Government of Pakistan
Finance Division
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No F.3(1) FO/2026-27 Islamabad, the 1st July, 2026

OFFICE MEMORANDUM

Subject: STRATEGY FOR RELEASE OF FUNDS FOR RECURRENT BUDGET FY 2026-27

The undersigned is directed to refer to the above-mentioned subject and state that in pursuance of the provisions of the Public Finance Management Act, 2019 and Financial Management & Powers of Principal Accounting Officers Regulations, 2021, funds release strategy for recurrent budget for FY 2026-27 is being issued for implementation with immediate effect and till further orders.

2. Allocated funds for recurrent budget shall be released for FY 2026-27 by Finance Division under all Demands for Grants and Appropriations at 20% for Quarter 1, 25% for Quarter 2 and Quarter 3 each, and 30% for Quarter 4, as detailed below:

i. Employees related expenditures (ERE) and pension payments at 25% for each Quarter;

ii. Non-employee related expenditures (Non-ERE) at 15% for Quarter 1, 25% for Quarter 2 and Quarter 3 each, and 35% for Quarter 4;

iii. Rent of office and residential buildings, commuted value of pension, encashment of LPR and PM Assistance Packages at 45% during 1st half of CFY and 55% in 2nd half of CFY;

iv. Finance Division shall release subsidies, grants and lending on case-by-case basis;

v. Cases of international and domestic contractual obligations and obligatory payments beyond the above prescribed limits shall be considered on case-by-case basis by Finance Division; and

vi. PAOs/Heads of Attached Departments/Heads of Subordinate Offices shall not make re-appropriation of allocated funds from ERE to Non-ERE without prior concurrence of Finance Division.

3. PAOs have been provided additional funds to meet funding requirements of Ad-hoc Relief Allowance 2026 announced in the budget under a separate cost centre. Finance Division shall release 100% of these funds in Quarter 3. PAOs are advised to re-appropriate these funds only for the purpose of Adhoc Relief Allowance in quarter 3 of CFY, if needed, in consultation with Expenditure Wing, Finance Division.

4. Guidelines and instructions below shall be strictly adhered to:

a) Grants-in-Aid:

i. Funds for Autonomous Bodies, Authorities, Commissions, and other similar entities shall be released in accordance with the mechanism prescribed in para-2 above, subject to the following conditions:
   a. PAOs shall ensure approval of annual budgets of autonomous bodies/authorities/ commissions/funds/boards etc. by competent authority under respective statutes, rules or regulations; and

   b. A certificate to the effect of such approval shall be communicated to Expenditure Wing, Finance Division. Autonomous bodies/authorities/commissions/funds/boards etc. shall provide budget information on detailed object-wise classification along with their receipts.

ii. PAOs must ensure adherence to the Grants-in-Aid Rules, 2025;

iii. Adequate allocation of funds may be made for meeting expenses of autonomous bodies/authorities/commissions/funds/boards etc.;

iv. Allocation and disbursement of funds to public and private entities shall be linked to outputs, outcomes and performance; and

v. Grants-in-Aid shall be considered non-recurring and funds shall be disbursed only to meet any justified shortfall for a limited time.

b) Grants and Subsidies:

i. Grants and subsidies shall be processed by relevant wings of Finance Division in consultation with Budget Wing;

ii. PAOs shall prepare quarterly funds requirement/cash plan for subsidies within and communicate the same to relevant wings of Finance Division before start of each quarter;

iii. Relevant wings of Finance Division shall review the quarterly funds requirement/cash plan for subsidies. The plan shall be submitted, in consultation with Budget Wing for approval of Finance Secretary;

iv. PAOs shall approach the relevant Wings of Finance Division for release of funds as per approved cash plan. The release shall be made with concurrence of Budget Wing. Any deviation from the approved cash plan shall also be submitted, in consultation with Budget Wing, for approval of Finance Secretary;

v. Sanction of expenditure for subsidies by the PAOs shall be granted with prior concurrence of Expenditure Wing and copies will be sent to Budget Wing, AGPR and all concerned;

vi. PAOs shall approach Expenditure Wing, Finance Division for release of funds for grants. Expenditure Wing, in consultation with Budget Wing, shall seek approval of Finance Secretary for the release of funds; and

vii. Sanction of expenditure for grants by PAOs shall be made with the prior concurrence of Expenditure Wing and copies will be sent to Budget Wing, AGPR and all concerned.

c) Lending:

i. Disbursement of funds on account of loans & advances and investments shall be subject to the condition that all due repayments to the Federal Government have been made as per schedule/maturities. In case, due repayments have not been made, relevant Wing of Finance Division shall ensure at source deductions; and

ii. Release shall be made with the approval of Finance Secretary. Sanction letter shall be issued to AGPR with a copy to Budget Wing.

d) Foreign Exchange Payments:

i. Adequate budgetary allocations on account of foreign exchange component (rupee cover) shall be ensured by all PAOs and conveyed to Economic Affairs Division and Finance Division; and

ii. Funds for foreign exchange payments shall require prior approval of External Finance Wing, Finance Division.

e) Commitment Controls:

i. Annual and multi-year commitments for procurement of goods, services and civil works shall be recorded in SAP system by all PAOs and accounting offices as per guidelines issued by Finance Division.

f) Austerity Measures:

i. Austerity measures issued from time to time shall be fully adhered to by all concerned.

g) General Guidelines and Instructions:

i. All payments shall be made through pre-audit system by the accounting offices or through the Assignment Accounts Procedure or any other procedure issued by Finance Division;

ii. No direct payment shall be made through SBP by any office except with prior approval of Finance Secretary as per Rules 3(9) and (10) of the Cash Management & Treasury Single Account Rules, 2024;

iii. Approved direct payments shall be booked and recorded by the concerned accounting office immediately after receipt of intimation from SBP;

iv. Special purpose funds or any other fund established shall be regulated under Section 32 of the Public Finance Management Act, 2019, the Cash Management & Treasury Single Account Rules, 2024 and the Special Purpose Funds Rules, 2025;

v. Quarter-wise fund releases will be uploaded on AGPR server by Finance Division within the above-stated release limits. No payment shall be made over and above the limits by any accounting office except with prior approval of Finance Division; and

vi. The strategy for release of funds for PSDP, interest payments, repayments of loans, supplementary/technical supplementary grants and re-appropriations shall be issued by Finance Division separately.

Note: Notwithstanding anything contained in this strategy, all releases shall be subject to availability of fiscal space.

(Muhammad Atif Qaisrani)
Section Officer (FO)
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Distribution:

1. Deputy Chairman, Planning Commission, Islamabad
2. All Principal Accounting Officers
3. All Heads of Departments, Sub-ordinate Offices and Autonomous Bodies
4. All Additional Finance Secretaries, Senior Joint Secretaries and Joint Secretaries of Finance Division
5. Governor, State Bank of Pakistan, Karachi
6. Auditor General of Pakistan, Islamabad
7. Controller General of Accounts, Islamabad
8. Accountant General Pakistan Revenues, Islamabad
9. Military Accountant General, Rawalpindi
10. Sub-Offices of AGPR, Lahore, Karachi, Peshawar, Quetta and Gilgit
11. CF&AOs of all Divisions
12. Managing Director, SBP Banking Services Corporation, Karachi
13. Director (Budget Computerization), Budget Wing, Finance Division, Islamabad
14. Federal Treasury Officer, Islamabad and Karachi
15. Web Master (with the request to upload on Finance Division's website)

Copy to:

i. SA to Minister for Finance & Revenue
ii. SA to Minister of State for Finance
iii. SPS to Finance Secretary
iv. PS to Special Secretary Finance

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