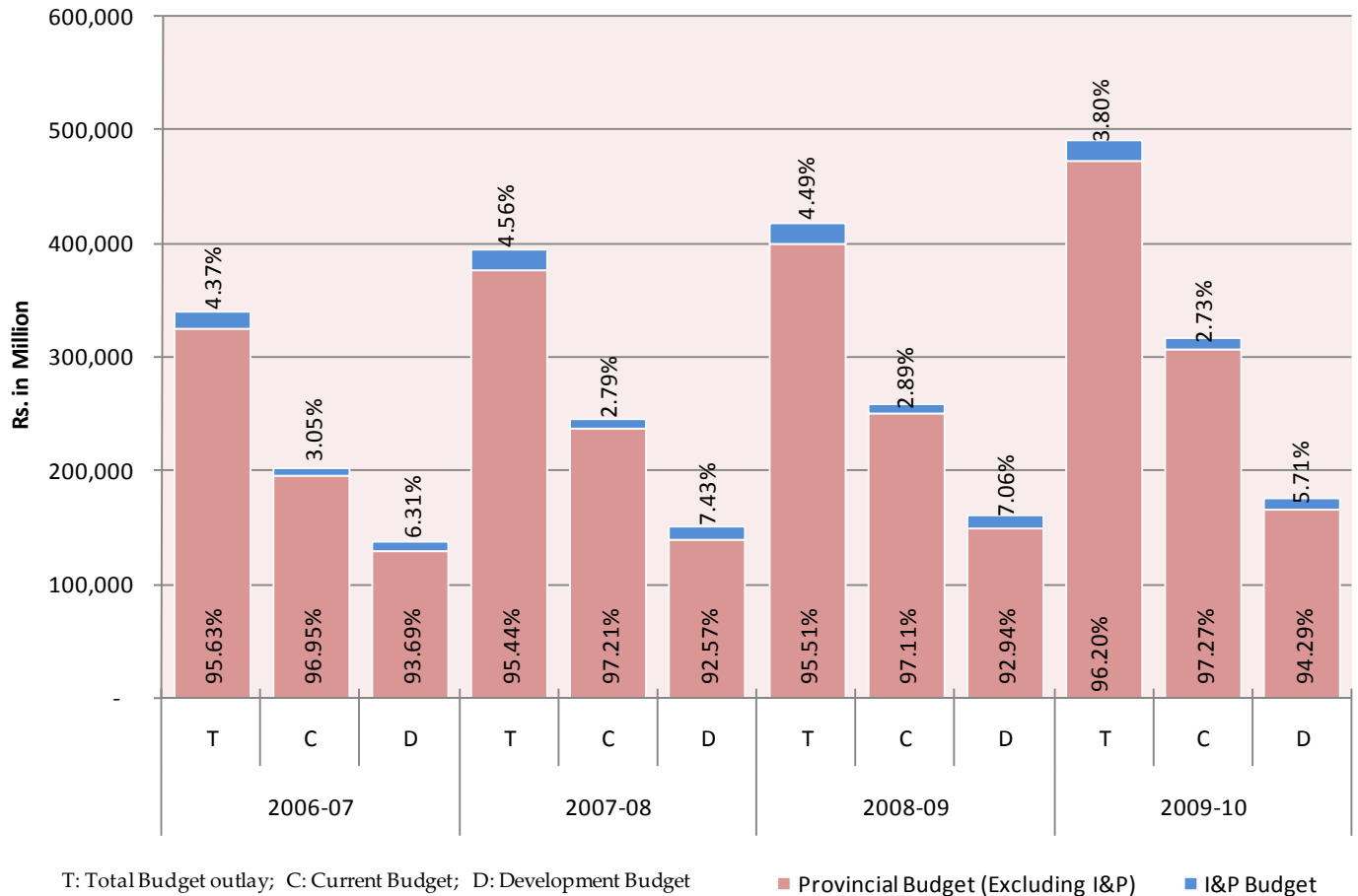
Rs. in million

Description	2006-07	2007-08	2008-09	2009-10
I&P Budget	14,781	17,943	18,727	18,597
-Current	6,131	6,793	7,425	8,597
-Development	8,650	11,150	11,302	10,000
Provincial Budget	338,194	393,487	417,000	489,873
-Current Revenue Expenditure	201,081	243,487	257,000	314,873
-Development Expenditure	137,113	150,000	160,000	175,000
I&P Budget as (%) of Total Provincial Budget Outlay	4.37%	4.56%	4.49%	3.8%
I&P Current budget to Provincial Current Budget Outlay (%)	3.05%	2.79%	2.89%	2.73%
I&P Development budget to Provincial Development Budget Outlay (%)	6.31%	7.43%	7.06%	5.71%

Relationship of above budget allocations is depicted graphically as follows:

Share of I&P Budget in Provincial Budget Outlay (2006-07 to 2009-10)

(in % and value terms)



2. Priorities in the medium term (2009-12)

The Department views following to be the key priorities in developing budgetary estimates over the medium term (2009-12):

Current

- Maintenance and repair of canal structures;
- Operational safety;
- Improved equity through de-silting operations.

Development

- Strengthening and up-gradation of canal structures and lining;
- Institutionalization, monitoring & surveillance of canal operations;
- Construction and up-gradation of small dams;

3. Medium term budget estimates (2009-12)

3.1 Summary of MTBF Estimates (2009-12)

Budget allocations of I&P Department typically comprises of the following Grants:

Current budget

Grant No. 9 – represents allocations to spending units of canal irrigation, small dams, flood control, drainage, land reclamation, planning and research, etc.

Development budget

Grant No. 36 & 37 – represents scheme-wise allocations for various development schemes (e.g. Irrigation, Drainage, Flood Works, Small Dams, Building sector, etc.). Summary of budget allocations/forecasts under MTBF 2009-12 (including comparison for 2006-07 to 2008-09) are given in table below.

Rs. in million

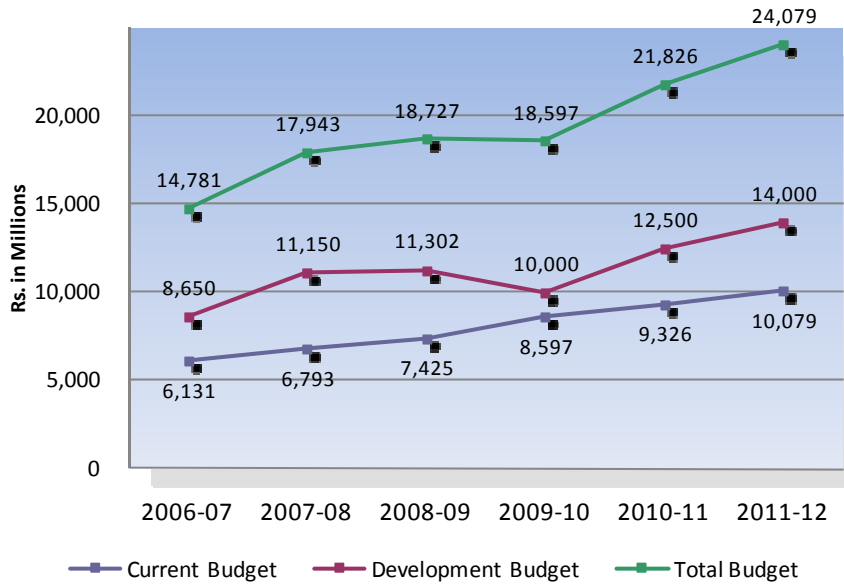
	Budget Estimate 2006-07	Budget Estimate 2007-08	Budget Estimate 2008-09	Budget Estimate 2009-10	Budget Forecast 2010-11	Budget Forecast 2011-12
Current	6,131	6,793	7,425	8,597	9,326	10,079
Development⁵	8,650	11,150	11,302	10,000	12,500	14,000
Total	14,781	17,943	18,727	18,597	21,826	24,079

The above allocations / forecasts have been graphically presented on Page 14 to show overall trend and split between current and development budget.

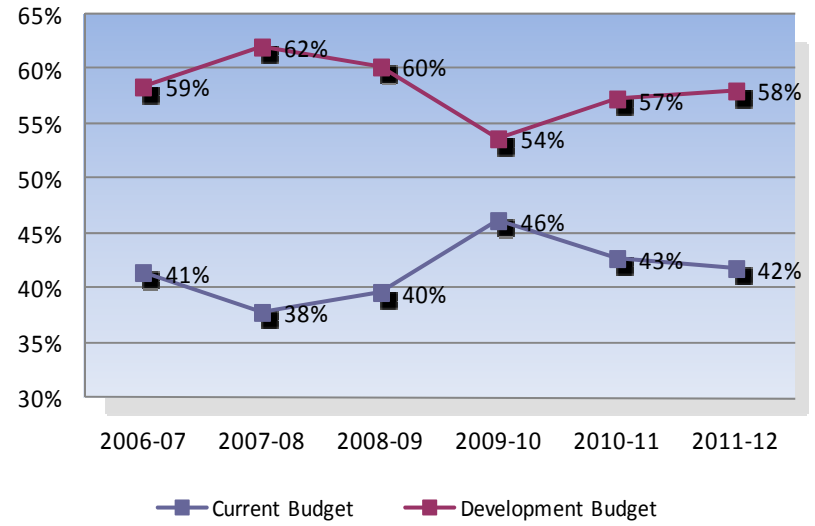
⁵ This comprises of the following:

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Grant 36	63	478	583	423	790	880
Grant 37	8,587	10,672	10,719	9,577	11,710	13,120
Total	8,650	11,150	11,302	10,000	12,500	14,000

I&P Budget 2006-07 to 2011-12



I&P Current vs. Development Budget 2006-07 to 2011-12 (%)

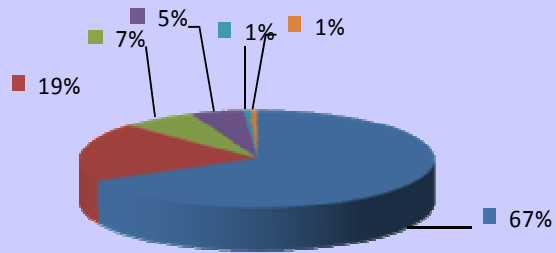


3.2 MTBF allocations by policy objectives

Rs. in million

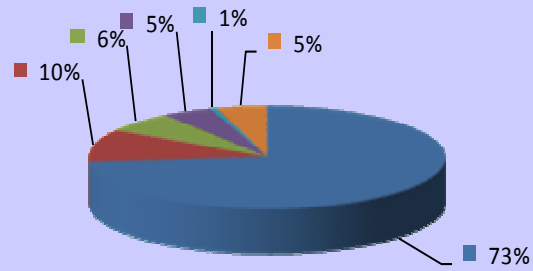
Policy No.	Policy Objective	Budget Estimates 2009-10		Budget Forecast 2010-11		Budget Forecast 2011-12	
		Cur	Dev	Cur	Dev	Cur	Dev
Policy No. 1	Provide adequate, equitable and reliable irrigation supplies to the culturable lands	5,157	7,401	5,580	10,438	5,998	11,604
Policy No. 2	Extend and improve drainage, flood protection, hill torrent management and command area development interventions in revering and rain-fed (Barani) areas	1,118	2,480	1,193	1,052	1,274	889
Policy No. 3	Implement measures to reverse environmental degradation and ground water mining	1,291	5	1,413	10	1,548	7
Policy No. 4	Introduce broad based institutional reforms aiming at transparency, efficiency and autonomy to sustain the resource base and infrastructure	905	0	1,000	0	1,106	0
Policy No. 5	Support Irrigation functions by undertaking planning & research activities	126	0	139	0	153	0
Policy No. 6	Augment renewable energy resource base through installation of low-head hydel stations on canal falls.	0	114	0	1,000	0	1,500
Total		8,597	10,000	9,325	12,500	10,079	14,000

**MTBF Allocations - by Policy Objectives
Year: 2009-10**



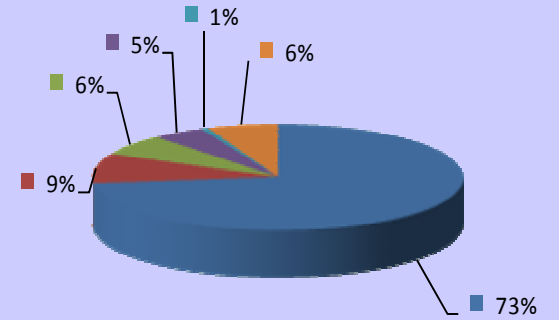
■ Policy 1 ■ Policy 2 ■ Policy 3
■ Policy 4 ■ Policy 5 ■ Policy 6

**MTBF Allocations - by Policy Objectives
Year: 2010-11**



■ Policy 1 ■ Policy 2 ■ Policy 3
■ Policy 4 ■ Policy 5 ■ Policy 6

**MTBF Allocations - by Policy Objectives
Year: 2011-12**



■ Policy 1 ■ Policy 2 ■ Policy 3
■ Policy 4 ■ Policy 5 ■ Policy 6

3.3 MTBF allocations – by object classification

In order to achieve the priorities set by the Department over the medium term the current budget (largely comprising of ‘employee related expenses’ and ‘repairs and maintenance’) is expected to show a consistent growth of around 8% (per annum in nominal terms) of the baselines set for 2009-10

Focus of development budget over the medium term (from FY 2010-11) would be widening with increased allocation towards ‘civil works’ and ‘grants and subsidies’.

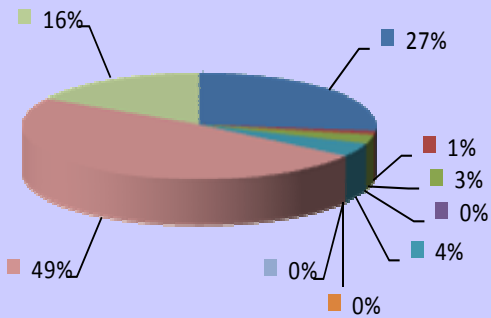
The table below shows budget allocations for 2009-12 under major Object head while basis of estimation for 2009-12 is given at Appendix – B.

Rs. in million

Object Description	2009-10			2010-11			2011-12		
	Cur	Dev	Tot	Cur	Dev	Tot	Cur	Dev	Tot
Employee Related Expenses	4,990	0	4,990	5,514	0	5,514	6,061	0	6,061
Project Pre-Investment Analysis	9	197	206	9	341	350	9	305	314
Operating Expenses	497	0	497	552	0	552	598	0	598
Employee's Retirement Benefits	1	0	1	1	0	1	1	0	1
Grants, Subsidies & Write-off Loan	5	737	742	5	3,903	3,908	5	3,457	3,462
Transfer Payments	1	0	1	1	0	1	1	0	1
Physical Assets	6	0	6	1	0	1	1	0	1
Civil Works	0	9,066	9,066	0	8,256	8,256	0	10,238	10,238
Repair & Maintenance	3,088	0	3,088	3,243	0	3,243	3,403	0	3,403
Total	8,597	10,000	18,597	9,326	12,500	21,826	10,079	14,000	24,079

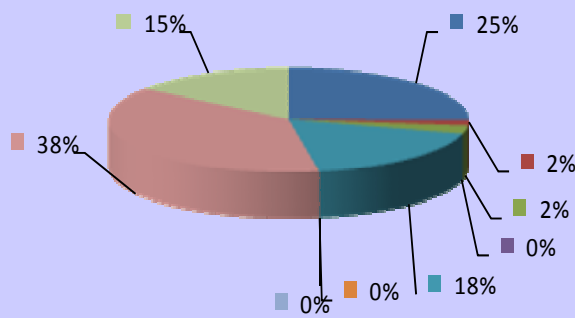
Cur= Current, Dev= Development, Tot= Total

**MTBF Allocations - by Object
Year: 2009-10**



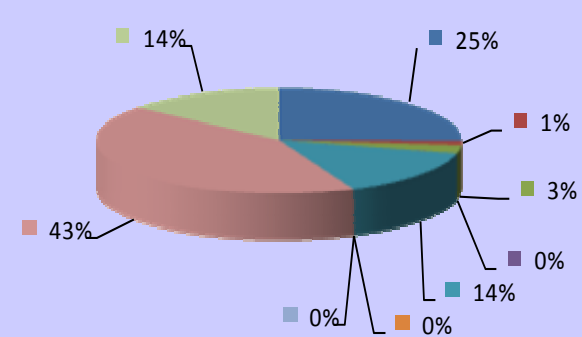
- Employee Related Expenditure
- Project Pre-Investment Analysis
- Operating Expenditure
- Employee Retirement Benefits
- Grants, Subsidies and Write-off loans
- Transfers
- Physical Assets
- Civil Works
- Repair & Maintenance

**MTBF Allocations - by Object
Year: 2010-11**



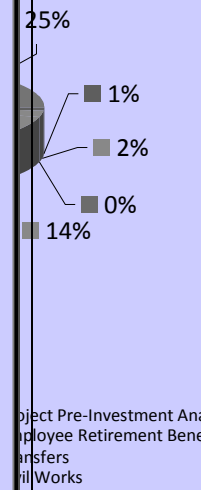
- Employee Related Expenditure
- Project Pre-Investment Analysis
- Operating Expenditure
- Employee Retirement Benefits
- Grants, Subsidies and Write-off loans
- Transfers
- Physical Assets
- Civil Works
- Repair & Maintenance

**MTBF Allocations - by Object
Year: 2011-12**



- Employee Related Expenditure
- Project Pre-Investment Analysis
- Operating Expenditure
- Employee Retirement Benefits
- Grants, Subsidies and Write-off loans
- Transfers
- Physical Assets
- Civil Works
- Repair & Maintenance

Object



3.4 MTBF allocations – by functional classification

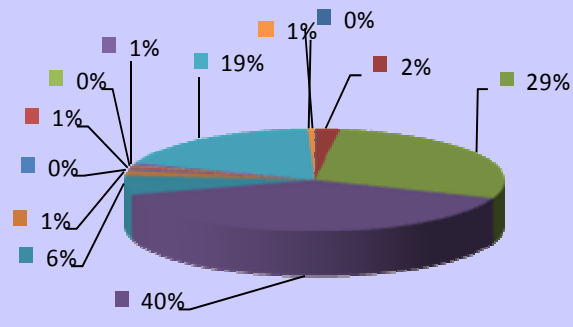
Functionally, major allocation of current and development over the medium term is expected to be for Canal Irrigation followed by Irrigation Dams and Tube wells:

Rs. in million

Function Description	2009-10			2010-11			2011-12		
	Cur	Dev	Tot	Cur	Dev	Tot	Cur	Dev	Tot
014110 Others	17	0	17	19	0	19	21	0	21
042201 Administration	379	0	379	418	0	418	460	0	460
042202 Irrigation Dams	93	5,228	5,321	102	6,244	6,346	111	7,938	8,049
042203 Canal Irrigation	5,199	2,174	7,373	5,630	4,194	9,824	6,057	3,666	9,723
042204 Tube wells	1,098	23	1,121	1,200	29	1,229	1,313	26	1,339
042205 Equipment Machinery Workshops	256	0	256	281	0	281	309	0	309
042206 Irrigation Research & Design	94	0	94	104	0	104	115	0	115
042250 Others	150	0	150	167	0	167	185	0	185
042301 Administration	59	0	59	64	0	64	70	0	70
042302 Water logging and Salinity Control	134	0	134	148	0	148	164	0	164
107105 Flood Control	1,118	2,462	3,580	1,193	1,033	2,226	1,274	870	2,144
043502 Electricity- hydel	0	113	113	0	1,000	1,000	0	1,500	1,500
Total	8,597	10,000	18,597	9,326	12,500	21,826	10,079	14,000	24,079

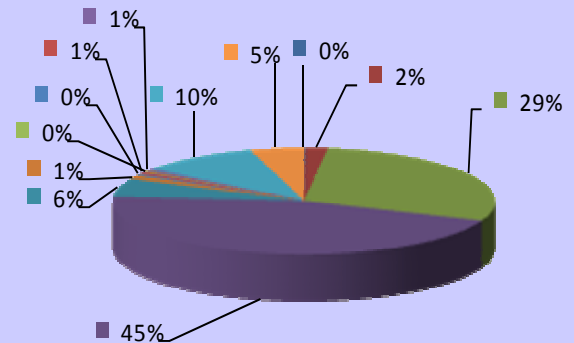
Cur= Current, Dev= Development, Tot= Total

**MTBF Allocations - by Function
Year: 2009-10**



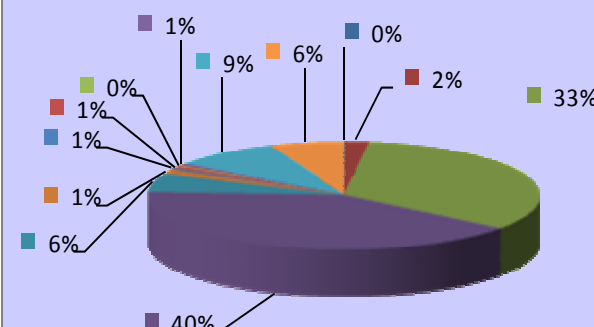
- Others
- Irrigation Dams
- Tube Wells
- Irrigation Research And Design
- Administration
- Canal Irrigation
- Equipment Machinery Workshops
- Others
- Water Logging And Salinity Control
- Electricity- Hydel

**MTBF Allocations - by Function
Year: 2010-11**



- Others
- Irrigation Dams
- Tube Wells
- Irrigation Research And Design
- Administration
- Canal Irrigation
- Equipment Machinery Workshops
- Others
- Water Logging And Salinity Control
- Electricity- Hydel

**MTBF Allocations - by Function
Year: 2011-12**



- Others
- Irrigation Dams
- Tube Wells
- Irrigation Research And Design
- Administration
- Canal Irrigation
- Equipment Machinery Workshops
- Others
- Water Logging And Salinity Control
- Electricity- Hydel

3.5 MTBF allocations – by cross classification

Current Budget – 2009-10

Rs. in million

Functional Classification	Object Classification								Total
	A01	A02	A03	A04	A05	A06	A09	A13	
	Employee related expenses	Project pre-investment analysis	Operating expenses	Employee retirement benefits	Grants, subsidies & write off loans	Transfers	Physical assets	Repairs and maintenance	
014110 Others	15	0	1	1	0	0	0	0	17
042201 Administration	312	0	52	0	5	0	1	9	379
042202 Irrigation Dams	57	0	8	0	0	0	0	28	93
042203 Canal Irrigation	2,944	0	221	0	0	1	4	2,029	5,199
042204 Tube wells	871	0	6	0	0	0	0	220	1,097
042205 Equipment Machinery Workshops	212	0	15	0	0	0	0	29	256
042206 Irrigation Research & Design	82	0	9	0	0	0	0	3	94
042250 Others	0	0	150	0	0	0	0	0	150
042301 Administration	30	0	8	0	0	0	0	22	60
042302 Water logging and Salinity Control	122	0	10	0	0	0	0	2	134
107105 Flood Control	345	9	17	0	0	0	1	746	1,118
Total	4,989	9	497	1	5	1	6	3,087	8,597

Current Budget – 2010-11

Rs. in million

Functional Classification	Object Classification								Total
	A01	A02	A03	A04	A05	A06	A09	A13	
	Employee related expenses	Project pre-investment analysis	Operating expenses	Employee retirement benefits	Grants, subsidies & write off loans	Transfers	Physical assets	Repairs and maintenance	
014110 Others	17	0	1	1	0	0	0	0	19
042201 Administration	345	0	58	0	5	0	1	9	418
042202 Irrigation Dams	63	0	9	0	0	0	0	29	101
042203 Canal Irrigation	3,253	0	245	0	0	1	0	2,131	5,630
042204 Tube wells	963	0	7	0	0	0	0	231	1,201
042205 Equipment Machinery Workshops	234	0	17	0	0	0	0	30	281
042206 Irrigation Research & Design	92	0	10	0	0	0	0	3	105
042250 Others	0	0	167	0	0	0	0	0	167
042301 Administration	33	0	8	0	0	0	0	23	64
042302 Water logging and Salinity Control	135	0	11	0	0	0	0	2	148
107105 Flood Control	381	9	19	0	0	0	0	783	1,192
Total	5,516	9	552	1	5	1	1	3,241	9,326

Current Budget – 2011-12

Rs. in million

Functional Classification	Object Classification								
	A01	A02	A03	A04	A05	A06	A09	A13	Total
	Employee related expenses	Project pre-investment analysis	Operating expenses	Employee retirement benefits	Grants, subsidies & write off loans	Transfers	Physical assets	Repairs and maintenance	
014110 Others	18	0	1	1	0	0	0	0	20
042201 Administration	382	0	64	0	5	0	0	9	460
042202 Irrigation Dams	70	0	10	0	0	0	0	31	111
042203 Canal Irrigation	3,562	0	258	0	0	1	0	2,236	6,057
042204 Tube wells	1,063	0	8	0	0	0	0	243	1,314
042205 Equipment Machinery Workshops	258	0	19	0	0	0	0	32	309
042206 Irrigation Research & Design	101	0	11	0	0	0	0	3	115
042250 Others	0	0	185	0	0	0	0	0	185
042301 Administration	36	0	10	0	0	0	0	24	70
042302 Water logging and Salinity Control	149	0	13	0	0	0	0	2	164
107105 Flood Control	422	9	21	0	0	0	0	822	1,274
Total	6,061	9	600	1	5	1	0	3,402	10,079

Development Budget 2009-10

Rs. in million

Function Description	Object Classification			
	A02	A05	A12	Total
	Pre-Project Investment analysis	Grants, Subsidies and Write-off Loans	Civil Works	
042202 Irrigation Dams	102	0	5,126	5,228
042203 Canal Irrigation	95	738	1,341	2,174
042204 Tube wells	0	0	23	23
107105 Flood Control	0	0	2,462	2,462
043502 Hydel Power	0	0	113	113
Total	197	738	9,065	10,000

Development Budget 2010-11

Rs. in million

Function Description	Object Classification			
	A02	A05	A12	Total
	Pre-Project Investment analysis	Grants, Subsidies and Write-off Loans	Civil Works	
042202 Irrigation Dams	250	0	5,994	6,244
042203 Canal Irrigation	91	3,903	200	4,194
042204 Tube wells	0	0	29	29
107105 Flood Control	0	0	1,033	1,033
043502 Hydel Power	0	0	1,000	1,000
Total	341	3,903	8,256	12,500

Development Budget 2011-12

Rs. in million

Function Description	Object Classification			
	A02	A05	A12	Total
	Pre-Project Investment analysis	Grants, Subsidies and Write-off Loans	Civil Works	
042202 Irrigation Dams	217	0	7,721	7,938
042203 Canal Irrigation	88	3,457	121	3,666
042204 Tube wells	0	0	26	26
107105 Flood Control	0	0	870	870
043502 Hydel Power	0	0	1,500	1,500
Total	305	3,457	10,238	14,000

3.6 Key inputs and outputs – Current Budget

Canal Irrigation

S. No.	Key Inputs	UOM	Estimate 2009-10	Forecast 2010-11	Forecast 2011-12	S. No.	Key Outputs	UOM	Target 2009-10	Target 2010-11	Target 2011-12	Outcome
1	Staff	No.	32,196	32,196	32,196	1	Supply of canal water to distribution channels					- Improved equity and reliability of canal water distribution - Maintain regular supply of water to the tails and reduce dry and short tails to the minimum
							a) Kharif Crops	MAF	35	35	35	
						b) Rabi Crops	MAF	20	20	20		
2	Vehicles	No.	250	251	251	2	Strengthening of canal banks	Canal Miles	2,835	2,089	2,184	
3	Computers	No.	154	165	171	3	Repair of Structures					
							a) Fall structures	No.	261	267	296	
							b) Bridges	No.	449	493	514	
							c) Head Regulators	No.	306	324	329	
4	POL	Ltr.	1,486,040	1,524,222	1,535,065		d) Escape structures	No.	15	17	16	
5	Plant & Machinery					4	Desilting of Canals	Canal Miles	2500	2500	2500	
a	Excavator	No.	27	27	27	5	De-silting of tail areas	Miles	6,727	6,901	7,040	
						6	Repair of outlets, distributaries and minors	No.	4,426	4,547	4,597	
b	Dozer	No.	9	9	9	7	Inspection Reports	No.	656	606	556	
						8	No. of field visits	No.	17,229	17,425	17,592	
c	Scraper	No.	6	6	6	9	Strengthening of Guide Bunds	Nos.	1	1	1	
						10	Painting of Barrage Machinery	No.	15	15	11	
d	Machinery (Different	No.	274	274	274	11	Painting Gates of Barrage	No.	56	56	56	
						12	Strengthening of Spurs	No.	5	4	3	

S. No.	Key Inputs	UOM	Estimate 2009-10	Forecast 2010-11	Forecast 2011-12	S. No.	Key Outputs	UOM	Target 2009-10	Target 2010-11	Target 2011-12	Outcome
	Types)											
e	Survey Instruments. (Different Types)	No.	7	7	7	13	Repair of Structure / Dam	No.	36	36	36	
						14	No. of Dams	No.	25	25	25	

Drainage, Flood and Salinity Control

S. No.	Key Inputs	UOM	Estimate 2009-10	Forecast 2010-11	Forecast 2011-12	S. No.	Key Outputs	UOM	Target 2009-10	Target 2010-11	Target 2011-12	Outcome
1	Staff	No.	9,308	9,308	9,308	1	Desilting of Drains	CFt (M)	94	97	100	- Improved drainage and environmental conditions by maintaining a water level of 0'-5' and 5'-10' to control water logging and salinity
						2	Structure Repair	No.	917	929	942	
						3	Repair of banks	CFt (M)	29	31	33	
2	Vehicles (For staff & Field use)	No.	64	64	64	4	Flood Protection Spurs(River Training Works)	No.	119	108	79	
						5	Strengthening of Flood embankments	Miles	228	231	239	
						6	Watching and maintaining flood embankments	Miles	506	547	531	
						7	Field Visits	No.	3,922	4,315	4,390	
3	Computers	No.	30	30	30	8	Re operating of Tube wells	No.	76	98	98	
						9	Repair of Gates at Various Canals	No.	30	30	30	
						10	Ground water samples and Testing	No.	12,500	13,400	14,500	
						11	Soil Samples & Testing	No.	5,909	6,434	6,951	
4	POL	Liters	236,422	248,828	262,158	12	Total Area covered for land reclamation	Acre	210,300	210,310	210,325	

3.7 Selective Outputs for Large Development Schemes

1- PUNJAB IRRIGATION SYSTEM IMPROVEMENT PROJECT				
Project Objectives	To modernize the canal system, rehabilitation and to provide sustainable and integrated management approach to an area of 1,350 million acres			
Project Cost	6,260.376 Million			
Date of Approval	13-08-2007			
Project period	2008-09 to 2012-13 (5 Years)			
Major Components/Outputs	Rehabilitation and Up-gradation of distributaries and minors		2,120 Km	
	Formation of FOs		74	
	Ground water management Program		1	
	Establishment of PMU		1	
Other Project details				
Total Allocation	Rs. 405 Million			
Total Expenditure to date	Rs. 12.826 Million			
Key Outputs	UOM	2009-10	2010-11	2011-12
Rehabilitation and Up-gradation of distributaries and minors	Km	350	650	650
Formation of FOs	No.	70	4	0
Construction / Repair of canal structures	No.	158	265	265

2- CONSTRUCTION OF CHERAH DAM RAWALPINDI		
Project Objectives	To supply drinking water 50 MGD To Rawalpindi city	
Project Cost	5,307.220 Million (Revised) Previous 2,872.220 Million	
Date of Approval	26-03-2009 (Revised)	
Project period	2008-09 to 2011-12 (4 Years)	
Major Components/Outputs	Land Acquisition	6,425 Kanal
	Shifting of Infrastructure	
	Road	1
	Houses	186
	Poultry Farm	28
	Construction of Building	5
	Construction of embankments	2

Other Project details				
Total Allocation			Rs. 78.615 Million	
Total Expenditure to date			Rs. 38.615 Million	
Key Outputs	UOM	2009-10	2010-11	2011-12
Land Acquisition	Kanal	6,425	0	0
Shifting of Infrastructure				
Road	No.	1	0	0
Houses	No.	140	46	0
Poultry Farm	No.	12	16	0
Common place	No.	4	0	0
School	No.	1	0	0
Earth work	Cft.	6,130,037	7,675,136	14,536,754
Concrete work	Cft.	622,098	778,900	1,475,242

3- REHABILITATION OF LOWER CHENAB CANAL (LCC) SYSTEM PART-B				
Project Objectives	To provide sustainable canal supply to 1.690 M acres of irrigated lands			
Project Cost	9,142.248 Million			
Date of Approval	04.08.05			
Project period	2005-06 to 2011-12 (7 Years)			
Major Components	Provide canal supply to irrigated lands	1.690 Million Acres		
	Rehabilitation of channels	2173 KM		
	Rehabilitation of Bridges	231 No		
Other Project details				
Total Allocation			Rs. 236.35 Million	
Total Expenditure to date			Rs. 235.532 Million	
Key Outputs	UOM	2009-10	2010-11	2011-12
Rehabilitation of				
Distributaries	No.	62	36	0
Bridges & Structures	No.	53	17	0

Canal Lining	Canal Miles	783	164	0
Formation of FOs	No.	3	0	0
Capacity Building of FOs	No.	64	3	0

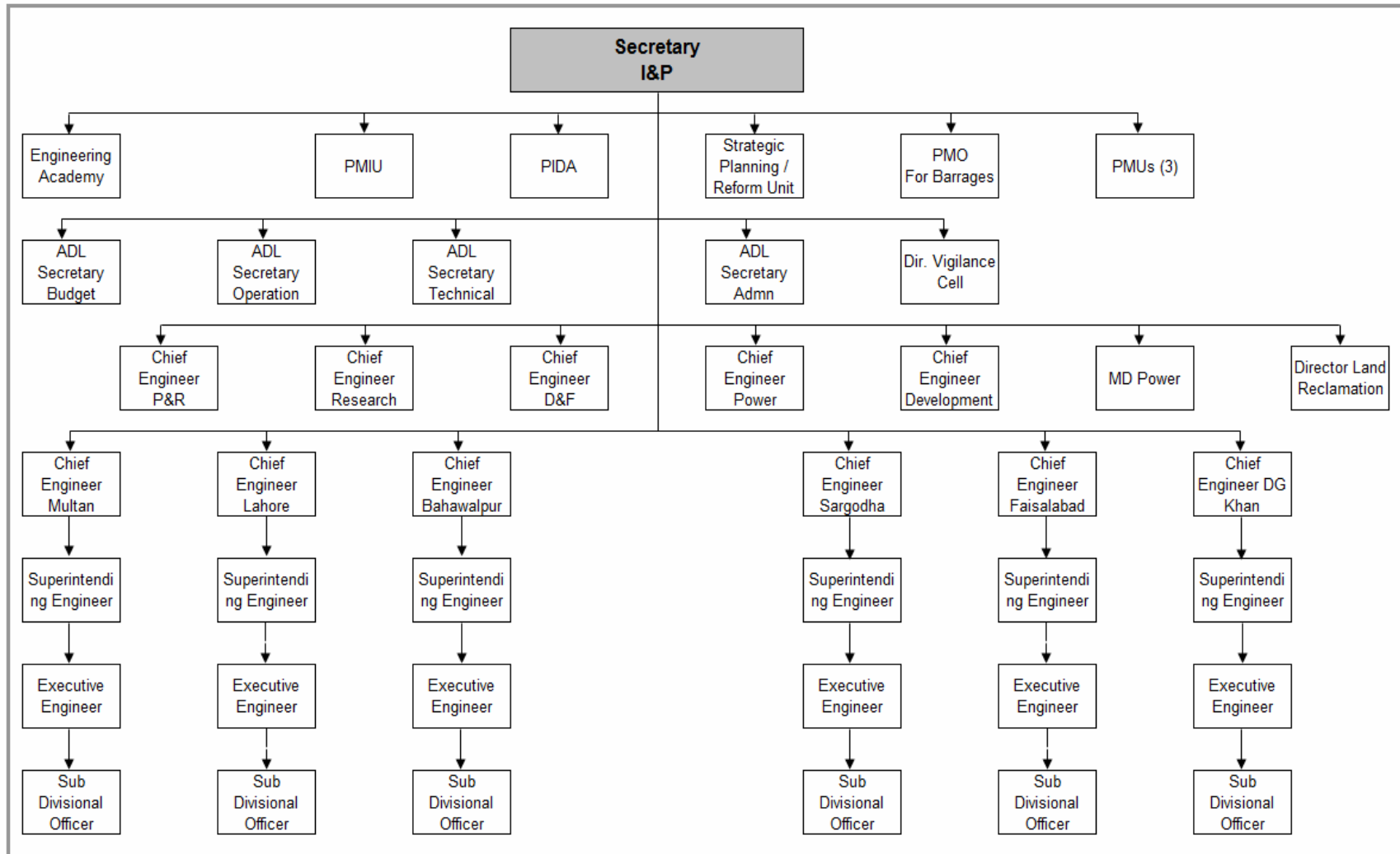
3.8 Recurrent impact of development projects⁶

Development schemes on completion usually result in certain costs which are funded from the current budget. Approximations of recurrent costs which may be incurred over the next three years are given below:

Sub-Sector	<i>Rs. in million</i>			
	2009-10	2010-11	2011-12	Beyond 2011-12
Survey Investigation & Research	1	0	5	0
Irrigation	20	14	19	8
Drainage	16	5	17	0
Flood Works	26	0	0	16
Small Dams	8	3	9	0
Building	6	0	0	0
Miscellaneous	1	7	0	4
Foreign Aided Projects	3	0	27	912
Total	80	29	76	941

⁶ These cost estimates are indicative only (based on PC-Is) and their precise estimation and year of occurrence are dependent on a number of factors, including for example, change in scope of work, exact closure time of development schemes, revisions in cost of schemes/programs, change in gestation period, change in basis of estimation of recurrent cost, inflation, etc. The Department estimates that for most of the development schemes, recurrent costs are usually 2% of the total cost of the schemes.

Appendix – A: Organogram of Irrigation & Power Department



Appendix – B: Explanatory Notes to MTBF Estimates (2009-12)

Irrigation and Power Department

Rs. in million

Object		Budget Estimate	Budget Forecast	Budget Forecast	Basis of Estimation
Code	Classification	2009-10	2010-11	2011-12	
A01	Employee Related Expenses	4,990	5,514	6,061	<p>Pay</p> <ul style="list-style-type: none"> – Pay is calculated on the basis of sanctioned strength for all the three years – Sanctioned strength is based on year 2009-10 – Impact of annual increment was taken for years 2009-12 – Impact of New SNE's approved for 2009-10 was also taken into account for 2010-11 and 2011-12 – Pay of individual spending unit was based on post wise summery (nominal rolls) of pay for all three years. – Pay is calculated using basic pay scale (BPS) prevailing in 2008-09 after taking into account effect of increments. <p>Allowances</p> <ul style="list-style-type: none"> – Allowances are calculated on the basis of sanctioned strength for all the three years. – Sanctioned strength is based on year 2009-10.

Object		Budget Estimate	Budget Forecast	Budget Forecast	Basis of Estimation
Code	Classification	2009-10	2010-11	2011-12	
					<ul style="list-style-type: none"> - Allowances having direct relation with the relevant posts are based upon availability of that post e.g. Senior post allowance, qualification allowance, computer allowance etc. - Allowances which are distributed through management's decisions are calculated through past years data for year 2009-10 and incremental impact is taken for outer years e.g. Honoraria etc. - Allowances of individual spending unit were derived through post wise summery of allowances for all three years.
A02	Project Pre-Investment Analysis	206	350	314	<p>Research & Surveys:</p> <ul style="list-style-type: none"> - This represents allocation for three spending units of Hydrology Directorate. - Allocations for three years are based on specifically identified task based studies on discharge of water and rainfall and stream flow data. The basis used is that given in approved yardsticks prevailing at the time of estimation. - Where applicable, PC-1s/project briefs also used as a basis for estimation.
A03	Operating Expenses	497.481	552.205	598.332	- Estimates for Communication are based on historical trends for budget allocations and actual spending.

Object		Budget Estimate	Budget Forecast	Budget Forecast	Basis of Estimation
Code	Classification	2009-10	2010-11	2011-12	
					<ul style="list-style-type: none"> - Utilities are estimated on the basis of expected consumption of gas and electricity (including impact of new installations/connections) using prevailing gas / electricity tariff - Occupancy Costs are calculated on the basis of relevant rent agreements for office/residential buildings - Calculations for Traveling Allowance are based on expected number of field visits at prevailing TA rates. - Allocations for POL are based on expected number of field visits to be performed and expected quantity of POL to be consumed in relation to these visits during the three years. In addition approved work estimates for running & maintenance of vehicles (for 2008-09) also served as an indicative basis for estimation for 2009-12. - Calculations for Contribution and Subscription are based on expected quantity to be procured for quarrying and pitching stone at approved contract rates <p>Inflationary impact is also taken into account in calculating MTBF estimates for most of the budget heads under Operating Expenditure.</p>

Object		Budget Estimate	Budget Forecast	Budget Forecast	Basis of Estimation
Code	Classification	2009-10	2010-11	2011-12	
A04	Employee Retirement Benefits	0.754	1.387	1.468	– Based on estimated number of employees retiring in three years.
A05	Grants Subsidies and Write-Off Loans	742	3,908	3,462	<ul style="list-style-type: none"> – Major portion under this head is a scheme based allocation based on activities identified in PC-1s/project briefs. – A small portion also relates to allocation for financial assistance expected to be made for deceased employees and is maintained at 2009-10 level.
A06	Transfers	0.649	0.706	0.744	– Relates to bonus and cash awards to Patwaris based on estimated coverage of land area for assessment of 'abiana'.
A09	Physical Assets	5.896	0.851	0.567	<ul style="list-style-type: none"> – Estimates for computers are based on approved procurement rates – Estimates for furniture and fixture are based on estimated market rates prevailing at the time of estimation – A large proportion of spending units' requirements for computers / furniture & fixture is met in 2009-10; therefore less allocations in the remaining two years
A12	Civil Works	9,066	8,256	10,238	– Allocations under this head relate to development

Object		Budget Estimate	Budget Forecast	Budget Forecast	Basis of Estimation
Code	Classification	2009-10	2010-11	2011-12	
					<p>schemes for canal rehabilitation & upgradation; drainage; construction & rehabilitation of flood bunds and dams; and hydel power projects etc.</p> <ul style="list-style-type: none"> - Allocations are derived from PC-1s/project briefs - Scheme-wise allocations correlate with MTFD
A13	Repairs and Maintenance	3,088.250	3,242.661	3,403.554	<ul style="list-style-type: none"> - Estimates for Maintenance & Repair (M&R) to Irrigation infrastructure (Canals, Main Embankment, Buildings, Drainage, Dams, Barrages, Lift Irrigation) are worked out on the basis of latest available approved yard sticks (for 2008-09). - Estimates for Repair to other Assets (i.e. vehicles, computers, furniture and fixture, machinery & equipment) are based on approved work estimates including existing pattern of spending (actual expenditure). - Estimates under this head are based on detailed quantitative analysis of M&R in three years <p>Inflationary impact is also taken into account in developing MTFB estimates for 2009-12</p>
	Total	18,597	21,826	24,079	

Appendix – C: MTBF at Irrigation & Power Department

i. About MTBF

Medium Term Budgetary Framework (MTBF) is a multi-year approach to budgeting which links the spending plans of government to its policy objectives in the medium term (usually three years). The multiyear budget horizon provides Departments the space and flexibility they need to formulate, plan and implement policies that focus on service delivery or 'outputs'.

ii. MTBF Budget Call Circular

MTBF implementation in Punjab formally commenced in November 2008 with the issuance of MTBF Budget Call Circular (BCC) to Health and Irrigation & Power Departments ("Pilot Departments"). The MTBF-BCC provided line departments with indicative budgetary ceilings for next three fiscal years along with guidance and procedures on developing multi-year budgetary estimates. It provided specifically designed budget forms to support the spending units / DDOs prepare their budget estimates on a multi-year format. The forms developed were for both current and development budgets and included detailed instructions which were further reinforced with examples / scenarios to ensure maximum help to DDOs.

iii. Oversight of MTBF Reforms

To foster greater interface between MTBF and MTDF, a set of joint protocols was agreed between FD and P&D Department in September 2007. Under the Protocols, a three-tiered committee structure was proposed which comprises of:

- Steering Committee (SC);
- Management Committee (MC);
- Budget Ceiling Committee (BCC).

Steering Committee is the apex forum for approval of budget ceilings recommended by Management Committee (MC). Similarly MC has mandate to review and approve BCC recommended budgets, while BCC is mostly concerned with issuing preliminary budget ceilings to the departments and reviewing initial budget submissions in light those budget ceilings. The Committees have representations from FD, P&D and pilot

departments. In addition, there exists a MTBF Working Group consisting of secretaries of FD, P&DD and pilot departments. This Group was constituted in November 2008.

To oversee MTBF implementation activities and to interact with consultant team on a day-to-day basis, a core team comprising of key officials (budget and planning) from I&P Department was appointed which had the overall responsibility for institutionalizing and taking the reform process forward. Additional Secretary (Technical) heads the core team. To support MTBF implementation a team of consultants was deployed at I&P Department and Finance Department thus ensuring smooth implementation.

iv. Capacity Development of Budget and Accounts Staff / Drawing & Disbursing Officers (DDOs)

Issuance of MTBF Budget Call Circular was followed by a series of workshops organized by core team for budget and accounts staff of spending units of I&P Department in November and December 2008. Training workshops were held in Lahore, Multan and Faisalabad. The MTBF consultant team along with core team provided essential technical support and trained around 400 budget and accounts staff /DDOs of the spending units of I&P Department in Seven days of workshops.

v. Hand-holding Support to Spending Units

Orientation given to budget and accounts staff / DDOs in MTBF training workshops was further strengthened by providing extensive hand holding support at respective spending units spread all across the Province. In addition to the earlier MTBF training workshops a number of mini-workshops were also held besides one-on-one sessions with the budget and accounts staff and DDOs.

vi. Formulation, review and approval of Budget Estimates

Budget estimates were formulated and key outputs determined for three years (2009-12) by spending units. These were then compiled, analyzed and consolidated at various stages. Budget demands were discussed in a series of meetings between spending units and the management of I&P Department to agree on a baseline. After submission of MTBF estimates to Finance Department (FD) and Planning & Development (P&D) Department, detailed discussions were held between I&P, FD and P&DD in Budget Ceiling and Management Committee meetings under joint protocols. Such engagements paved way for a constructive budget dialogue between these departments and finally culminated in approval of budgetary estimates by Steering Committee for FY 2009-12.

Glossary of Terms

Activity	A set of specific tasks undertaken to achieve a specific output.
Actual Expenditure	Amount expended by a spending unit / DDO out of the funds allocated against a particular account head.
ADP	A statement of development schemes on-going and those proposed to be launched by provincial government in a given fiscal year.
BE	Budget Estimates – refers to budget estimates originally authorized by the Parliament and included in Schedule of Authorized Expenditure
Current Budget	A portion of the budget that relates to the on-going / operational costs of the government. Also called non-development budget.
DDO	Drawing & Disbursing Officer – an official authorized to draw specific amount funds from government’s designate account and make authorized disbursements
Development Budget	A portion of the budget that is aimed at creating a specific asset or developing infrastructure whose benefits would continue for several years
FD	Finance Department of the Government of Punjab
Function Classification	Function classification is one of the Chart of Accounts’ five components used to identify ‘purpose’ for which a budget allocation is utilized. Some of the common “functions” (and their relevant codes) are: Health (07), Irrigation Works (042), Education affairs and services (09), etc.
FY	Fiscal Year – starting from 1 st of July and ending on 30 th of June next.

Grant Number	A unique number assigned (separately for Current and Development budgets) to a department to identify budget allocations at departmental level.
HD	Health Department of the Government of Punjab
Input	Resource required undertaking an activity that ultimately contributes to an output. For example, personnel engaged, equipment and material used at a project.
MTBF	Medium Term Budgetary Framework – a multi-year budgetary framework aimed at providing administrative departments the space and flexibility they need to formulate plan and implement policies that focus on public service delivery or ‘output’.
MTDF	Medium Term Development Framework – a framework that provides medium term strategies for the key sectors of the provincial / national economy.
Object Classification	One of Chart of Accounts’ five components used to identify ‘economic classification’ of a budget allocation. Examples include Pay & Allowances (Code A01), Operating Expenses (A03), Repairs & Maintenance (Code A13), etc.
Outcome	A result. Some results are immediately measurable and can be directly related to an output. Other outcomes come about after long periods of time and may be the result of other influences. For instance an increase in crop productivity as a result of better irrigation practices is an outcome.
Output	A measurable or quantifiable target that is expected to be achieved through utilization of funds in a specific period. For instance delivering immunization to 1 million in 12 months is an output.
P&DD	Planning & Development Department of the Government of Punjab
PC-1	A pro-forma used for creation of development schemes. Prior to initiating any development a PC-1 document is prepared.

RE	Revised Estimates – Budget Estimates adjusted for any Supplementary grant, Surrenders or Re-appropriations.
Re-appropriation	Transfer of allocated amount from one unit of appropriation to another such unit. This is done to utilize ‘saving’ of budget allocation in a unit / head of appropriation.
Sector	Jurisdiction assigned to a Department
SNE	Schedule of New Expenditure - A pro-forma used by the provincial government departments for preparation of budget estimates after completion of development schemes but before formally drawing any funding from current budget side
Spending Unit	A department, an attached department or a specific unit of a department or an entity within a department that meets its expenditure from a specific allocation made by the government in the budget books
Supplementary Budget	Additional funds under a particular budget head not provided in the original budget. Supplementary budget is prepared and approved during the year of execution.

Medium Term Budgetary Framework 2009-12

Section II

(Part – A)

Details of Current Budget Estimates 2009-12

(Page No. ____ to Page No. ____)

Irrigation & Power Department

Medium Term Budgetary Framework 2009-12

Section II (Part – B)

Details of Development Budget Estimates 2009-12

(Page No. ____ to Page No. ____)

Irrigation & Power Department