

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

***“Mid-year Review of Budget of Ministry of
Foreign Affairs” Financial Year 2016-17***

***Report No. 04
(Thirteenth Parliamentary Year)***

**PRESENTED BY
(SENATOR NUZHAT SADIQ)
CHAIRPERSON**

SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FOREIGN AFFAIRS

I, Senator Nuzhat Sadiq, Chairperson of the 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" Financial Year 2016-17** 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:-

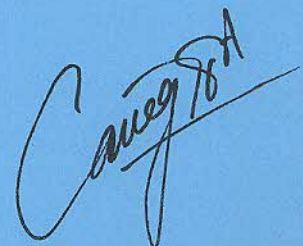
"Mid-year Review of Budget of Ministry of Foreign Affairs" Financial Year 2016-17

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 Standing Committee on Foreign Affairs was held on 19th January, 2017. The following members of the Committee attended the meeting:-

1.	Senator Muhammad Daud Khan Achakzai, Advocate	Member
2.	Senator Col (R) Syed Tahir Hussain Mashhadi	Member
3.	Senator Mushahid Hussain Sayed	Member
4.	Senator Ms. Ayesha Raza Farooq	Member
5.	Senator Karim Ahmed Khawaja	Member
6.	Senator Farhatullah Babar	Member
7.	Senator Haji Momin Khan Afridi	Member



5. The meeting commenced with recitation from the Holy Quran by Senator Farhatullah Babar. The Hon'ble Chairperson welcomed all the participants.

6. Agenda item pertaining to budgetary allocations and their utilization in respect of Ministry of Foreign Affairs for the period July to December, 2016 was taken up. The Addl. Secretary, Ministry of Foreign Affairs presented a briefing under the demand heads No. 45, 46, 47 & 138 (Annexure - A, B, C, D).

BUDGETARY ALLOCATION FOR CYBER SECURITY

7. The issue of Cyber Security was highlighted. The Committee emphasized that all over the world budgets are allocated for this purpose. Senator Mushahid Hussain Sayed pointed out that Pakistan being one of the most spied upon nation needs adequate funding for Cyber Security. The Foreign Office apprised that there is no head of account pertaining to the expenditures to be incurred on Cyber Security. The Foreign Office had raised this issue with the Finance Division during the last meeting of the Priorities Committee but despite a firm commitment no funds have been provided so far.

8. It was pointed out by the Chair that the Senate Standing Committee on Foreign Affairs had discussed the issue of funds for Cyber Security in the last year budget meeting as well. Clear instructions were issued to the Finance Division to provide adequate funding as a priority matter. But despite this fact no allocations or provision of funds has been made. The Committee issued firm directions to the Finance Division as follows:-

"The Senate Standing Committee on Foreign Affairs noticed that Cyber threat being a real threat must be taken seriously into account. The Committee recommends that a sum of Rs. 100 million may be released immediately by the Finance Division under this head of account".

FUNDS FOR PHYSICAL SECURITY OF FOREIGN MISSIONS

9. Ministry of Foreign Affairs apprised the Committee that a request for funds for adequate physical security of foreign missions abroad has also been made and the Secretary Finance has been approached in this respect. Despite their best efforts the Finance Division is yet to release any funds.



FUNDS FOR PUBLIC DIPLOMACY

10. The Chairperson, Standing Committee on Foreign Affairs inquired about the funds for public diplomacy and whether any allocations have been made under this head. The Ministry of Foreign Affairs apprised that in the last budget Finance Division had released Rs. 50 million against a demand of Rs. 150 million. This year a firm commitment has been made by the Finance Division for release of requisite funds in Priorities Committee meeting but no releases have been received so far. The Committee expressed its surprise over such a meager amount of money allocated for an such important issue as public diplomacy.

11. The Addl. Secretary, Ministry of Foreign Affairs informed the Committee that the subject of public diplomacy was jointly handled with the Ministry of Information and a Committee headed by Secretary Information decides the business against which funds are released and utilized. **The Committee recommended to the Ministry of Finance for an immediate release of Rs. 150 million for public diplomacy.**

FUNDS FOR NEW MISSIONS ABROAD

12. The Chairperson, Standing Committee on Foreign Affairs further inquired about two new missions which are to be opened shortly. The Ministry of Foreign Affairs apprised the meeting that two new missions, one at Dammam and one at Madina (KSA) are being established and all requisite codal formalities are being fulfilled. A sum of around Rs. 120 million would be required for the purpose but as the requisite codal formalities have not yet been completed, no demand has been raised by the Foreign Office in this respect.

ALLOCATION OF BUDGET FOR ATTRACTING FOREIGN INVESTMENTS IN PAKISTAN

13. Senator Dr. Karim Ahmed Khawaja inquired whether the number of our diplomatic staff serving at foreign missions abroad was being increased. He also inquired about any specific budgetary allocations for enhancing and attracting foreign investments by our various foreign missions. The Ministry of Foreign Affairs apprised that a summary pertaining to an increase in staff strength has been submitted to the Prime Minister's Office for approval.



14. Attracting investment is a regular function of our foreign missions and funds to this effect are provided on need basis. Such economics related activities are always supported by the Foreign Office.

AUDIT OF THE FOREIGN OFFICE

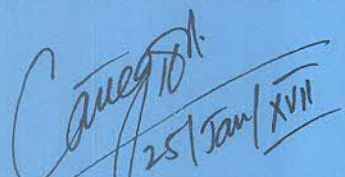
15. Senator Ms. Ayesha Raza Farooq inquired whether there were any limitations in budgetary allocations for increasing our diplomatic staff in the missions abroad and how were the accounts of the foreign missions audited.


16. The Ministry of Foreign Affairs apprised that MOFA has a very robust system of audit and accounts & the Ministry has a special department for the purpose. Monthly accounts are examined within each mission followed by auditing of accounts by the Audit Department, visiting the missions. The paras so raised are discussed in the Ministry and unsettled paras are discussed in the Public Accounts Committee. The staff strength in each foreign mission is determined as per a formula given by the Cabinet Secretariat in the Establishment Division.

POLICY DIRECTIONS BY THE STANDING COMMITTEE

17. The Hon'ble Chairperson, Standing Committee on Foreign Affairs directed the Ministry of Foreign Affairs to give their detailed specific requirements for the current financial year along with justifications where an increase or immediate releases were required by the Ministry. Requisite directions would be issued to the Finance Division by the Committee for doing the needful on priority. The Ministry of Foreign Affairs promised to do the same.

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


(Dr. Syed Perwaiz Abbas)
AS / Secretary Committee


(Senator Nuzhat Sadiq)
Chairperson

BUDGET & EXPENDITURE (JULY - DECEMBER 2016) UNDER DEMAND NO. 45 FOREIGN AFFAIRS DIVISION (HEADQUARTER) (Annexure-A)

Object Classification	Budget 2016-17	Supplementary Grant	Surrendered	Re-appropriation	Final Grant	Expenditure	Balance
A01-Employee Related Expenses	858,767,000	12,000		-	858,779,000	399,996,035	458,782,965
A03-Operating Expenses	384,257,000	66,979,000		996,500	452,232,500	159,684,281	292,548,219
A04-Employee Retirement Benefits	31,357,000	-		-	31,357,000	18,167,015	13,189,985
A05-Grants	1,009,000	-		-	1,009,000	600,000	409,000
A06-Transfer	170,000	16,868,000		-	17,038,000	5,045	17,032,955
A09-Physical Assets	25,575,000	368,655,000		(1,396,500)	392,833,500	226,974,878	165,858,622
A12-Civil Works	2,000	-		-	2,000	-	2,000
A13-Repair and Maintenance	48,942,000	2,000,000	2,000,000	400,000	49,342,000	20,358,309	28,983,691
Grand Total	1,350,079,000	454,514,000	2,000,000	-	1,802,593,000	825,785,563	976,807,437

Justifications

<u>A01-Employee Related Expenses</u>	Balance amount of Rs. 458.783 million will be utilized for payment of salary to the officers and staff at Headquarters & subordinate offices in Islamabad, Peshawar, Lahore, Karachi & Quetta during the remaining part of the current financial year.
<u>A03-Operating Expenses</u>	Remaining funds of Rs. 292.548 million are required to meet expenditure on payment of: a. Utilities, purchase of stationery , T.A./D.A, courier charges, hiring of residential accommodation for employees, telephone, postage, internet, insurance & newspaper, etc. b. Cleaning services hired for the New Building of MoFA. c. Supplementary Grant approved for SAARC could be utilized partly (for procurement only). Remaining funds are intended to be utilized for the upcoming ECO Summit.
<u>A04-Employee Retirement Benefits</u>	Balance amount of Rs. 13.190 million is required to meet the expenditure on: a. Reimbursement of Medical bills of retired employees. b. Payment of leave encashment to the retiring employees.
<u>A05-Grants</u>	Balance amount of Rs. 0.409 million is required to meet the expenditure on: a. Compensation as per PM Package to the employees in case of employee's death during service. b. Payment in lieu of plot to the families of employees who died during service.
<u>A06-Transfers</u>	Balance amount of Rs. 17.033 million is required to meet the expenditure on incoming ECO Summit.
<u>A09-Physical Assets</u>	Remaining funds (Rs.165.859 million) will be utilized for purchase of high security vehicles, I.T. equipment, security equipment for enhancement of security arrangements. Regular Supplementary Grant of Rs. 368.655 million obtained for purchase of high security vehicles.
<u>A13-Repair and Maintenance</u>	Remaining funds to the tune of Rs. 28.984 million are required for repair/maintenance of old & new building of MoFA, and repair of vehicles, computer etc.

BUDGET & EXPENDITURE (JULY - NOVEMBER 2016) UNDER DEMAND NO. 46 MISSIONS ABROAD (Annexure-B)

Object Classification	Budget 2016-17	Supplementary Grant	Surrendered	Re-appropriation	Final Grant	Expenditure	Balance
A01-Employee Related Expenses	6,262,866,000	1,000		10,342,500	6,273,209,500	2,378,419,566	3,894,789,934
A02-Project Pre-Investment Analysis	-	-		-	-	-	-
A03-Operating Expenses	5,378,558,000	45,002,000		(20,376,500)	5,403,183,500	2,047,212,235	3,355,971,265
A04-Employee Retirement Benefits	13,898,000	-		-	13,898,000	591,480	13,306,520
A05-Grants	-	-		-	-	-	-
A06-Transfer	59,269,000	5,250,000.0		(50,000)	64,469,000	2,609,373	61,859,627
A09-Physical Assets	151,763,000	-		12,418,000	164,181,000	32,459,577	131,721,423
A12-Civil Works	95,000,000	-		-	95,000,000	-	95,000,000
A13-Repair and Maintenance	277,548,000	-		(2,334,000)	275,214,000	73,231,600	201,982,400
Grand Total	12,238,902,000	50,253,000	-	-	12,289,155,000	4,534,523,831	7,754,631,169

Justifications

<u>A01-Employee Related Expenses</u>	The balance amount of Rs. 3,894.790 million will be utilized for payment of salaries to Pak Based and Local Based employees and social security benefits to local based employees during the remaining part of the current financial year.
<u>A03-Operating Expenses</u>	The amount of Rs. 3,355.971 million is meant for payment of rent of the Chancery & residences, utilities, telephone/fax/e-mail/courier charges, TA/DA, purchase of stationery, insurance of Government owned buildings, security & cleaning charges.
<u>A04-Employee Retirement Benefits</u>	Funds of Rs. 13.307 million are required for payment of End of Service Gratuity to the local based staff.
<u>A06-Transfer Payments</u>	Funds of Rs. 61.860 million will be utilized for holding ceremonies and receptions on Pakistan Day by Missions abroad.
<u>A09-Physical Assets</u>	Funds of Rs. 131.721 million are required for purchase of vehicles, plant/machinery, furniture/fixtures & computer/IT equipments.
<u>A12-Civil Works</u>	Funds of Rs. 95.00 million will be utilized for repayment of loan to NBP, Washington for construction of Chancery building.
<u>A13-Repair and Maintenance</u>	Funds of Rs. 201.983 million will be utilized on repair and maintenance of physical assets, office & residential buildings.
<u>Supplementary Grant</u>	Supplementary Grant detailed below has been obtained for: Rs. 45.00 million for publicity & advertisement. Rs. 5.25 million for Parepun Geneva for overseas events in connection with Pakistan's candidature for the position of Director General World Health Organization.

BUDGET & EXPENDITURE (JULY-NOVEMBER 2016) UNDER DEMAND NO. 47 OTHER EXPENDITURE OF FOREIGN AFFAIRS DIVISION (Annexure-C)

Object Classification	Budget 2016-17	Supplementary Grant	Surrendered	Re-appropriation	Final Grant	Expenditure	Balance
A01-Employee Related Expenses	132,167,000	6,000		36,344,000	168,517,000	69,086,981	99,430,019
A02-Project Pre-Investment Analysis	1,180,000	-		-	1,180,000	32,000	1,148,000
A03-Operating Expenses	2,057,425,000	16,101,000		(36,344,000)	2,037,182,000	567,622,069	1,469,559,931
A04-Employee Retirement Benefits	2,160,000	-		-	2,160,000	864,000	1,296,000
A05-Grants	-	-		-	-	-	-
A06-Transfer*	71,100,000	-		-	71,100,000	54,089,477	17,010,523
A09-Physical Assets*	5,482,000	-		-	5,482,000	2,192,799	3,289,201
A12-Civil Works*	50,000	-		-	50,000	20,000	30,000
A13-Repair and Maintenance*	755,000	-		-	755,000	302,000	453,000
Grand Total	2,270,319,000	16,107,000	-	-	2,286,426,000	694,209,326	1,592,216,674

*Funds are provided for:

a. Language trainees sent abroad

b. Institute of Strategic Studies Islamabad (ISSI) which is an autonomous body under the administrative control of Ministry of Foreign Affairs

Justifications

<u>Contribution & Subscription</u>	The expenditure in this Demand is less than the average expenditure due to the reasons 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 contributions 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. 10.500 million for Public Diplomacy Funds for High Commission for Pakistan, London. Supplementary Grant of Rs. 5.600 million for Pakistan Annual Contribution towards Islamic Centre (Mosque) in London.

BUDGET & EXPENDITURE (JULY-NOVEMBER 2016) UNDER DEMAND NO. 138 CAPITAL OUTLAY (Annexure-D)

Object Classification	Budget 2016-17	Supplementary Grant	Surrendered	Re-appropriation	Final Grant	Expenditure	Balance
A01-Employee Related Expenses	4,358,000	-		-	4,358,000	-	4,358,000
A02-Project Pre-Investment Analysis	-	-		-	-	-	-
A03-Operating Expenses	1,200,000	-		-	1,200,000	-	1,200,000
A04-Employee Retirement Benefits	-	-		-	-	-	-
A05-Grants	-	-		-	-	-	-
A06-Transfer	-	-		-	-	-	-
A09-Physical Assets	-	-		-	-	-	-
A12-Civil Works	494,242,000	-		-	494,242,000	-	494,242,000
A13-Repair and Maintenance	200,000	-		-	200,000	-	200,000
Grand Total	500,000,000	-	-	-	500,000,000	-	500,000,000

Justifications

<u>Demand No. 38 Capital Outlays</u>	Funds are allocated for construction of State Guest House, Islamabad.
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