

**REPORT OF THE SENATE STANDING
COMMITTEE ON FOREIGN AFFAIRS**

***"Mid-year Review of Budget of Ministry of
Foreign Affairs"***

Report No. 01

(Two Hundred & Forty Eight Parliamentary Session)

PRESENTED BY

**(SENATOR NUZHAT SADIQ)
CHAIRPERSON**

SENATE SECRETARIAT

REPORT OF THE SENATE STANDING COMMITTEE ON FOREIGN AFFAIRS

I, Senator Nuzhat Sadiq, Chairperson of the Senate Standing Committee on Foreign Affairs, have the honour to present the report, on behalf of the Committee, on the "**Mid-year Review of Budget of Ministry of Foreign Affairs**" under Rule 166 (4) of the Rules of Procedure and Conduct of Business in the Senate 2012.

2. The Agenda before the Committee was as follows:-

"Mid-year Review of Budget of Ministry of Foreign Affairs"

3. The composition of the Committee is as under:-

1.	Senator Nuzhat Sadiq	Chairperson
2.	Senator Muhammad Daud Khan Achakzai, Advocate	Member
3.	Senator Haji Momin Khan Afridi	Member
4.	Senator Atta Ur Rehman	Member
5.	Senator Col. (R) Syed Tahir Hussain Mashhadi	Member
6.	Senator Mushahid Hussain Sayed	Member
7.	Senator Syed Muzaffar Hussain Shah	Member
8.	Senator Ms. Ayesha Raza Farooq	Member
9.	Senator Karim Ahmed Khawaja	Member
10.	Senator Ms. Sassui Palijo	Member
11.	Senator Farhatullah Babar	Member
12.	Senator Syed Shibli Faraz	Member
13.	Advisor to Prime Minister on Foreign Affairs	Ex-Officio Member

4. A meeting of the Senate Standing Committee on Foreign Affairs was held on 5th May, 2016. The following members of the Committee attended the meeting:-

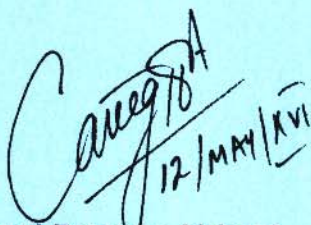
- i. Senator Ata Ur Rehman
- ii. Senator Col. (R) Syed Tahir Hussain Mashhadi
- iii. Senator Mushahid Hussain Sayed
- iv. Senator Karim Ahmed Khawaja
- v. Senator Farhatullah Babar

5. The Addl. Secretary (Budget), Ministry of Foreign Affairs presented the six months review of the development and non-development budget allocated to the Ministry of Foreign Affairs under grants number 138, 47, 46 and 45 (**Annexure - A, B, C, D**). The Committee was informed that an advance & modern communication security system is being developed for safe and secure communication links with Pakistan Missions abroad as our communications network are continuously under cyber attack.

6. The Foreign Office had demanded Rs. 150 million for the purpose of public diplomacy whereas only Rs. 15 million were allotted by the Finance Division. It was emphasized that Pakistan needs to build its image in foreign countries especially the United States where our lobbying was very weak. Funds must be provided for enhancing the image of Pakistan and ensuring effective lobbying especially in the United States. It was unanimously recommended by the Committee to ask the Finance Division for the provision of Rs. 150 million for public diplomacy as required by the Foreign Office. Senator Farhatullah Babar also asked the Foreign Office to make available their public diplomacy plan for the fiscal year 2016-17.

7. While presenting their demands / budgetary proposals for the next fiscal year, the Foreign Office requested additional funds for development and installations of new security system (**Annexure - E, F & G**). Construction / renovation of two embassies have been approved. Foreign Office is not planning to dispose off any of its properties abroad. The demands / proposals for the budgetary allocations for fiscal year 2016-17 were recommended by the Committee.

8. The Chairperson & the Senate Standing Committee on Foreign Affairs adopted this report and approved its laying before the Honourable House.



(Dr. Syed Pervaiz Abbas)
AS / Secretary Committee



(Senator Nuzhat Sadiq)
Chairperson

BUDGET & EXPENDITURE DEMAND NO. 138 CAPITAL OUTLAY UPTO MARCH 2016

Object Classification	Budget 2015-16	Supplementary Grant	Re- appropriation	Final Grant	Expenditure Upto March 2016	Balance
A01-Employees Related Expenses	1,554,000	-	-	1,554,000	845,616	708,384
A02-Project Pre-Investment Analysis	-	-	-	-	-	-
A03-Operating Expenses	30,302,000	-	-	30,302,000	42,300	30,259,700
A04-Employee Retirement Benefits	-	-	-	-	-	-
A05-Grants	-	-	-	-	-	-
A06-Transfer	-	-	-	-	-	-
A09-Physical Assets	28,144,000	-	-	28,144,000	1,251,610	26,892,390
A012-Civil Works	-	-	-	-	-	-
A13-Repair & Maintenance	-	-	-	-	-	-
Grant Total	60,000,000	-	-	60,000,000	2,139,526	57,860,474

BUDGET & EXPENDITURE DEMAND NO. 47 DELEGATION ABROAD UPTO FEBRUARY 2016

Object Classification	Budget 2015-16	Supplementary Grant	Re-appropriation	Final Grant	Expenditure Upto February 2016	Balance
A01-Employees Related Expenses	52,594,000	-	-	52,594,000	39,445,501	13,148,499
A02-Project Pre-Investment Analysis	1,180,000	-	(300,000)	880,000	56,000	824,000
A03-Operating Expenses	2,031,779,000	328,807,000	(2,400,000)	2,358,186,000	1,031,297,165	1,326,888,835
A04-Employee Retirement Benefits	1,577,000	-	-	1,577,000	1,103,900	473,100
A05-Grants	-	-	-	-	-	-
A06-Transfer	64,600,000	-	-	64,600,000	58,601,719	5,998,281
A09-Physical Assets	4,815,000	1,000	2,700,000	7,516,000	3,370,499	4,145,501
A012-Civil Works	20,000	-	-	20,000	14,000	6,000
A13-Repair & Maintenance	435,000	-	-	435,000	304,500	130,500
Grant Total	2,157,000,000	328,808,000	-	2,485,808,000	1,134,193,284	1,351,614,716

Justifications

<u>Contribution & Subscription</u>	The expenditure in this Demand is less than the average expenditure due to the reason that funds are released in three installments by the Finance Division and 100% funds become available in fourth quarter of the financial year. Major allocation in this Demand is meant for payment of obligatory contribution to the International Organizations which do not accept partial payments, therefore, payment is made when 100% funds become available in the fourth quarter. The available balance will be utilized by the end of the current financial year.
<u>Supplementary Grant</u>	Supplementary grant of Rs. 328,807 million was obtained for donation of rice to the people of Niger and payment of legal fee to the lawyers appointed to defend the Hyderabad Money Deposit Case in UK

BUDGET & EXPENDITURE DEMAND NO. 46 MISSION ABROAD UPTO FEBRUARY 2016

Annexure

Object Classification	Budget 2015-16	Supplementary Grant	Re- appropriation	Final Grant	Expenditure Upto February 2016	Balance
A01-Employees Related Expenses	5,885,759,000	30,493,000	(13,856,241)	5,902,395,759	4,014,529,426	1,887,866,333
A02-Project Pre-Investment Analysis	-	-	-	-	-	-
A03-Operating Expenses	5,226,095,000	75,347,000	(71,690,370)	5,229,751,630	3,217,715,706	2,012,035,924
A04-Employee Retirement Benefits	11,598,000	1,000	(625,000)	10,974,000	662,420	10,311,580
A05-Grants	-	-	-	-	-	-
A06-Transfer	57,080,000	1,000	21,219,000	78,300,000	8,639,246	69,660,754
A09-Physical Assets	155,359,000	65,717,000	62,202,450	283,278,450	46,946,479	236,331,971
A012-Civil Works	95,000,000	-	-	95,000,000	47,249,425	47,750,575
A13-Repair & Maintenance	242,109,000	4,578,000	2,750,161	249,437,161	124,365,249	125,071,912
Grant Total	11,673,000,000	176,137,000	-	11,849,137,000	7,460,107,951	4,389,029,049

Justifications

<u>A01-Employee Related Expenses</u>	The remaining balance of Rs. 1887,886 million is sufficient to cater the needs of Missions abroad for payment of salaries and social security benefits to local based employees during remaining part of the current financial year.
<u>A03-Operating Expenses</u>	The balance available in this head of account will be utilized for payment of rent of the Chancery buildings, residential buildings, utilities, Telephones, TA/DA Stationery, Insurance of Government Owned Buildings.
<u>A03-Employee Retirement Benefits</u>	The funds to the tune of Rs. 10.311 million are required for payment of End of Service Gratuity to the local based staff employed in Missions abroad.
<u>A06-Transfer Payments</u>	The funds provided under this head of account are utilized for celebration of Pakistan National Day and holding Receptions by Pakistan Missions abroad. The Expenditure has been incurred. However, has not been booked due to post audit accounting system in which spending units submit expenditure to the CAO after its occurrence.
<u>A09-Physical Assets</u>	The Prime Minister has approved replacement of vehicles in Pakistan Missions Abroad. Partially funds have been re-appropriated within the Demand against the total requirement of Rs. 239 million . Remaining funds are being arranged from the savings available in Demand No. 47-Other Expenditure of Foreign Affairs .
<u>A012-Civil Works</u>	The funds provided under this head of account are utilized for payment of loan borrowed from NBP, Washington for construction of Chancery building. Expenditure is incurred as per releases allowed by the Finance Division. Remaining amount of Rs. 47.750 million will be utilized during the last quarter of the current financial year.
<u>A13-Repair & Maintenance</u>	The balance of amount of Rs. 125.071 million will be utilized on repair and maintenance of physical assets, Office & Residential buildings.
<u>Supplementary Grant</u>	Supplementary grant of Rs. 176.137 million has been obtained for setting a path for opening of four new set-ups of OM Wing in Missions Abroad.

BUDGET & EXPENDITURE UNDER DEMAND NO. 45 HEAD QUARTER UPTO MARCH 2016

Object Classification	Budget 2015-16	Supplementary Grant	Re- appropriation	Final Grant	Expenditure Upto March 2016	Balance
A01-Employees Related Expenses	823,718,000	565,000	(2,571,000)	821,712,000	575,935,612	245,776,388
A03-Operating Expenses	369,009,000	94,000	(25,839,200)	343,263,800	223,391,081	119,872,719
A04-Employee Retirement Benefits	28,257,000	1,000	4,021,000	32,279,000	25,163,637	7,115,363
A05-Grants	10,000	-	2,000,000	2,010,000	2,000,000	10,000
A06-Transfer	71,000	-	-	71,000	15,750	55,250
A09-Physical Assets	20,195,000	821,900,000	9,511,000	851,606,000	832,734,696	18,871,304
A012-Civil Works	2,000	-	-	2,000	-	2,000
A13-Repair & Maintenance	47,738,000	-	12,878,200	60,616,200	47,786,446	12,829,754
Grant Total	1,289,000,000	822,560,000	-	2,111,560,000	1,707,027,222	404,532,778

Justifications

<u>A01-Employee Related Expenses</u>	Balance amount of Rs. 245.00 million will be utilized for payment of: Pay and allowances to the officers and staff at Headquarters & subordinate offices in Islamabad, Peshawar, Lahore, Karachi & Quetta during last quarter of the current financial year.
<u>A03-Operating Expenses</u>	Remaining funds of Rs. 119.00 million are required to meet: i. Expenditure on utilities, purchase of stationery, T.A/D.A, Diplomatic Bag Charges, hiring of residential accommodation for employees, Telephone, Postage, Electronic Communication, Insurance & Newspaper, etc. ii. Payment to Cleaning Company hired for cleaning of New Building of MoFA
<u>A04-Employee Retirement Benefits</u>	Balance amount of Rs. 7.115 million to meet the expenditure on: i. Compensation to the employees who die during service as per PM's Package. ii. Payment in lieu of plot to the families of employees who died during current financial year. iii. Leave encashment to the retiring employees.
<u>A09-Physical Assets</u>	Regular Supplementary Grant of Rs.821.00 million has been obtained for purchase of high security vehicles for SAARC Summit. Remaining funds (Rs.18.871 million) will be utilized for purchase of: i. I.T. equipment ii. Security Equipment for enhancement of Security arrangements.
<u>A13-Repair & Maintenance</u>	Remaining funds to the tune of Rs. 12.829 million are required for repair/Maintenance of old building of MoFA

BUDGET ESTIMATES 2015-2016 & PROPOSED BUDGET ESTIMATES 2016-2017
UNDER DEMAND NO. 45 FOREIGN AFFAIRS DIVISION

Budget 2015-2016	Proposed 2016-2017	Proposed Increase in Pak. Rupees	% Increase	Budget Provided 2016-17 as per IBC	Actual % Increase Allowed by FD
1,289,000,000	1,449,000,000	160,000,000	12.41%	1,350,079,000	4.74%

Justifications for increase:

Finance Division was requested for provision of Rs. 160.00 million in addition to the already approved by IBC. The Priority Committee's meeting held on 11th April, 2016 discussed demand of the Ministry of Foreign Affairs for provision of additional funds and advised to further discuss the requirement funds with the Financial Advisor. Accordingly, in a follow up meeting with the Financial Advisor, it was agreed to provide additional funds for the following:

- i. Enhancement of Security Arrangements Rs. 35.00 Million
- ii. Cyber Security Rs. 80.00 Million

Finance Division did not agree to the following proposals of the Ministry of Foreign Affairs.

- i. Outsourcing of Cleaning Services Rs. 40.00 Million
- ii. Payment of Pension Contribution Rs. 5.00 Million

BUDGET ESTIMATES 2015-2016 & PROPOSED BUDGET ESTIMATES 2016-2017
UNDER DEMAND NO. 46 MISSIONS ABROAD

Budget 2015-2016	Proposed 2016-2017	Proposed Increase in Pak. Rupees	% Increase	Budget Provided 2016-17 as per IBC	Actual % Increase Allowed by FD
11,673,000,000	13,250,000,000	1,577,000,000	13.50%	12,238,902,000	4.85%

Justifications for increase:

Finance Division was requested for provision of additional funds **Rs. 1577 million** above the approved IBC under **Demand No. 46 - Foreign Affairs Division**. Request of Ministry of Foreign Affairs for provision of additional funds was discussed in the Priority Committee's meeting held on 11th April, 2016. Priority Committee advised to hold a follow meeting with the Financial Advisor to further discuss the demand for provision of additional funds. Accordingly a follow up meeting was held with the Financial Advisor wherein it was agreed to provide **Rs. 950.00 million in addition to the approved IBC**, to the Ministry of Foreign Affairs for the following:

- i. Payment of Social Security to Local Based Staff Hired by the Missions Abroad: **Rs. 110.00 million**
- ii. Outsourcing of Cleaning Services in Missions Abroad **Rs. 250.00 million**
- iii. Opening of new Consultants in Madina and Dammam **Rs. 120.00 million**
- iv. Opening of Four New set ups of OM Wing in Baku, Toronto, Berlin and Los Angeles **Rs. 200 million**
- v. Beefing up Security of the Missions Abroad **Rs. 270.00 million**

However, Finance Division has not agreed provision of Rs. 627.00 million for the following:

- i. Impact of Revision of Pay Scales on the budget of Missions Abroad **Rs. 80 million**
- ii. Financial Implication of enhancement in age limit on Education Subsidy **Rs. 47.00 million**
- iii. Increase in Rent **Rs. 200.00 million**
- iv. Replacement of Vehicles **Rs. 300.00 million**

BUDGET ESTIMATES 2015-2016 & PROPOSED BUDGET ESTIMATES 2016-2017
UNDER DEMAND NO. 47 OTHER EXPENDITURE OF FOREIGN AFFAIRS DIVISION

Budget 2015-2016	Proposed 2016-2017	Proposed Increase in Pak. Rupees	% Increase	Budget Provided 2016-17 as per IBC	Actual % Increase Allowed by FD
2,157,000,000	2,468,394,120	311,349,120	14.44%	2,270,319,000	5.25%

The expenditure for the next financial year will be met from the increase allowed by the Finance Division except new initiative of public diplomacy introduced to increase interaction with a wide range of governmental and non-governmental opinion makers to create a better understanding of the foreign policy decision within Pakistan and abroad. It will also help in building relationships with decision makers. Moreover, it will help in projection of Pakistan's economy as a source of enterprise and innovation. An additional amount of **Rs. 150 million** is required for promoting and building the soft image of Pakistan by Pakistan Missions abroad.

Note:

Finance Division has agreed to provide Rs. 15.00 million as 100% increase on the current year's budget. Formal approval is awaited.