



"Quality Review Newsletter"
4th Quarter (Oct-Dec. 2012) & 1st Quarter (Jan-Mar. 2013)
5th Issue

INSIDE

1. Message
2. An Overview of the Provincial Finance Wing
3. Significance of Goal-Setting for Quality Assurance
4. Engagements of Finance Minister during Oct.2012 to Mar.2013 in Pictures
5. Activities of Quality Assurance Section
6. Performance Indicators of Finance Division during Jul-Dec. 2012
7. Status of Exports, Imports, Home Remittances and F.E. Reserves during July – March, 2012-13)

Message from
Dr. Abdul Hafeez Sheikh
Finance Minister



Message from
Dr. Waqar Masood Khan
Finance Secretary



International Organization for Standards (ISO) Certification is an important tool for an organization to improve the efficiency and effectiveness of its processes and operations leading to enhanced satisfaction of the stakeholders. Finance Division has, therefore, adopted ISO Certification with the objective to establish a framework of Quality Assurance in order to plan, control, maintain and improve its performance and enhance its competitive value at Federal level and both external and internal customer satisfaction levels.

Through the practical application of quality approaches, Finance Division administered the inter-governmental fiscal relationship and settled issues regarding release of funds required by the provinces under the National Finance Commission (NFC) Award, resolved matters pertaining to policy formulation, budget preparation and Federal Government's fiscal operations.

I am confident that after adoption of ISO Certification, the Management and overall functioning of Finance Division have become more efficient and they will prove themselves as a role model for other Federal Ministries/Divisions. I hope the publication of current "Quality Review Newsletter" will provide an opportunity to all and sundry of having information and know how about the new systems and methodologies of quality and efficiency being adopted in the Finance Division. For all these achievements, all officials of Finance Division deserve appreciation and felicitation.

In the Federal Set-up, Finance Division is the only ISO 9001:2008 Certified Ministry that is constantly adhering to meet the international standards of performance and quality service delivery in pursuance of measurable and achievable goals and targets set out by the Quality Management System (QMS) based on the Quality Assurance Programme (QAP). Of course, ISO is a proven foundation for an effective QMS. However, an effective and efficient QMS in an organization leads to improvement in its processes and procedures. On the other, the QAP team is determined in taking care of its promise of improvement in service delivery and creating environment of collaboration and cooperation. In this regard, the publication of "Quality Review Newsletter" is contributing towards provision of opportunities for making information available to Finance Division and its customers.

On the occasion of publishing the current "Quality Review Newsletter", I share my sincere appreciation to our Quality Assurance Program team, experienced and professionally sound Management and staff members in recognition of their hard work and commitment in making the QAP successful.

Ministry of Finance,
"Q" Block, Pak Secretariat,
Islamabad.

Tel. No. +92-51-9208523.

Website:
www.finance.gov.pk



Mr. Abdul Malik Balghari,
Deputy Secretary (PF Wing)

AN OVERVIEW OF THE PROVINCIAL FINANCE WING

Pakistan is a Federal democracy. Therefore, 93% of the resources are generated by the Federal Government whereas the provinces generate less than 7% of the total resources. On the other hand, Federal Government accounts for 70% of the aggregate national expenditure while the provinces spend only 30% of it. Thus, the Inter-Government relations get much importance in this background. Recognizing need for a periodic review of Inter-Governmental fiscal relations, Article 160(1) of the constitution provides for the establishment of National Finance Commission (NFC) at intervals not exceeding five years.

The responsibility of Provincial Finance Wing of Finance Division is to administer and maintain the inter-governmental fiscal relationship in such a fashion which accords top priority to the timely release of funds as well as to the settlement of issues raised by the provinces. Primarily, this relationship orbits around the latest NFC Award which sets forth the very basis for release of funds under divisible pool taxes, straight transfers and grants-in-aid etc. In view of financial constraints, the Provincial Governments generally keep on raising complex issues. Therefore, the PF-Wing has to dispose of the cases with utmost speed and efficiency. This Wing also conducts meetings of Provincial Finance Secretaries where issues confronting Federal as well as Provincial Governments are discussed to find workable solutions.

PF-Wing also plays a very important role in the settlement of post-devolution issues especially relating to the funding of devolved programmes/subjects. Despite resource constraints at Federal level, Finance Division accords priority to requirements of the Provincial Governments in this regard. In a recent meeting with Provincial Chief Secretaries and representatives from Ministry of Inter-Provincial Coordination and Planning Commission, the issue of enhancement of allocation for the population welfare programme was discussed and proposals were firmed up in the light of decision of Council of Common Interest. Through Provincial Finance Secretaries' meetings, Finance Division facilitates the Provincial Governments on discussion regarding issues of common interests like harmonization of agriculture Income Tax policy, recovery of electricity bills, implementation of Reformed GST, containment of overall fiscal deficit, enhancement of ways and means limits, efforts to increase provincial own receipts etc. Regarding recovery of electricity dues from the provincial Governments, remarkable progress has been made.

In order to understand the impact of the latest NFC Award on Federal as well as Provincial Governments, it seems appropriate to mention salient features of the Award at a glance as follows:-

- NFC Award is a great achievement since it came up after a period of 14 years.
- Financial autonomy of the Provinces has been ensured by increasing their share in the Divisible Pool i.e. from 50% to 56% in 2010-11 and to 57.5% from FY 2011-12 onwards.
- For the first time in the history, multiple indicators have been adopted for distribution of provincial share in the divisible pool whereas in all the previous Awards, population was the sole criterion.
- The share for Balochistan has been raised from 5.22% to 9.09%. Balochistan Province would receive share in the divisible pool based on the budgetary projections. Shortfall, if any, based on the actual collection reported by FBR would be borne by the Federal Government itself. Additionality is being paid from the resources of Federal Government.
- Following long outstanding issues have also been resolved on the sidelines of NFC:
 - Arrears of net hydel profit of Khyber Pakhtunkhwa amounting to Rs.110 billion payable by WAPDA has been picked up by the Federal Government.



- On the analogy of Khyber Pakhtunkhwa Province, the amount of arrears of net hydel profit of Rs.28.5 billion payable by WAPDA to Punjab province on Ghazi Barotha Hydel Station, has also been picked up by Federal Government.
- The long outstanding claim of Government of Balochistan regarding arrears of Gas Development Surcharge prior to 1991-92 has also been resolved. Amount of Rs.120 billion under Aghaz-e-Huqooq-e-Balochistan Package and Rs.10 billion under NFC is being paid by the Federal Government.
- The claim of Government of Sindh regarding losses on account of abolition of Octroi and Zilla Tax has also been resolved and a yearly grant of more than Rs.6 billion is being made by the Federal Government.

Provincial Finance Wing has been maintaining its mark in terms of quality assurance performance. The Wing met its quarterly and annual targets successfully.

Significance of Goal-Setting for Quality Assurance

In her article titled 'Success and the Goal Setter,' Bettie B. Youngs states that "goals represent expectations, hopes and dreams, and to the extent our goals are achieved, we are successful." These ideas help an organization to define and establish realistic goals in its life. By setting and achieving worthwhile goals, the organizations can give their life greater meaning and purpose. Hence, the organizations will also find their work and standing more exciting and fulfilling. The practice of setting specific goals gives *quality assurance* and enhances performance, and that setting difficult goals results in higher performance than setting easier goals. Further, goal setting is the process of deciding what an organization wants to accomplish and devising a plan to achieve the result that desire.

Quality Assurance is a system of measures and controls established within an organization to try and manage the quality of services being provided. Quality Assurance schemes not only encompass all of an organization's activities and operations, but also define an organization's methods of working or processes, then attempt to use various measures and controls to continually improve them. An effective Quality Assurance scheme ensures that a consistent and acceptable level of quality is being achieved in services delivered to customers. Quality Assurance takes a more holistic approach, based on the idea that identifying and removing the causes of defects is a more pragmatic and cost effective solution. Irrespective of the tools used, effective Quality Assurance depends on being able to measure the effectiveness of a process or series of activities, then the implementation of improvements in a controlled manner.

While setting the goals, an organization must imagine and conceptualize the goal or desired result. By visualizing the success in great detail, the organization may condition itself and prepare to achieve the desired success. The goals of an organization must be consistent with the values system, and the organization must believe to reach the goal. It is critically important that the organization should believe in itself and should also see itself with the goal in hand. The organization must also keep in view its physical capacity whether the goals set are achievable or not. Another important factor, in this regard, is that the goals should be measurable.

Moreover, the organization must be able to achieve the goal itself, or gain the willing cooperation of other organizations to reach the goal. This aspect emphasizes the importance of building team spirit. If an organization may have no control over the outcome of an event, it's not realistic to set a goal. Without a proven system that beats the odds, lack of control will leave the organization in a state of frustration - and cost the organization a lot of money. The organizations also need to make sure whether their goals are not in conflict with other areas of interest and operation. Some goals become mutually exclusive and create conflict with other goals.

It is evident from the understanding of theoretical underpinnings of the concepts that goal-setting and quality assurance are significantly correlated with each other. The exercise of goal-setting leads to quality assurance, enhanced performance and continuous improvement in processes and procedures.



Engagements of Finance Minister during Oct.2012 to Mar.2013 in Pictures



Right Honourable Justine Greening, MP, Secretary of State for International Development, UK meeting with Dr. Abdul Hafeez Shaikh, Federal Minister for Finance, in Islamabad on January 21, 2013.



Federal Minister for Finance, Dr. Abdul Hafeez Shaikh meeting with US Ambassador, H.E. Mr. Richard G. Olson in Islamabad on January 9, 2013.



Finance Minister, Dr. Abdul Hafeez Shaikh presiding over the ECC meeting at Islamabad on January 10, 2013.



Federal Minister for Finance, Senator Saleem H. Mandviwala chairing the meeting on implementation of NFC recommendation for the period from 1-7-2012 to 31-12-2012 (1st Biannual meeting) in Islamabad on 14-03-2013.



Federal Minister for Finance, Dr. Abdul Hafeez Shaikh chairing a meeting on Tax Reforms at FBR, Islamabad on January 23, 2013.



Federal Minister for Finance, Senator Saleem H. Mandviwala chairing a meeting about SME Bank Ltd in Islamabad on March 12, 2013.

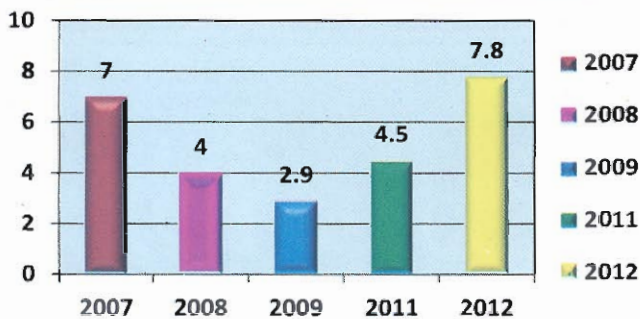


Activities of Quality Assurance Section

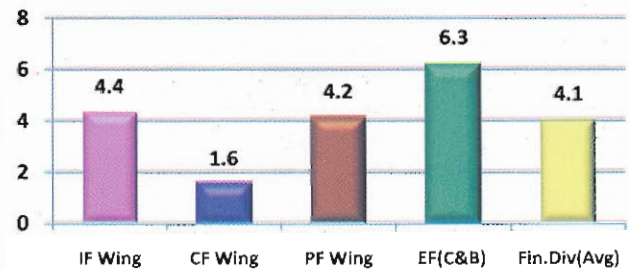
- During the 4th quarter of 2012 (October-December 2012) and 1st quarter of 2013 (January-March 2013), Quality Assurance Section performed a key role in capacity building of the officers and officials of Finance Division.
- During the period from October 2012 to March 2013, 10 Officers of Finance Division visited abroad to attend Trainings, Seminars and Meetings held in different countries.
- 73 officers/officials availed trainings in different institutes at Lahore, Karachi and Islamabad.
- Selection Committee for Foreign Training of Quality Assurance Section recommended 10 officers of Finance Division to attend seminars and training programmes scheduled in different countries.
- The Selection Committee for Foreign Training recommended 01 officer for Master Degree Programme in Korea.

Performance Indicators of Finance Division during July-Dec. 2012.

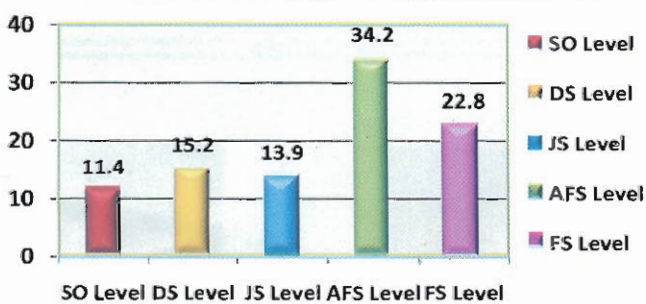
AVERAGE DAYS TAKEN BY SOS OF FINANCE DIVISION FOR SUBMISSION OF CASES DURING 2007-2012



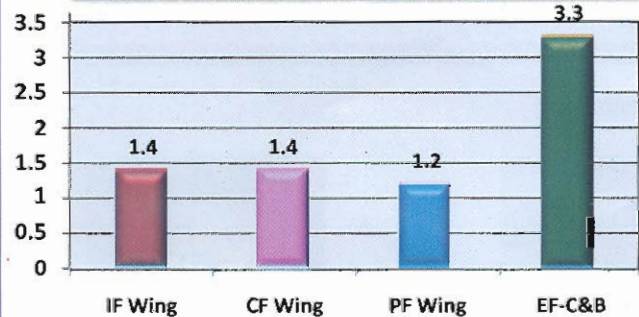
AVERAGE NO. OF DAYS TAKEN BY SOS OF SELECTED WINGS FOR SUBMISSION OF CASES



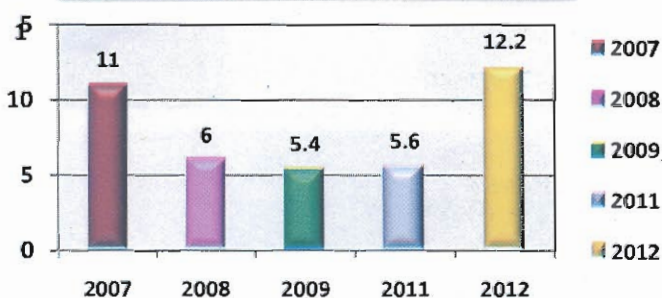
PERCENTAGE OF CASES DISPOSED OFF AT EACH LEVEL OF FINANCE DIVISION DURING 2012



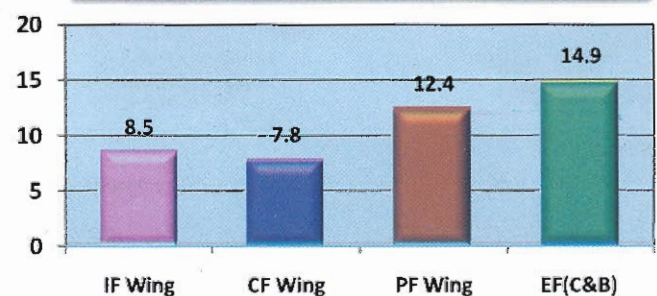
AVERAGE DURATION OF DELAY OF CASES BY SOS OF FOUR WINGS OF FINANCE DIVISION DURING JULY-DEC.2012



AVERAGE DAYS TAKEN FOR FINAL DISPOSAL OF CASES BY FINANCE DIVISION DURING 2007-2012



AVERAGE DURATION OF DISPOSAL OF CASES OF FOUR WINGS DURING JULY-DEC. 2012





Status of Exports, Imports, Home Remittances and F.E. Reserves during July – March, 2012-13)

During July – March, 2012-13, exports decreased by 0.01% (\$18.333 billion) as against (\$18.334 billion) in the same period of last year. While FBS commodity-wise data revealed that the growth in export was mainly originated from food group (11.4%), textile group (7.09%), other manufactures group (11.09%) and all other items (31.15%). The exports of vegetable increased by 60.94% to \$171.219 million, oil seeds nuts & kernels by 21.43% to \$24.5576 million, all other food items by 12.97% to \$1112.666 million and guar & guar products by 22.81% to \$102.622 million. Although growth rate of exports is stagnant but the expected better crop may jack up growth rate of exports in coming months of current financial year. However, imports declined by 1.9% during the said period.

During July – March, 2012-13 remittances stood at \$10.354 billion which is 6.35% higher than the same period of last year. However, July-March, 2012-13 average comes to \$1.150 billion, if this trend continue in the remaining months of the CFY then the home remittances would in line with the budget target of \$14 billion.

However, during the CFY, the pressure on BOPs was recorded mainly due to higher payment to IMF, IFIs & bilateral, whereas financial inflows are not coming according to expectations, resulting in depletion in FE Reserves which stood at \$11.83 billion as on 07-05-2012 of which Reserves with SBP at \$6.76 billion and Reserves with Banks are \$5.07 billion.



Two training courses of 2-days each on "Balance of Payment" conducted for Deputy Secretaries/Section Officers from 25th to 28th February, 2013 under Institutional Strengthening of Finance Division Project at National Institute of Banking and Finance, Islamabad.

QA Team



CHIEF EDITOR:
Iftikhar Ahmad
Joint Secretary (HRM)
(Head of Quality Assurance Programme)



Reviewer:
Izhar Ahmad
Deputy Secretary
Quality Assurance



EDITOR:
Khan Hafëez,
Section Officer
(Quality Assurance-I)



Composed by:
Asma Malik,
Programmer (IT)

Quotations: -

- (i) "The person who masters himself through self-control and discipline is truly undefeated".
(Buddha)
- (ii) "If we don't change, we don't grow. If we don't grow, we are not really living"
(Anatole France)