

## Health Financing: Pre and Post 18th Amendment Scenario

### Introduction

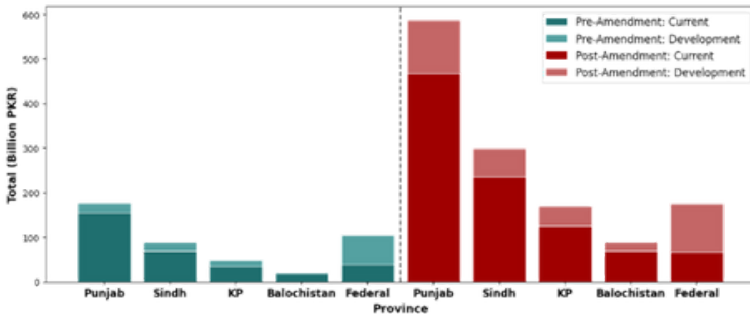
The 18th Constitutional Amendment (2010) devolved major responsibility of health planning, financing, and service delivery to the provinces, granting them greater control over resource allocation and priority-setting. The reform was designed to strengthen provincial ownership and align budgets more closely with local needs. This policy brief reviews federal and provincial health spending patterns before and after devolution, focusing on changes in total allocations (current and development), annual averages, and its share relative to economic growth.

### Findings & Discussion

Figure 1 shows that before the 18th Amendment (2005–10), provincial health spending was modest. Punjab spent PKR 144 billion, Sindh 74 billion, KP 51 billion, and Balochistan 24 billion, while the federal government spent PKR 58 billion. In the five years after the Amendment (2011–16), spending rose sharply as provinces took charge of health financing. Punjab increased by 227% to nearly PKR 600 billion, Sindh by 256% to over PKR 300 billion, and KP by 248% to about PKR 150 billion. Balochistan, though still under PKR 100 billion, recorded the steepest rise at 370%. Federal spending also rose by 57% to over PKR 110 billion, reflecting the shift of resources to provinces. However, once adjusted for inflation, the growth rates were noticeably smaller.

Figure 1: Total Health Expenditure by Province

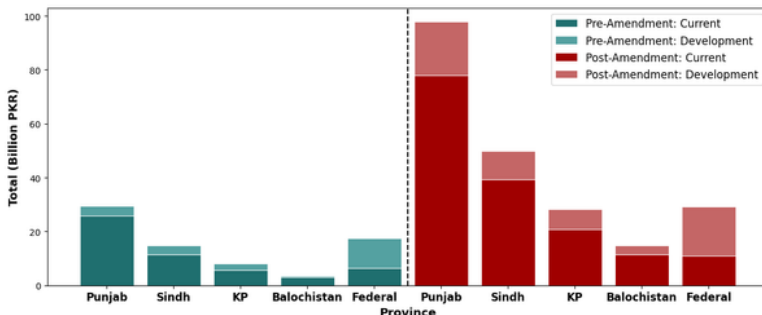
Pre Amendment (2005-10) vs Post Amendment (2011-16)



However, most of this increase came from current expenditure, while development budgets remained small. This shows that although provinces expanded health financing and raised spending levels, much of the growth went to running costs rather than long-term health infrastructure.

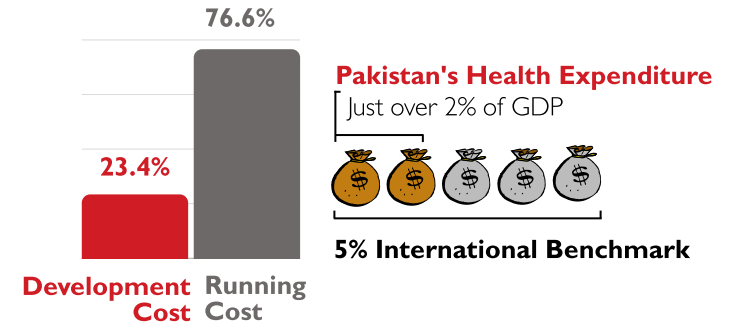
Figure 2: Average Health Expenditure by Province

Pre Amendment (2005-10) vs Post Amendment (2011-16)



### Salient Features

Health expenditure showed major growth after 18<sup>th</sup> Amendment. However,



For instance, Punjab's 227% rise in health spending was driven mainly by current expenditure, 182% compared to 46% development. Sindh's 256% came from 197% versus 59%, and KP's 232% from 164% versus 69%. Balochistan saw the sharpest increase at 370%, with 293% current against 77% development, while the federal 57% rise was split more evenly, 26% versus 31%. Overall, growth has been overwhelmingly current expenditure-driven rather than development-led.

### Health Spending Growth After the 18<sup>th</sup> Amendment

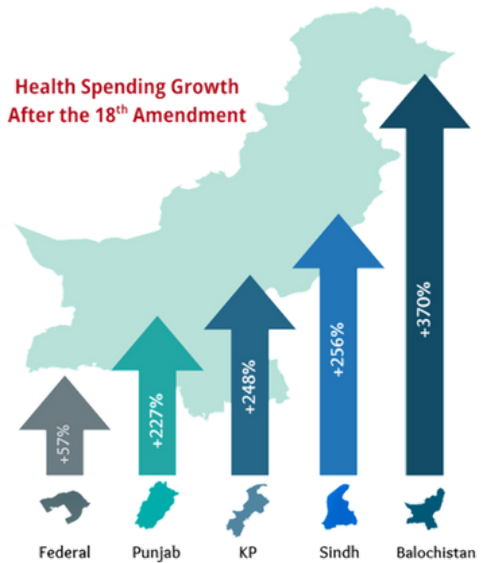


Figure 3: Provincial Health Expenditure as % of GDP

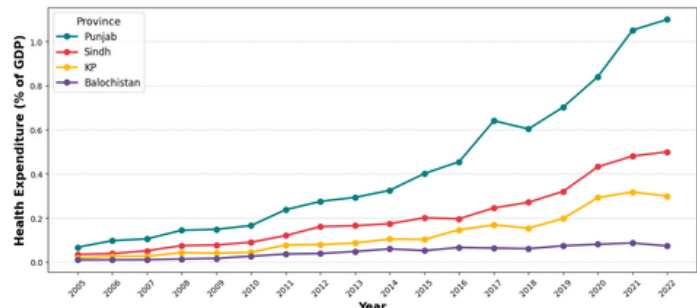


Figure 2 also supports Figure 1 and the conclusion that post-Amendment increases in provincial health spending were driven largely by current rather than development expenditure. Health spending is best judged against the size of the economy. The World Health Organization advises at least 5% of GDP for health, but Pakistan spent just over 2% by 2022. In Figure 1, Balochistan shows a 370% rise in spending after the 18th Amendment yet Figure 3 reveals its health share of GDP barely changed. Punjab, Sindh, and KP gradually increased their shares, while for Balochistan health did not become a greater economic priority.

## Policy Implications

1. Pakistan must raise its overall health spending as a share of GDP, moving closer to the 5% international benchmark to strengthen service delivery.
2. Within provincial budgets, development spending should be increased alongside recurrent allocations to drive long-term improvements in health outcomes.

## Data & Methodology

The data used for this analysis was sourced from health expenditure figures reported in the Poverty Reduction Strategy Papers (PRSP) for 2005–2016, published by the Ministry of Finance. To capture shifts over time, the period was organized into two phases: pre amendment (2005 to 2010) and post amendment (2011 to 2016). For each province, the average annual expenditure was calculated in both categories. Using Pakistan's official GDP series sourced from Pakistan Bureau of Statistics, provincial expenditures were also calculated as a share of national GDP to measure the scale of fiscal effort.

## References

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