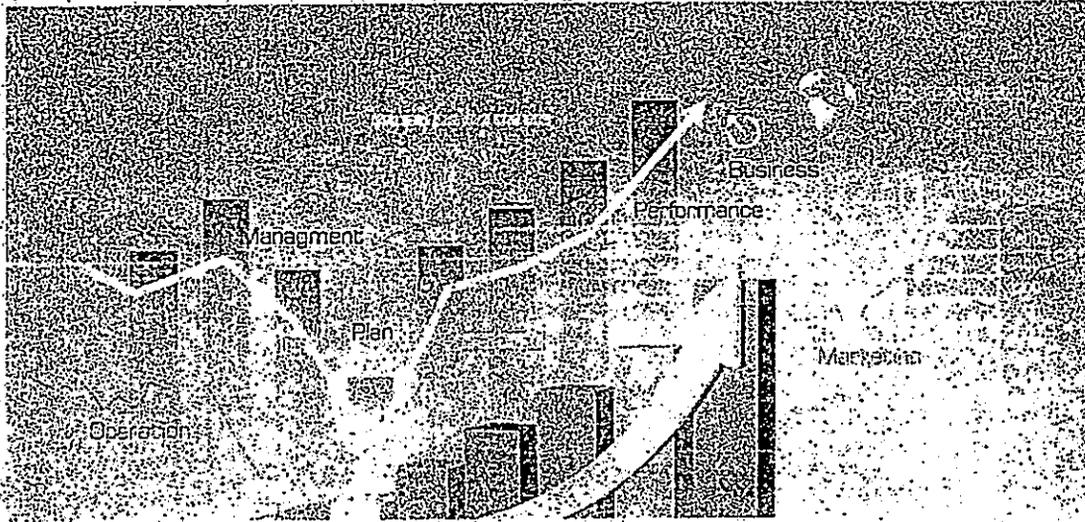


SENATE OF PAKISTAN



REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE



REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE
AND REVENUE ON THE PROPOSED BUDGETARY ALLOCATIONS
TO PUBLIC SECTOR DEVELOPMENT PROGRAM (PSDP) OF
FINANCE DIVISION FOR THE FINANCIAL YEAR 2025-26

PRESENTED BY
SENATOR SALEEM MANDVIWALLA
CHAIRMAN

SENATE SECRETARIAT

PROPOSED BUDGETARY ALLOCATIONS TO PUBLIC SECTOR DEVELOPMENT PROGRAM (PSDP) OF THE MINISTRY OF FINANCE FOR THE FINANCIAL YEAR 2025-26

I, Senator Saleem Mandviwalla, Chairman, Senate Standing Committee on Finance and Revenue have the honour to submit, on behalf of the Committee, this report on the budgetary allocations to Public Sector Development Program (PSDP) of the Ministry of Finance for the financial year (FY) 2025-26 in terms of Rule-166(7) of the Rules of Procedure and Conduct of Business in Senate, 2012.

2. The composition of the Committee is as under:

1. Senator Saleem Mandviwalla	Chairman
2. Senator Farooq Hamid Naek	Member
3. Senator Sherry Rehman	Member
4. Senator Mohsin Aziz	Member
5. Senator Syed Shibli Faraz	Member
6. Senator Anusha Rahman Ahmad Khan	Member
7. Senator Shahzaib Durrani	Member
8. Senator Fesal Vawda	Member
9. Senator Ahmed Khan	Member
10. Senator Manzoor Ahmed	Member
11. Senator Syed Faisal Ali Subzwari	Member
12. Minister for Finance and Revenue	Ex-Officio Member

3. The Committee reviewed the budgetary/PSDP allocations and proposals for FY-2025-26 in its meeting held on 30th January, 2025 which was attended by the following Members:

1. Senator Saleem Mandviwalla	Chairman
2. Senator Farooq H. Naek	Member
3. Senator Sherry Rehman	Member
4. Senator Mohsin Aziz	Member
5. Senator Fesal Vawda	Member
6. Senator Syed Shibli Faraz	Member
7. Senator Manzoor Ahmed Kakar	Member
8. Minister for Finance	Ex-officio Member

4. The Secretary Finance informed the Committee that the Finance Ministry is not proposing new projects for the 2025-26 financial year, as its role is primarily advisory. The Ministry mainly focuses on training and capacity-building, while five ongoing projects from previous years will continue.

5. The Chairman Committee discussed the implementation of Public Financial Management (PFM) Policy, questioning whether the Finance Ministry assesses project outcomes. He noted that consultancy jobs in Islamabad are lucrative, often favoring retired bureaucrats. Additionally, capacity-building programs funded by international entities appear

to mainly benefit these consultants rather than achieving broader objectives. The Chairman Committee inquired about evaluations assessing the effectiveness of capacity-building programs, noting that institutions like the Federal Board of Revenue (FBR) have been involved for two decades with unclear impact.

6. The Secretary Finance acknowledged concerns about consultants but stressed the importance of capacity building, assuring that evaluations are conducted. However, the Chairman Committee noted that no evaluation reports had been shared, specifically referencing the "Implementation of PFM Policy" project costing 213 million PKR. The Secretary Finance committed to share project outcomes soon.

7. DG Mint briefed the Committee on the Modernization & upgradation of Pakistan Mint Phase-II-A. Established in 1942, the mint uses nearly century-old equipment. A modernization project initiated in 2021 was stalled for two years due to an import ban on machinery but was revised last year and is now progressing. In response to the Chairman Committee's inquiry, the DG Mint explained that a feasibility study by the UK Royal Mint in 2013 and consultancy from the German Mint in 2018 led to PC-1 approval. The project is now progressing steadily.

8. The Chairman Committee questioned the project's necessity due to minimal coin usage in Pakistan. The DG Mint responded by highlighting that Pakistan Mint produces medals and refines gold, mentioning commemorative insignias for the Senate's Golden Jubilee. He emphasized that there are no alternative sources for refined gold in Pakistan, citing an unused seized gold example from 1988. The DG confirmed the modernization project is on schedule to complete by June next year, with 85% of building work done and machinery tendering underway.

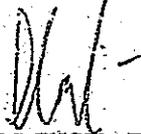
9. Regarding the third project, Pakistan Audit & Accounts Academy (PAAA), the Committee was informed that 780 million PKR has been proposed for the 2024-25 Financial Year. The funds are designated for constructing a new building for the academy, which is a training institute under the Department of the Auditor General of Pakistan based in Lahore.

10. In discussing the fourth project, DG FABS, briefed the Committee on the Implementation of Billing Solution (Sehal), an online system for processing financial transactions for government entities. The project primarily utilizes funds for IT components such as software development, consultancy services, site rollouts, and capacity building. He mentioned that 300 Drawing & Disbursing Officers (DDOs) have been integrated into the Sehal system, with over 60% of federal ministries now processing payments online. However, larger financial transactions are still in transition. The Chairman Committee pointed out that the Senate continues to use a physical payment system, and was assured that this issue would be addressed.

11. The fifth project involves constructing an Audit House in Lahore. Initially managed by the Pakistan Public Works Department (PWD), it has been transferred to the Communications and Works (C&W) Department due to recent organizational changes. An Asaan Assignment Account has been established, with 458 million PKR allocated for the current financial year, although no expenditure has been made yet. The Chairman Committee expressed concern over the delayed start of the project, questioning how it could be completed within the remaining year when work had not yet begun.

12. After the detail deliberations, the Committee directed the Ministry of Finance to take all possible steps for smooth execution of projects. The Committee has showed satisfaction regarding PSDP proposed by the Ministry of Finance for the financial year 2025-26.

13. The Committee also gave approval for presentation of this report to the House.



(IFFAT MUSTAFA)
Secretary Committee



(SENATOR SALEEM MANDVIWALLA)
Chairman Committee