



DISTRICT
MARDAN
KHYBER PAKHTUNKHWA

ELEMENTARY AND SECONDARY EDUCATION
BUDGET ANALYSIS
(2011-12 to 2014-15)



DISTRICT MARDAN

Khyber Pakhtunkhwa

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This education budget analysis study is one among the six education budget analysis studies commissioned by Alif Ailaan and carried out by the Center for Governance and Public Accountability (CGPA). CGPA has been carrying out district level education budget analyses in Khyber Pakhtunkhwa in cooperation with other partners and donors as well. The present series of education budget analysis studies includes five districts of: 1) Abbottabad; 2) Mardan; 3) Bannu; 4) Kohat; 5) Tank; and 6) FATA and is jointly concerted by CGPA and Alif Ailaan.

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List of Acronyms

ADP	Annual Development Plan
ASER	Annual Status of Education Report
BCC	Budget Call Circular
CDS	Comprehensive Development Strategy
E&SE	Elementary and Secondary Education
EMIS	Education Management Information System
ESP	Education Sector Plan
FY	Fiscal Year
GDP	Gross Domestic Product
GPI	Gender Parity Index
KP	Khyber Pakhtunkhwa
MDGs	Millennium Development Goals
MTBF	Mid Term Budgetary Framework
OBB	Output Based Budget
PBB	Performance Based Budget
PCNA	Post Crisis Need Assessment
PFCA	Provincial Finance Commission Award
PTCs	Parent Teacher Councils
PTR	Pupil Teacher Ratio
Rs	Pakistani Rupee
RTO	Right To Education
UPE	Universal Primary Education

Executive Summary

This report provides an overview of the major trends observed in Elementary and Secondary Education (E&SE) budget allocation in district Mardan. This report provides an overview of the major trends observed in the Elementary and Secondary Education (E&SE) budget allocation in district Mardan. The objective of this report is three-fold. Firstly, it intends to generate informed debate on budget making procedures of public sector education delivery. Secondly, it aims to demystify the budget-making procedures and encourage citizens to engage in the governance of public sector education delivery. Finally, the report hopes to use its findings to mobilise readers to raise their voices and to influence the education budget making process.

The public budget should be a matter of prime public concern and citizens should be able to influence decision-making processes regarding budgets. Citizens should be able to influence the discourse on budgets, and articulate their voices with public representatives for need-based, gender sensitive, equitable, and transparent budget making process. Such voices are also important for the efficient and effective utilisation of budgets. This report is a step in this direction and provides information on E&SE budgeting of the last four years (2011-12 to 2014-15) for district Mardan.

An average 7.19% of Khyber Pakhtunkhwa's provincial E&SE department's current budget has been estimated for the district E&SE department Mardan. Against these estimates, the actual current expenditure for these years is 8.5%. This is normal in under developed countries that actual expenditure exceeds budget estimates. It is mainly because of professional inefficiency and a lack of expertise of the budget making personnel.

Salary and non-salary are the two main current budget heads. For the last four years, in district Mardan non-salary budget allocation has been 2.75% of the district's current budget and the lion's share of 97.25% has been earmarked for staff salaries (teaching and non-teaching staff). Against this allocation, average non-salary actual expenditure has been a little more than estimated; it is 3% of the total current budget for these years. Non-salary expenditure mainly consists of operational and maintenance costs of education institutes. This is a very meager proportion for keeping the operation and maintenance of schools up to a good standard. In order to suffice the non-salary budget deficit, in the FY 2014-15, the Khyber Pakhtunkhwa (KP) government earmarked a block grant of Rs. 7 billion, which is being disbursed to district E&SE departments. District Mardan had received – up till Feb 2015 – a sum of Rs. 138.575 million and consumed it for the purchase of different sorts of equipment for school operations.

Primary and secondary levels of education provide a line of distribution of budget and for policy analysis of the E&SE department's performance towards the Universal Primary Education (UPE) objective. For district Mardan, in terms of the percentage share of the district's current budget 50% expenditure is incurred on primary education. It is not justified since 80% schools, 70% of the students enrolled and 62% of teachers

in district Mardan belong to primary schools. This situation reveals the passive behaviour of government officials against the policy objective of attaining UPE for which government is bound by virtue of the Millennium Development Goals (MDGs) and article 25-A of the constitution of Pakistan.

The proportion of the development to current budget of district Mardan was 20% and 80% for the FY 2011-12, 15% and 85% for the FY 2012-13, 16% and 84% for the FY 2013-14, and 10% and 90% for the FY 2014-15. The breakdown of the development expenditure by level of education in district Mardan is also proportionally unfair against primary education. It was 17% for primary education and 83% for secondary education in the FY 2011-12, 4% and 96% in the FY 2012-13 and 31% and 69% in the FY 2013-14 for primary and secondary level education respectively.

Gender disparity is very obvious at all levels of education governance in the district. This is contrary to the policy objective and governmental pronouncements of resolving the gender disparity issue in education and assigning priority to girls' education to bring them at par with boys' in terms of literacy. The percentage of schools for girls in Mardan is 44%, the percentage of girls enrolled in schools constitutes 46% and the percentage of female teachers in Mardan is 39%. Budget allocation for girls compared to boys is also lesser; for example the PTC (Parent Teacher Council) funds provided to girls' primary schools for the FY 2014-15 are Rs. 16.436 million whereas for boys' primary schools they are Rs. 27.608 million. For girls' middle, high and higher secondary schools, PTC funds are Rs. 9.12 million whereas for boys' middle high and higher secondary schools they are Rs. 14.075 million.

Existing trends in budget require revisiting and a new commitment for initiating measures for achieving policy objectives of UPE, gender parity in education, allocation of more resources for non-salary and development expenditure. Capacity building of the budget makers, public participation in budget making decisions, measures to ensure transparency and holding the public officials accountable to people require an organised mechanisms and civil society activism. Both government and people should join hands to eradicate illiteracy, bring all out of school children to school, provide adequate facilities in public schools in order to create positive learning/teaching environments and improve learning outcomes among students.

Introduction

The purpose of this report is to demystify the budget for a layman's understanding of the monetary flow of public finances and to provide an insight into the processes of education budget preparation and execution. However, the scope of this report includes only the E&SE department budget, while E&SE department is the principal provider of public sector education and the biggest consumer of KP provincial budget; it consumes more than one fourth of the KP's annual budget.

This report deals with the questions of what the district education annual budget trends are, their priority areas in budget allocation, and how far the budget complies with sectorial policy objectives and manifesto of the ruling parties. It offers also gender and level of education (primary versus secondary) specific analysis in respect of resource allocation.

It identifies both the strengths and weaknesses in the budget making and expenditure procedures in the education sector at district level. The report also provides material to initiate a debate among civil society, media, policy makers and scholars on equitable, need-based and efficient budgeting. It is desirable and expected that the proceeding debate will generate suggestions for improvement in fiscal discipline and informed engagement with public authorities for reforms and policy compliance. It will support the overall objective of optimum utility and public scrutiny of public finances (in the education sector) and of the education department's good governance.

Our Objectives

- » To furnish a general understanding of the budget system, resource envelope¹ and resource gap in E&SE in district Mardan.
- » To identify trends of resource allocation and expenditure in the E&SE department of district Mardan with a focus on gender
- » To conduct a trend analysis of the E&SE budget of district Mardan against policy priorities of education sector, against relevant strategic policy objectives of the sitting government, as well as against the needs on ground
- » To assess technical capacity of the stakeholders, mainly the public officials involved in budget making and its execution in district Mardan
- » To carry out an assessment of mechanisms in place for public participation (inclusion) in budget decisions, transparency and public accountability of the E&SE budget in district Mardan
- » To identify main issues and problems as well as strengths and weaknesses in the processes of budget cycle
- » To furnish recommendations for improvements in budget processes and education governance in district Mardan

1. Resource envelope is the sum of resources allocated by the government against activities planned in a budget at the time of budget preparation and resource gap indicates activities excluded in the public budget for non-availability of funds.

Methodology

This report is heavily based on a review of statutory sources, which provide guidelines for budgeting and help develop a framework for budget analysis, and databases sought from a number of public departments. However, primary information collected from the field from key-Informant in-depth interviews and other secondary sources of information contribute also significantly in shaping the report. The key informants interviewed for this study include district education and finance officers, officials of provincial finance department, planning and development department, headmasters and teachers of public schools, and parents of school going children (both of public and private schools).

Important information sources used for the analysis include: Education Sector Plan (ESP) 2010-15, White Paper on budget, Comprehensive Development Strategy (CDS) Paper, Annual Status of Education Reports (ASER), Education Management Information System (EMIS) database for public and private schools, Budget Call Circular (BCC) and initiatives of Performance Based Budget (PBB) / Output Based Budget(OBB), Medium Term Budgetary Framework (MTBF), Post Crisis Need Assessment (PCNA), and Parent Teacher Councils' (PTC) Guide along with some other relevant documents. Data on last four years' (FYs 2011-12 to 2014-15) education budget of district Mardan has been incorporated into the analysis.

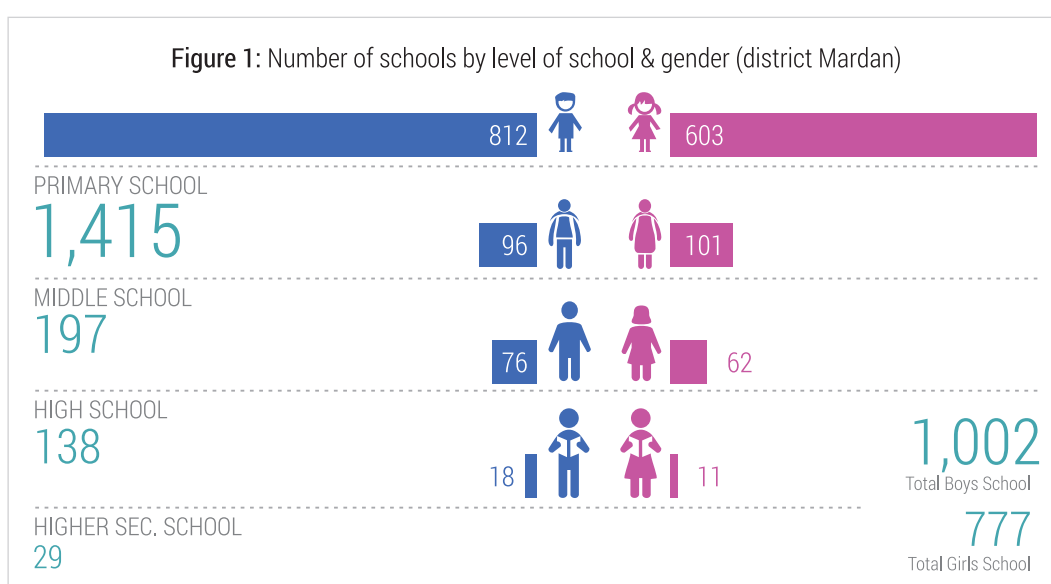
E&SE School Infrastructure and Budget

E&SE School Infrastructure District Mardan

Elementary and secondary education comprises of 12 years of schooling. It is divided into elementary and secondary education. Elementary education comprises of schooling from grades one to five (1-5). Secondary education comprises of schooling from grades six to twelve. School infrastructure in Pakistan includes 4 levels of schools. The first level is primary school and provides elementary education (grades 1-5). Terms elementary education and primary education may be used synonymously. Other three levels of schools provide secondary education. Their names and respective school grades are as follows:

- » middle schools they provide education for grades six to eight
- » high schools they provide education for grades nine to 10 (or six to 10)
- » higher secondary schools they provide education for grades 11 to 12 (or six/nine to 12)

A budget is a financial statement of cash in-flows and outlays. The World Education Forum² has set a minimum benchmark of 4% to 6% of the Gross Domestic Product (GDP) of a country to be spent on education but this rate is not yet achieved in Pakistan. According to the World Bank, in 2013 (the last measured) Pakistan's public spending on education as percentage of GDP was 2.49%. Moreover, the available resources are not utilised to get optimum results. Misappropriation of funds, political influences, nepotism and vested interests practiced in the education governance hinder the pace of progress otherwise possible. In Pakistan, education is a provincial subject and the provincial governments are spending 20 to 25% of their budget on education. More finances for education in the public sector are direly needed along with governance reforms.



2. Framework for Action Education 2030: Towards Inclusive And Equitable Quality Education And Lifelong Learning For All; P. 18

Before going into the budget details, here it seems pertinent to have a look on the statistics of school infrastructure; teachers and students of the district in order to better understand how much financial resources are spent on how many schools, teachers and students. There are a total of 1,779 schools in district Mardan; their breakdown by level of school and gender is given in the table below:

Table 1: Number of schools by level of school and gender in district Mardan

Level of School	For Boys	For Girls	Total
No. of Primary Schools	812	603	1415
No. of Middle Schools	96	101	197
No. of High Schools	76	62	138
No. of Higher Secondary Schools	18	11	29
Total	1,002	777	1,779

Source: School Statistics by Education Management Information System (EMIS) 2013-14

There are 363,432 students enrolled in these 1,779 schools of district Mardan. Their breakdown by gender and school level is given in the table below:

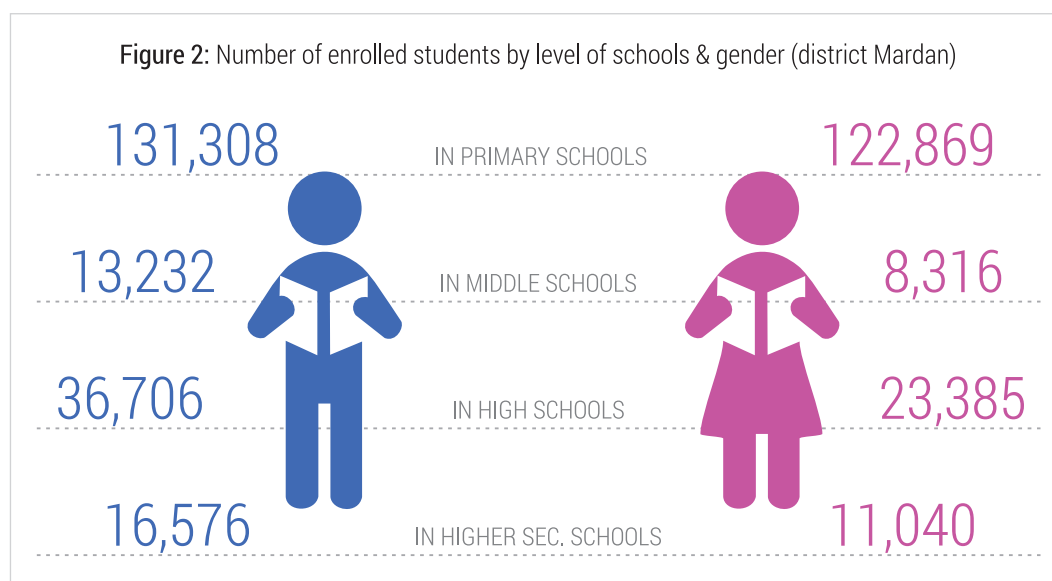


Table 2: Number of students (enrolled) by level of school and gender in district Mardan

Number of Students Enrolled	Boys	Girls	Total
In Primary Schools	131,308	122,869	254,177
In Middle Schools	13,232	8,316	21,548
In High Schools	36,706	23,385	60,091
In Higher Secondary Schools	16,576	11,040	27,616
Total	197,822	165,610	363,432

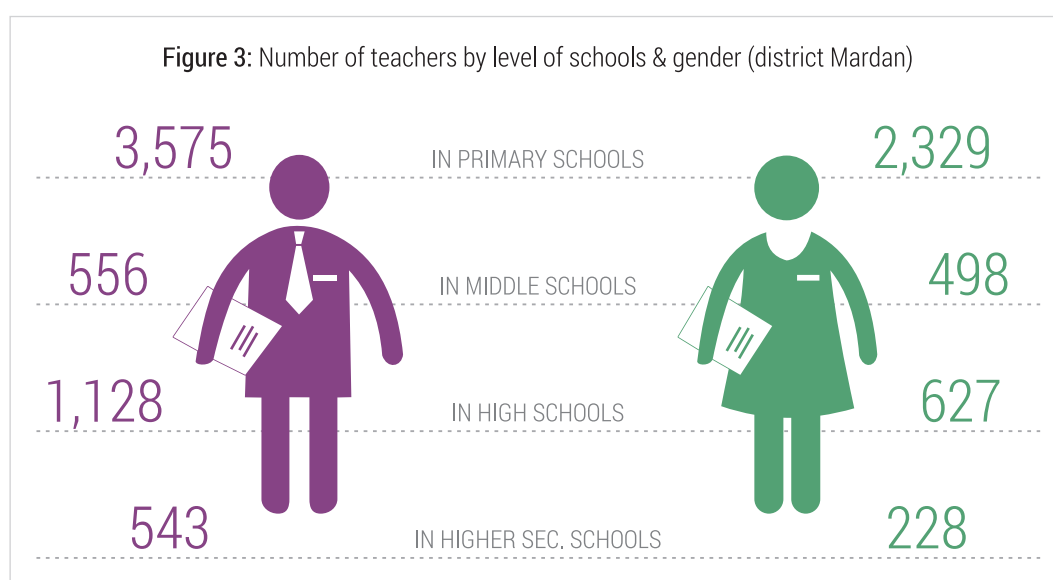
Source: School Statistics by EMIS 2013-14

There are 9,484 teachers for these 363,432 students teaching in 1,779 schools of district Mardan. The teachers' breakdown by school of appointment and gender is given below in the table:

Table 3: Number of teachers by level of school and gender in district Mardan

Number of Teachers	Male	Female	Total
In Primary Schools	3,575	2,329	5,904
In Middle Schools	556	498	1,054
In High Schools	1,128	627	1,755
In Higher Secondary Schools	543	228	771
Total	5,802	3,682	9,484

Source: School Statistics by EMIS 2013-14



With an education score of 77.05, Mardan ranks 3rd in KP (from a total of 25 districts within the province) and 24th in Pakistan (out of a total of 144 districts) in the Pakistan District Education Rankings 2015 documented by Alif Ailaan. In terms of building conditions and availability of basic facilities in schools (safe drinking water, latrine, boundary wall and electricity) Mardan ranks 7th in KP and 21st in Pakistan. 38% of all public schools in the district are in satisfactory building condition whereas the remaining 58%, are in unsatisfactory condition, and require urgent repairs.

E&SE Budget District Mardan (2011-12 to 2014-15)

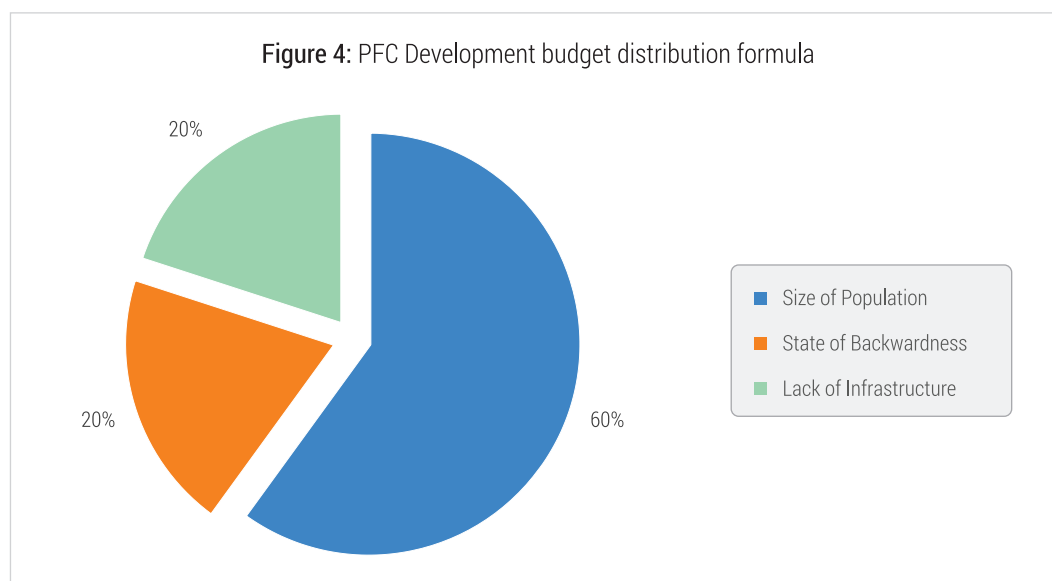
There are two budget lines for the public financing of E&SE. One is the current budget and the other is the development budget. The current budget comprises of funds for staff salaries and pensions, and operational and maintenance expenses of education institutes while the development budget comprises of funds for construction of new schools, new rooms in existing schools, provision of missing facilities in schools, up-

gradation of schools and incentives for female students in certain locations etc. The current budget and development budget are drawn from two separate provincial budget slots of current and development budget. However, there is no synchronization between current and development budget planning for an integrated approach of governance in KP's E&SE department at provincial and district levels.

The budget cycle starts from budget estimates and ends with expenditure. The provincial finance department issues BCCs (Budget Call Circular) to respective departments on a yearly basis for making estimates of their expenses for the year ahead. After the BCC forms are filled and submitted, they enter the process of scrutiny and approval. Once approved by the relevant committees after discussion and consultation with stakeholders, they are sent to the accounts department and after monetary allocations against specific heads, funds are released according to the rules of procedure.

The district level administration has meager sources of revenue generation and receives finances mainly from the provincial government. Some funds are also disbursed by the federal government and from donor organisations. It is expected that after the 30th of May 2015 Local Government Elections in KP, the distribution of district development fund will be done through Provincial Finance Commission (PFC) award. The PFC award is based on three factors. The first is population size of a district (weighing 60%), while the second and third are lack of education infrastructure and the state of backwardness³ in a district (each weighing 20%). Rs. 30 billion has been allocated under districts annual development program for the 2015-16 budget of KP.

The PFC award needs to be constituted as early as possible. Without this formula, public officials and members of KP provincial assembly have been using their arbitrary powers for allocating funds, thus providing opportunity for manipulating public authority for political interests.



3. Here, the state of backwardness would refer to absence or scarcity of civic amenities, market access, poverty and usage of simple technology as well as lack of development.

Current Budget E&SE Department District Mardan

Before discussing district Mardan's E&SE budget, it would be appropriate to have a look at the provincial E&SE budget. At the provincial level, education is a major consumer and takes away almost one third of the provincial current budget. The schools sector (E&SE) takes the lion's share of the education budget. Traditionally the share for E&SE is about 28% of the provincial current budget whereas actual expenditure on E&SE is about 30%. Actual expenditure always increases over original estimate which indicates professional inefficiency of the budget making personnel.

Table 4: Share of KP E&SE Department in total current revenue budget of KP (Rs. in Billions)

Year	Budget Estimates			Actual Expenditure	
	KP's Total Current Budget	KP's E&SE Budget	% Share of E&SE	Actual Expenditure	% Share in KP's Total Current Budget
2011-12	149	37.2	25%	45.4	30.5%
2012-13	192	46.6	24%	46.6	24%
2013-14	211	60.6	29%	60.8	29%
2014-15*	250	73.7	29%	42.9	17%

* Expenditure is up to Feb 2015. Source: Budget Database-Finance Department

For district Mardan, an average 7.19% (for the FYs 2011-12 to 2014-15) of the provincial E&SE current budget is allocated whereas the actual expenditure exceeds to an average (for the FYs 2011-12 to 2013-14) of 8.5%. This is a prominent observation of budget figures over the years that actual current expenditure exceeds estimates whereas the development expenditure remains underutilised against allocated funds. The current budget of the E&SE department for district Mardan for the FYs 2011-12 to 2014-15 (both the budget estimates and actual expenditure) and its percentage share in the provincial E&SE budget is shown in the table below:

Table 5: E&SE Department district Mardan current budget (2011-12 to 2014-15) (Rs. in Millions)

Years	Khyber Pakhtunkhwa	District Mardan			
		Budget Estimate		Actual Expenditure	
		Allocation	% Share in KP's E&SE Current Budget	Expenditure	% Share in KP's E&SE Current Budget
2011-12	36,000	2,635	7.3%	3,354	9.01%
2012-13	46,602	3,599	7.72%	4,168	8.94%
2013-14	60,800	4,231	6.96%	4,598	7.59%
2014-15	73,684	4,995	6.78%	2,412	3.27%

(Expenditure for the FY 2014-15 is up till February 2015. Source: KP Finance Department Budget Database)

Differences between estimated and actual expenditure in the current budget and underutilisation of development budget indicate poor planning on part of the E&SE department. Allocation for the education development budget has been very low compared to the current budget. Yet, even that small percentage is not properly utilised. Inclusive governance requires some sort of mechanism for gathering public opinion on budget issues (especially allocation) and it can be well administered through involving local body governments and participation of Parent Teacher Councils (PTCs). In 2014-15, a major portion of the development budget has been utilised through the PTCs. It is expected that local government bodies will be fully involved in the budget making process for E&SE now, as the local government election has already been held on May 30, 2015.

Salary and Non-Salary Expenditure

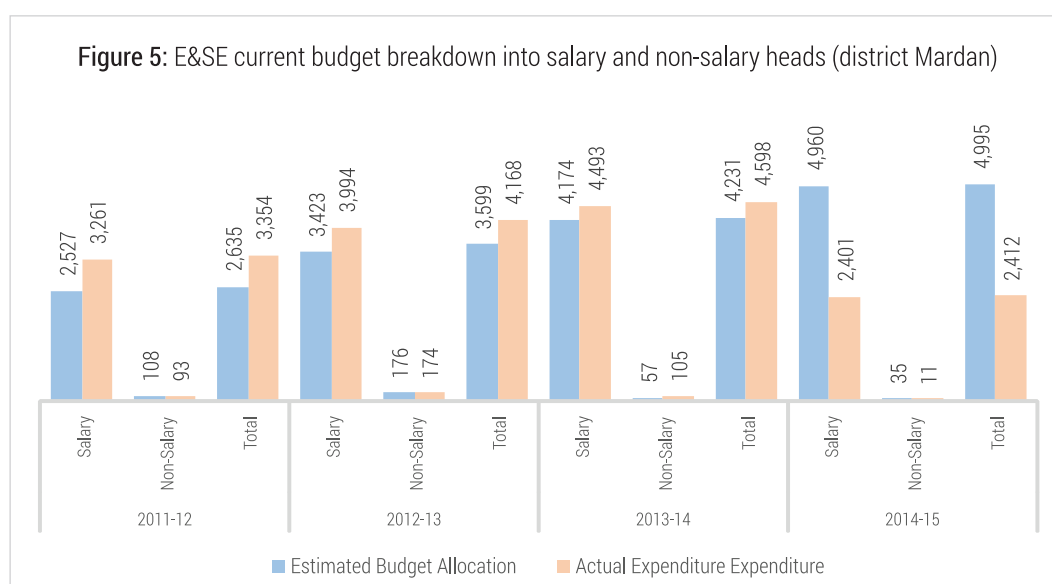
The current budget is classified into salary and non-salary heads wherein salary head ingests the principal part. It includes salaries, pensions and salary increments of teaching and non-teaching staff of the E&SE department. The provincial budget (current) salary head normally comprises 95% to 97% (on average) and the non-salary head comprises 3% to 5%, the situation in district Mardan is more or less the same. For the last 4 years, average allocation against the non-salary head is 2.75% of the current budget but with big variances from year to year. In the FY 2012-13 it was 5% but in the FY 2014-15 it is under 0.7%. Average non-salary actual expenditure in Mardan as percentage share of the total district current budget is 3% for the FYs 2011-12 to 2013-14 (three years). Detailed breakdown of budget amounts (estimated and spent) into salary and non-salary heads with percentage share in allocated and spent budget for district Mardan is provided in the following table:

Table 6: District Mardan E&SE Department current budget breakdown into salary and non-salary heads (estimates and actual expenditure) 2011-12 to 2014-15 (Rs. in millions)

Years	Budget Heads	Estimated Budget		Actual Expenditure	
		Allocation	% Share	Expenditure	% Share
2011-12	Salary	2,527	96%	3,261	97%
	Non-Salary	108	4%	93	3%
	Total	2,635	--	3,354	--
2012-13	Salary	3,423	95%	3,994	96%
	Non-Salary	176	5%	174	4%
	Total	3,599	--	4,168	--
2013-14	Salary	4,174	98.7%	4,493	98%
	Non-Salary	57	1.3%	105	2%
	Total	4,231	--	4,598	--

Years	Budget Heads	Estimated Budget		Actual Expenditure	
		Allocation	% Share	Expenditure	% Share
2014-15	Salary	4,960	99.3%	2,401	99.5%
	Non-Salary	35	0.7%	11	0.5%
	Total	4,995	--	2,412	--

(KP Finance Department Budget Database)



As mentioned in the preceding text, non-salary expenditure is mainly operational and maintenance costs of schools. It includes payment of utility bills, procurement of class consumables and laboratory equipment, furniture and jute mats, and repairs. Provision of all these goods and services is of vital importance for creating a congenial learning and teaching environment in schools and maintaining the quality of education. The prevalent negative situation of schools with respect of quality to education and teaching/learning environments is due to the meager budget allocation for all these positive goods and services. For example the electricity bills of a number of schools are not paid on time due to the shortage of funds. It further increases dropouts and poor learning outcomes among students. Private sector schools do not face such problems and provide a comparatively better learning/teaching environment. That is why the learning outcomes in private schools are better than in public schools. There are a number of public primary schools in Mardan that are severely understaffed and underequipped.

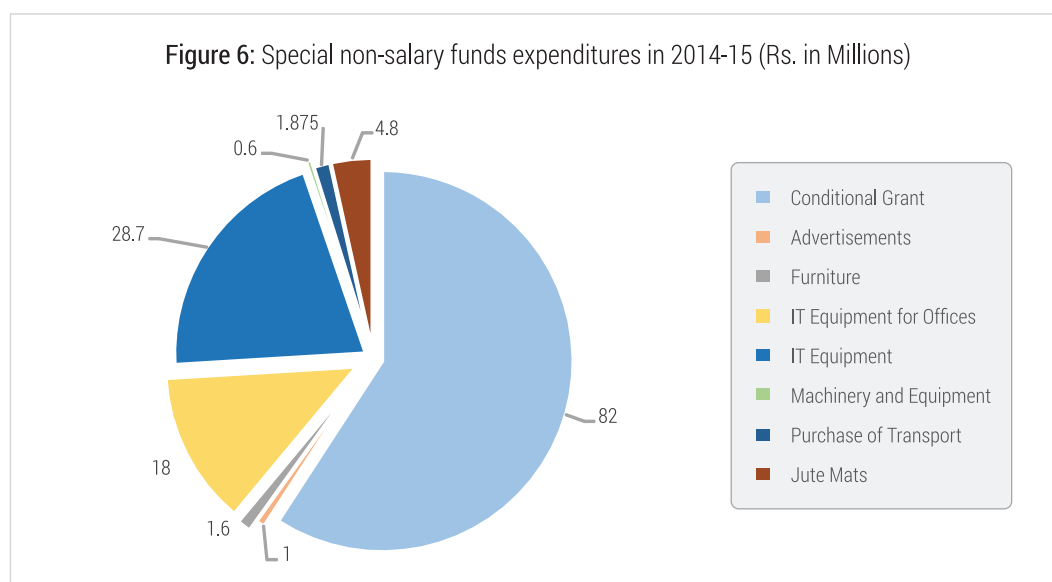
As for learning outcomes in district Mardan, according to ASER (Annual Status of Education Report): District Directory 1, 2014, 58% of Grade 1 students in public schools can read at least letters in Urdu/Pashto while in private schools this ratio is 100%. Only 22% of the Grade 1 students in public schools can read at least letters in English while in private schools this ratio is 72%. In Grade 3, only 34% of the students in public schools can read at least sentences in Urdu/Pashto while in private schools 48% of them (Grade 3 students) can do it. District Mardan ranks 17th (out of 25 districts) in KP and 71st in Pakistan (out of 144 districts) in district education ranking of the said ASER.

Special Non-Salary Budget (2014-15)

For the FY 2014-15, a special non-salary allocation of Rs. 7 billion for KP is being made for improving the quality of schools and education, which is a very positive move in filling the gap of non-salary expenditure. Target actions under these grants include provision of missing facilities and enabling equipment in schools. This money is being disbursed to district E&SE departments. District Mardan has received Rs. 138.575 million (up till February 2015) and spent it for purchase of items mentioned in the following table:

Table 7: Special non-salary funds expenditure in 2014-15

S #	Expenditure Head	Amount (Rs. in Millions)
1	Conditional Grant	82.00
2	Advertisements	1.00
3	Furniture	1.60
4	IT Equipment for Offices	18.00
5	IT Equipment	28.7
6	Machinery and Equipment	0.60
7	Purchase of Transport	1.875
8	Jute Mats	4.80
Total		138.575



Development Budget E&SE District Mardan

About 15% of the provincial development budget is allocated to E&SE on average, through the ADP (Annual Development Plan) in KP. It is underutilised (10% of the total development budget for KP against 15%

allocation) due to a capacity lag. The development budget helps meet the upcoming needs of school infrastructure and provision of missing facilities in schools for balancing population growth. It is however, not sufficient to meet the development challenges in education sector. Moreover, its underutilisation indicates the lethargy of concerned stakeholders. The percentage share of E&SE development budget in provincial development budget along with allocated amounts and actual expenditure is shown in the table below:

Table 8: Provincial E&SE development budget with its percentage share in the total development budget of KP (Rs. in Billions)

Year	Budget Estimates			Actual Expenditure	
	KP's Total Development Budget	KP's E&SE Development Budget	% Share of E&SE Development Budget	Expenditure	% Share of E&SE Development Budget
2011-12	85	10.2	12%	8.5	10%
2012-13	97	17.1	18%	9.5	10%
2013-14	118	24.1	20%	9.3	8%
2014-15	140	19.9	14%	4.4	3%

Expenditure up to Feb. 2015: Source: Budget Database-Finance Department

For district Mardan, the proportion of development to current budget of the E&SE in the FY 2011-12 was 20% and 80%. Next year (in FY 2012-13) it was 15% and 85%. In the FY 2013-14 it was 16% and 84% whereas in the FY 2014-15 it decreased to 10% and 90%. It is a noticeable fact that the development budget E&SE Mardan constituted highest share of the total E&SE budget (current and development) as compared to other districts; the reason being, the then KP chief minister hailed from Mardan. Despite this generous allocation during the ANP (Awami National Party) government, disproportionate allocation against primary schools remained a constant fact of the annual development budget E&SE. primary education never received more than 31% of the district development budget. The breakdown of the E&SE development budget district Mardan along primary and secondary levels of education for FYs 2011-12 to 2014-15 with annual rate of increase is given in the table below:

Table 9: Development Expenditure by Primary and Secondary Education District Mardan (Rs. in Million)

Year	Primary Education			Secondary Education			Total Expenditure
	Expenditure	% Share in Expenditure	Yearly % Increase	Expenditure	% Share in Expenditure	Yearly % Increase	
2011-12	146	17%		706	83%		852
2012-13	33	4%	-77%	717	96%	2%	750
2013-14	261	31%	691%	584	69%	-19%	845
2014-15	13	5%	-95%	263	95%	-55%	276

Expenditure up till Feb. 2015. Source: KP Budget Database

Major Issues in E&SE Budget District Mardan

Keeping in sight the policy objectives of the education sector, major trends of prime concern within the E&SE department's budget spending, are gender discriminatory expenditure, under spending, meager proportion of budget spent on teaching aid material, low provision of missing facilities, investment on quality of education, retaining enrolment and bringing the out-of-school children to schools. Details of expenditure on some of these aspects are covered in the preceding text. Further details of expenditure along primary and secondary level education and along gender lines is discussed with evident data in the forthcoming text.

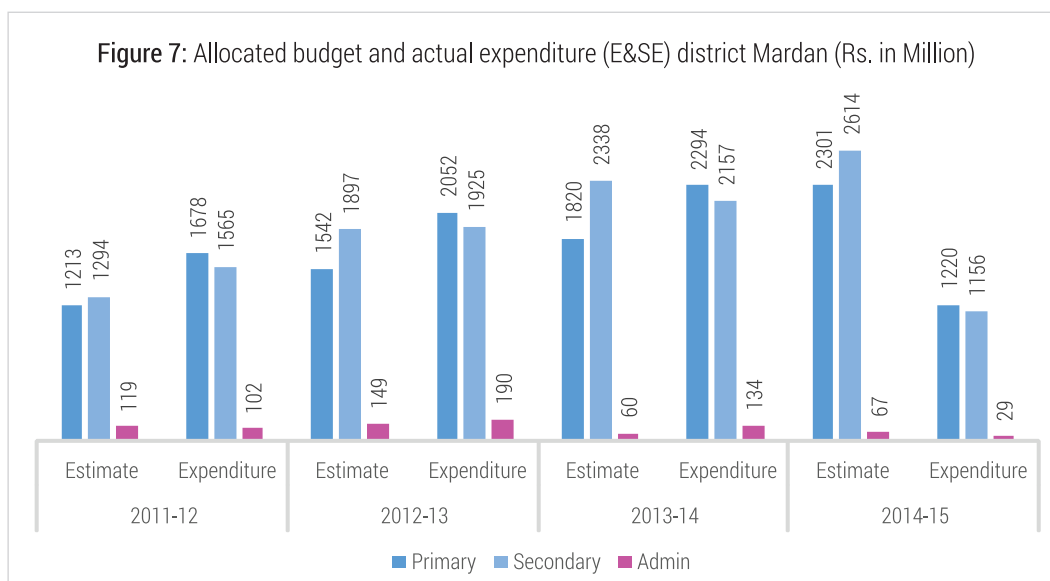
Breakdown of E&SE Budget by Primary and Secondary Levels in District Mardan

Allocation for primary education has always remained less than 50% (as shown in the table below) and for secondary education, it has been more than 50% (on average for the FYs 2011-12 to 2014-15). Interestingly, the actual expenditure on secondary education in district Mardan has remained less than allocation which is not normal according to the overall budget trends in the E&SE department. It ranges from 46% to 48% against 50% of allocation. For primary education actual expenditure has been 50% on average against 44.5% allocation. For E&SE department's administration, allocation has ranged between 1% and 5% and actual expenditure has remained between 3% and 5%

However, in aggregate, actual expenditure has exceeded over estimated budget amounts over the years with an increase rate of 27%, 16% and 9% in the FYs 2011-12, 2012-13 and 2013-14 respectively. The table below shows budget allocation and total expenditure for the E&SE department district Mardan with its breakdown for primary and secondary levels of education and administration along respective percentage shares and rate of increase for the FYs 2011-12 to 2014-15.

Table 10: Allocated Budget and Actual Expenditure by Primary, Secondary and Administration E&SE District Mardan (Rs. in Millions)

Category	2011-12		2012-13		2013-14		2014-15	
	Estimate	Expenditure	Estimate	Expenditure	Estimate	Expenditure	Estimate	Expenditure
Primary	1213	1678	1542	2052	1820	2294	2301	1220
%age	46%	50%	43%	49%	43%	50%	46%	51%
Secondary	1294	1565	1897	1925	2338	2157	2614	1156
%	49%	47%	53%	46%	55%	47%	52%	48%
Admin	119	102	149	190	60	134	67	29
%	5%	3%	4%	5%	1%	3%	1%	1%
Total	0	0	0	0	0	0	0	0
% Increase	0	0	0	0	0	0	0	0
Total	2625	3344	3588	4166	4218	4585	4981	2405



In terms of allocation during the last 4 years only 43% 43% 46% 46% of the budget has been allocated for primary education district Mardan which is proportionally fair and in line with the strategic policy objective of the E&SE – non-compliance with its budget despite the fact that 80% of the total number of schools, 76% of the students enrolled in all schools and 62% of the teachers are employed in district Mardan and to top primary schools this is a paradoxical policy statement as budget gender of the district government is not a restriction of primary budget is reflected in the actual expenditure as well that is 50% 50% 50% 50% of total budget. This current budget distribution inclusive of administrative expenditure for primary and secondary levels of education district Mardan.

Table E&SE 8: District Mardan current budget distribution by primary and secondary levels (Rs. in Millions)

Year	Primary Education		Secondary Education		Total Expenditure
	Expenditure (Rs. in Million)	% Share in Current Budget	Expenditure (Rs. in Million)	% Share in Current Budget	
2011-12	1,709	51%	1,645	49%	3,354
2012-13	2,078	50%	2,090	50%	4,168
2013-14	2,372	52%	2,226	48%	4,598
2014-15	1,240	51%	1,171	49%	2,412

Expenditure up to 2014-15 is based on Provincial Budget Database

In the development budget E&SE, the primary level is given more restricted and proportionate development expenditure on primary education is less. The table below depicts the situation with the annual rate of increase in both primary and secondary levels along with the percentage of development budget expenditure for both levels. Spending on primary education increased by 22% in the FY 2012-13 but declined sharply by 14% in the FY 2013-14. Spending on secondary education increased by 27% in the FY 2012-13 but decreased by 7% in the FY 2013-14. The expenditure for 2013-14 is available till Feb 2015 and increase rate can be calculated at this stage.

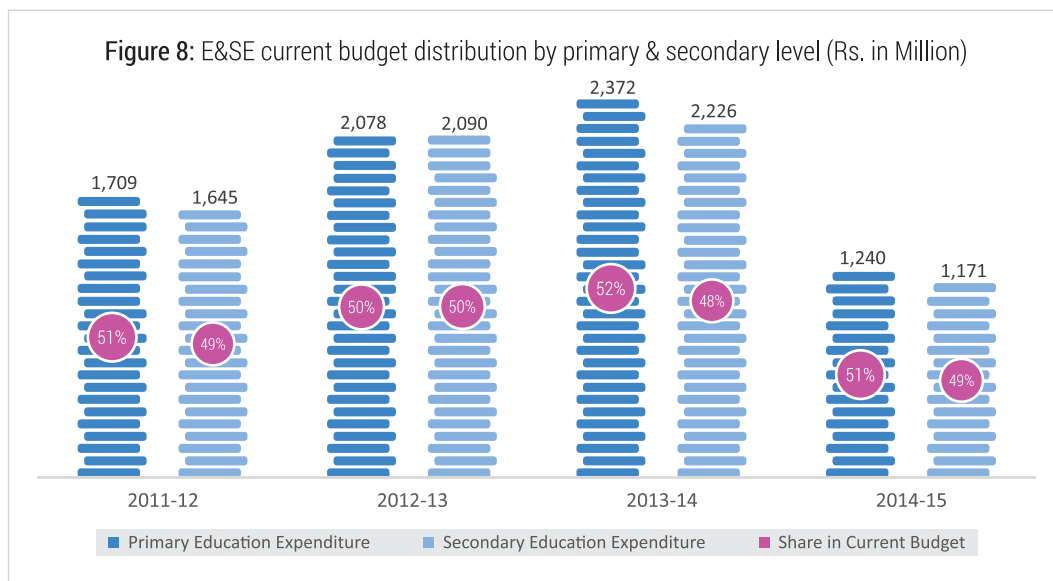
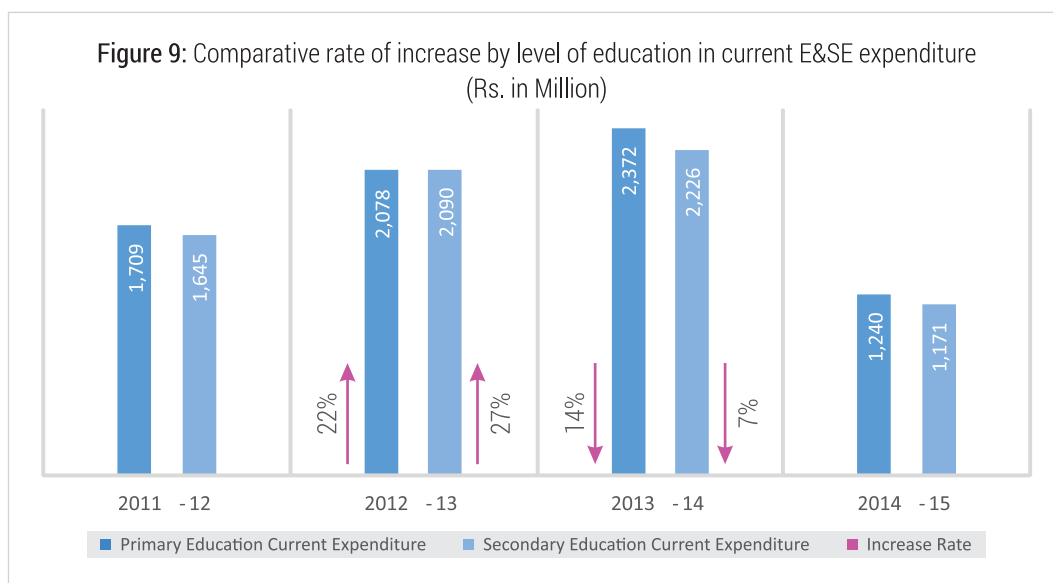


Table 12: Comparative rate of increase by level of education in current E&SE expenditure of district Mardan (2011-12 to 2014-15) (Rs. in Millions)

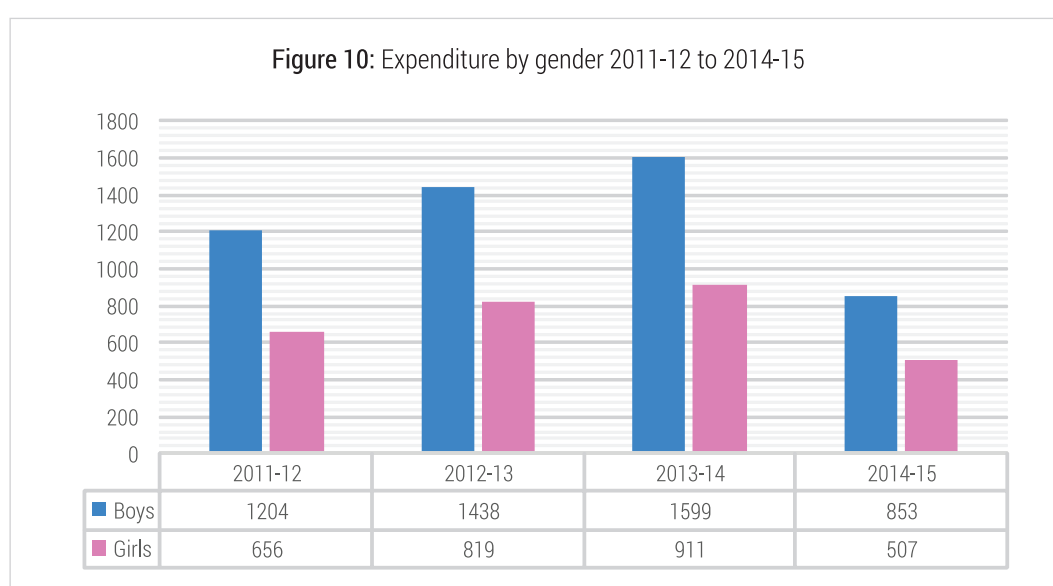
Year	Primary Education		Secondary Education		Total Expenditure
	Current Expenditure	Increase Rate	Current Expenditure	Increase Rate	
2011-12	1,709		1,645		3,354
2012-13	2,078	22%	2,090	27%	4,168
2013-14	2,372	14%	2,226	7%	4,598
2014-15	1,240		1,171		2,412

Expenditure is up to Feb 2015 and the % is projected on the trend of expenditure for the last 8 months. Source: Provincial Budget Database



Expenditure by Gender

Gender disparity in education service provision, in terms of school infrastructure, in enrolment and teaching staff is obvious from the figures already provided in the preceding text. This is despite the fact that the population of KP and of district Mardan is gender egalitarian. The number of boys and girls of school going age is identical. Provincial expenditure over the last 4 years along gender lines is depicted in figure 2 which is not different from the district level budget expenditure. In the cultural context, it is understandable that access to education for girls is challenging but, the government – in its policy pronouncements – has resolved to address this issue. Provision of education to all children of age 5 to 16 is the obligation of government by virtue of article 25-A of the constitution of Pakistan. In spite of this, the trends in education expenditure by gender show discriminated allocation of budget.



Although district Mardan's standing along GPI (Gender Parity Index) in KP is among the best but it is still far lower than the targets of MDGs. Mardan's GPI at primary level is 0.86 but 0.60 at secondary level. Girls are 46% of the total students enrolled in public schools of district Mardan. This figure is 48% at primary level but 39% at secondary level. Female teaching staff is also deficient; it is 39% of the total number of teachers in district Mardan. That is why the PTR (Pupil Teacher Ratio) is higher in girls than in boys. PTR in boys' schools is 32:1 whereas in girls' schools it is 43:1. The PTR is most prominent at the primary level where it is 37:1 and 53:1 for boys and girls respectively. For the sake of equal opportunity provision of education to girls and boys 226 additional schools for girls and 1,075 additional female teachers are required in district Mardan. The gender parity issue must be addressed on priority bases and more allocation of revenue resources for girls' education should be earmarked. More schools for easy access, incentives, enrolment and appointment in the E&SE department should be gender balanced. Table 13 and Table 14 below present detailed gender distribution of students in district Mardan.

Table 13: Number of enrolled students in district Mardan by level of education, class of enrolment and gender as in Annual Statistics Report 2013-14

Primary Level		Un-admitted	Kacchi	Pakki	Class 2	Class 3	Class 4	Class 5	Total Enrolled
	Males	18,692	36,039	28,402	24,555	22,818	20,886	21,706	154,406
	Females	8,244	29,060	19,175	16,222	14,369	13,502	12,961	105,289
	Total	26,936	65,099	47,577	40,777	37,187	34,388	34,667	259,695
Secondary Level		Class 6	Class 7	Class 8	Class 9	Class 10	Class 11	Class 12	Total Enrolled
	Males	17,798	15,026	13,410	10,970	9,442	1,229	951	68,826
	Females	11,667	9,990	8,075	5,913	4,973	1,028	916	42,562
	Total	29,465	25,016	21,485	16,883	14,415	2,257	1,867	111,388

(Note: Unadmitted Students are not included in the enrolled students' total number; Source: Annual Statistics Report 2013-14)

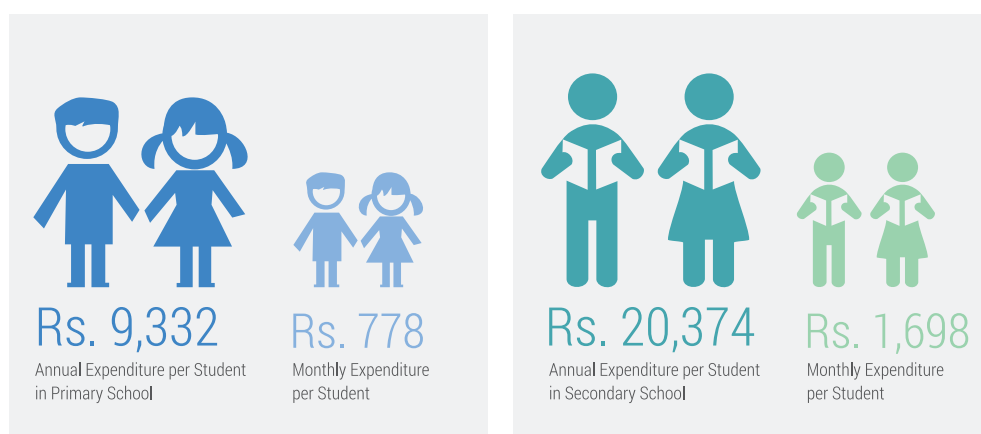
Table 14: Aggregate total by level of education and gender

	Primary	Secondary	Total
Males	154,406	68,826	223,232
Females	105,289	42,562	147,851
Total	259,695	111,388	371,083

Expenditure per Student

Expenditure per student has been increasing during 2011-12 to 2014-15 but the rate of increase is commensurate only to balance the inflation. Price hikes have been a constant factor, which brings the net

Figure 11: Expenditure per student FY 2014-15 in district Mardan by primary & secondary



effect of increase in per student expenditure almost to a null. For the year 2013-14, expenditure per student in KP is estimated at Rs. 1381 per month but this expenditure is not equitable along level of education. Its distribution by primary and secondary is Rs. 905 and Rs. 2633 per student/month respectively. In Mardan, expenditure per student is lesser than the provincial average. The reason is a comparatively higher enrolment rate in Mardan which is not compensated with provision of education facilities and funds. In this case the higher enrolment causes further compromise on quality of education. This budget trend, to a considerable extent, is responsible for low learning outcomes, inadequate number of teachers and high dropout in primary schools.

Table 15. Expenditure per Student for FY 2014-15 in Mardan by Primary and Secondary

Level of Education	Expenditure (Rs. in Millions)	No. of Students Enrolled	Average Expenditure per Student	Expenditure per Student per Month
Primary	2,372	254,177	9,332	778
Secondary	2,226	109,255	20,374	1,698
Total	4,598	363,432	12,651	1,054

Parent Teacher Councils

Parent Teacher Councils are a very good initiative towards community participation in E&SE budget spending and inclusive governance of schools. PTCs are formed in all schools and delegated with some financial and administrative powers. They are supposed to act in accordance with the PTC guide and conventional financial audit of the funds they are provided is acquitted. However, third party validation applies upon their funds. They mainly deal with the non-salary head and take care for minor repairs and purchases of class consumables as well as of the payment of utility bills. Criterion for funds to a PTC is the number of rooms in respective school. Rs. 2,000 per month for class consumables and Rs. 5,000 for repairs are awarded for each classroom to the PTC. However, from conditional grants, a PTC may utilise up to Rs. 1 million (proposal for increasing the ceiling up-to Rs. 3 million is under consideration). It falls in their jurisdiction to hire temporary teaching staff and get the civil works done on need bases. PTCs are very effective with some exceptions and their role in bringing out-of-school children to school is very appreciable.

PTC Funds provided to schools in district Mardan are shown in Table 16 below. However Rs. 67.239 million is not sufficient for meeting the needs of 8982 classrooms and 873 other rooms for a whole year (2014-15). Petty repairs and general needs of school like maintenance of toilets, provision of drinking water, electricity etc. require more money. The formula of PTC fund allocation was set eight years back and it needs to be revisited because of the continuous price hikes in country. The following table provides details for number of classrooms in district Mardan and their breakdown by gender, and funds released for class room consumable and petty repairs for the FY 2014-15.

Table 16. PTCs' Funds for District Mardan for the Year 2014-15

Schools	No. of Rooms by Girls & Boys			Funds Released for (Rs. in Millions)		
	Girls versus Boys	No. of Class Rooms	No. of Other Rooms	Class-Room Consumables	Petty Repair	Total
Primary	Boys	3,944	0	7.888	19.72	27.608
	Girls	2,348	0	4.696	11.74	16.436
Middle	Boys	343	98	0.686	2.205	2.891
	Girls	319	130	0.638	2.245	2.883
Higher	Boys	916	258	1.832	5.87	7.702
	Girls	488	246	0.976	3.67	4.646
Higher Secondary	Boys	441	79	0.882	2.6	3.482
	Girls	183	62	0.366	1.225	1.591
Total		8,982	873	17.964	49.275	67.239

Source: Funds Release Orders -Finance Department KP

This has come to be known, during the interviews for firsthand information collection about functioning of PTCs in district Mardan, that there are complaints of discretionary use of PTC funds by the PTC chairman and the head teacher in certain communities without any consultation with parents. In certain other places, PTCs' functioning is very passive and their memberships are not renewed as per schedule. Irregularities in following the PTC guide are also commonplace. Third party validation has not taken place for last four years. In this scenario, transparency is not ensured and benefits reaching down to the target beneficiaries of PTC funds become questionable. Therefore, effective monitoring, third party validation and renewal membership of PTCs is indispensable for making the PTCs more meaningful.

SWOT Analysis of E&SE Budget District Mardan

STRENGTHS

- » Budget allocation and expenditure of E&SE department district Mardan is increasing year by year in terms of figures as well as in term of expenditure per student.
- » Special non-salary budget deficit is realised and adjustments with special non-salary funds' provision are administered.
- » 70% of DFID's conditional grants are earmarked solely for the construction of girls' schools.
- » PTCs are awarded financial and administrative powers and under special circumstances of needs they may utilise up to Rs. 1 million (in the next FY this amount is suggested to be raised to Rs. 3 million).

WEAKNESSES

- » Overall current and development budget of the E&SE are deficient in view of the population size, population growth rate and needs on ground. Especially, for non-salary expenditure, resources are very deficient.
- » Distribution of the available resources along primary and secondary education is not proportionally fair.
- » Gender parity measures are given least consideration in E&SE budget expenditure.
- » Constitutional obligation of article 25 A and international commitment of UPE are neglected in the budget trends.
- » Public participation in budget decisions is almost non-existent.

OPPORTUNITIES

- » Local government institutions can contribute a lot to bring positive change in all stages of budget cycle procedures as the local government elections have already held after a gap of years.
- » Financial powers of PTCs' may be transferred to local body governments (village councils) so that public funds are spent by the public representatives and monitoring and oversight role of PTCs be enhanced.
- » PTCs can be made more effective by abiding by the rules and schedules prescribed in PTC Guide.
- » The incumbent PTI government has declared education emergency in the province. Civil society may come up with knowledge based suggestions for public private partnership and cooperate with the government for bringing up real change in the education profile of the province.
- » Underutilisation of development funds can be checked with efficient planning and appropriate development proposals submitted in time.
- » International donations can be harnessed by establishing credibility observing practices of good governance, transparency, accountability and public participation in budget decisions.

THREATS

- » If local body governments keep on playing the conventional ways of power politics, it will adversely affect governance of all sectors including E&SE.
- » If the government officials are not trained for capacity building for budgeting and efficient development planning, the development funds would remain underutilised.
- » If government does not take special measures for UPE and GP, these issues would remain neglected.
- » If the recent trends of E&SE budget are not modified to comply with policy statements and pronounced commitments, the literacy profile and education outcomes will not improve.

Findings and Recommendations

- » Public financing for education is inadequate in Pakistan and does not meet the lowest benchmark of 4% of GDP, as set by the World Education Forum. This under spending on education decelerates the pace of progress toward policy objectives of UPE, gender parity in education, improvement in quality of education and learning outcomes in government schools. Same is the case in district Mardan. Resource allocation is not sufficient to bring all out-of-school children to school and provide them good quality education. Therefore, it is recommended that the education budget should be increased and its utilisation made efficient and transparent.
- » UPE is still a faraway dream in Mardan like other districts of KP and Pakistan. Besides overall deficient resources, proportional allocation for primary education in Mardan is discriminatory against primary level education. Primary schools are 80% of the total number of schools in Mardan and house 70% of total enrolled student and 62% of total teaching staff but the percentage budget share of primary education in Mardan has remained 50%. This is to be realised that primary level education is significant because it builds the foundations of a literate society, so it should not be mistreated in the way that has been observed in Mardan district. Budget allocation for primary education is strongly recommended to be increased without compromising the secondary level allocation. While both levels require enhanced investment and more resources for better performance, the overall funds should be raised and requirements of education facilities at both levels be fulfilled.
- » Gender disparity in education is reflective of the apathy of concerned authorities with regard to girls' education. Although, cultural barriers and social norms would hinder the educational attainment of girls at par with boys but, provision of schools and recruitment of teachers is purely an administrative function. It should not be discriminatory against girls. Number of primary schools for girls in Mardan is 42% of total number of primary schools. Number of girls enrolled in schools in Mardan constitutes only 39% of the total number of students enrolled. They are 41% at primary level but only 32% at high school level, which is the result of lack of girls' high schools in accessible areas. Therefore, it is recommended that more schools for girls be built and 70% of budget allocation be reserved for girls' education to bring them equal to boys in literacy.
- » Lion's share (almost 97%) of the current budget in Mardan is spent on salaries of staff and the remaining 4% is spent on operational and maintenance costs of schools. This 4% allocation is so insufficient that running the schools with a good learning/teaching environment becomes impossible. It is rather not adequate to keep the amenities such as toilets, drinking water, electricity etc. in working condition. Therefore, it is recommended that operation and maintenance cost should be raised to a 10% of budget share. This will enhance the quality of education and improve performance of students and teachers.
- » On average annual expenditure during 2014-15 is estimated as Rs. 1,054 per student/month. There is big disparity in per student expenditure at primary and secondary level. It is Rs. 778 and Rs. 1,698 per student/month in primary and secondary schools respectively. This difference should be minimised by increasing expenditure on primary education.
- » In Mardan, development budget was 20% of total current and development expenditure during FY

2011-12. It decreased to 15% in FY 2012-13 and slightly increased in the following year to 16% (in FY 2012-13) but decreased again to 10% of the total expenditure in FY 2013-14. Given the challenges of development in Mardan, this ratio of development to current budget is very scant; although highest in KP. Moreover its underutilisation makes the situation even worse. This happens because of poor planning and inefficiency of the public officials. Differences between the estimated budget and actual expenditure in Mardan is a call for capacity building of the budget making personnel through targeted training. By facilitating the public officials with trainings and refresher courses on relevant subjects, their performance and efficiency may be enhanced but again, this would require investing in their capacity building. It further requires more resources. The government should raise the tax to GDP ratio in order to increase education budget and meet the challenges of development, literacy, UPE, gender parity and improvement of quality of education in E&SE.

- » Provincial legislation on RTO (Right To Education) should be done at the earliest and its earnest implementation materialised.
- » For the sake of transparency, details of budget expenditure should be displayed on relevant web sites. Expenditure details of the funds provided to PTCs should be displayed on school notice boards and third party validation organised.
- » For participatory governance, public input in the budget making processes and expenditure should be sought and pre-budget sessions with community and other stakeholders like civil society, media, academia be organised.
- » Provision of funds to PTCs should be based on the number of students enrolled in a school instead of the number of rooms.
- » Primary schools with 2 or less than 2 rooms and/or 2 or less than 2 teachers should be provided adequate rooms and teaching staff. Also, schools requiring major repair should be provided funds for repair.
- » Measures should be taken to make PTCs effective and their monitoring along rules of business as prescribed in PTC guide should be carried out.
- » In order to improve learning outcomes, performance based incentives may be granted to encourage healthy competition among teachers along with effective and regular monitoring and audit for strengthening accountability.



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