

Education Budget Analysis

2010-11 to 2014-15

DISTRICT

B U N E R

Khyber Pakhtunkhwa





EDUCATION BUDGET ANALYSIS

(2010-11 to 2014-15)

DISTRICT BUNER

KHYBER PAKHTUNKHWA

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Abbreviations

ADP	Annual Development Plan
ASER	Annual Status of Education Report
ASC	Annual School Census
BE	Budget Estimate
CDS	Comprehensive Development Strategy
DEO	District Education Officer
DSP	District Strategy Plan
ECG	Economic Growth Strategy
E&SED	Elementary & Secondary Education Department
ESP	Education Sector Plan
FBE	Forward Budget Estimate
GER	Gross Enrollment Rate
GPI	Gender Parity Index
IMU	Independent Monitoring Unit
IDS	Integrated Development Strategy
JICA	Japan International Cooperation Agency
KPIs	Key Performance Indicators
KP	Khyber Pakhtunkhwa
MTBF	Medium Term Budgetary Framework
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
NER	Net Enrollment Rate
LGO	Local Government Ordinance
OBB	Output Based Budgeting
PCNA	Post Conflict Need Assessment
PTCs	Parent Teacher Councils
PSLM	Pakistan Social and Living Standards Measurement
PTR	Pupil-Teacher Ratio
PFC	Provincial Finance Commission
PFM	Public Financial Management
RE	Revised Estimate
SCR	Student-Class Ratio
UCs	Union Councils

Executive Summary

This report aims to demystify primary education budgets in District Buner so the citizens can understand and advocate for effective and adequate primary education budgeting in their district. The report can contribute to Khyber Pakhtunkhwa government initiatives for improving state of education in the province through citizens' budgeting. This report analyses district Buner elementary and secondary education budgets over last five fiscal years, from 2010-11 to 2014-15. The basic thrust of the report is to see education budgeting trends, both current and development budgets, vis-à-vis Khyber Pakhtunkhwa education sector policy framework and actual education needs in the district.

The study first tries to give a brief analysis of the situation elementary & secondary education sector in district Buner in comparison to the rest of the province by using data from PSLM and EMIS surveys. The existing schools' infrastructure in district Buner is in deplorable conditions as in the rest of Khyber Pakhtunkhwa. Schools, especially primary schools need important basic facilities and the conditions of rooms in primary school warrant huge investment. Girls' schools are on lower side as compared to the boys' schools and thus more girls go to the boys' primary schools.

In addition, the study tries to give a brief background on the existing policy and highlights its main features. Various new policy initiatives of the incumbent government have been briefly discussed. Budget making process in the education sector at both district and provincial levels have been discussed and some basic factors highlighted to be considered for education budget making in district Buner. Education management and budget decisions are very much centralized at the provincial level. This study highlights its negative implications for the education service delivery at the district level. Education budgeting is mainly done without considering the actual needs on the ground. The provincial political landscape affects the education service provision. Community engagement for education budget planning at the district level is minimal.

The main section of the study consists of analysis of the education budget in the district in comparison to the overall province. Trend analysis of the last five fiscal years shows that expenditure on both current and development side rose considerably in the province owing to the higher revenues due to 7th NFC award. While the actual expenditure on the current side of overall KP budget is more than budgeted estimates, actual expenditure on development side is lower than the budgeted. This signifies lack of proper planning at the formation of budget. Similarly in the overall province, share of elementary and secondary education budget in the current expenditure hovers around 28 percent as compared to 12 percent on the development side.

On current expenditure side, district Buner's share in the total elementary and secondary education actual budget is around 2.7 percent, on average, over the last 5 years which is more or less equal to their population share in the province. As there is no formulae as such which can distribute education budget to districts on equity basis, districts with political capital get more than those which have lower political capital. Another prominent feature of the current education expenditure is that most of the go to salaries & allowance of the teaching and non-teaching staff. As a result very little money is left for the operation, maintenance and repair of the existing school infrastructures. The trend is the same across all districts including district of Buner. This is despite the fact that one fifth of the total sanctioned posts of teachers in district Buner are vacant.

Moreover, most of the current education budget in the district and in the province goes to secondary education sector despite the stated policy objective of the government to focus on the primary education. While almost 80 percent of the total education infrastructure consists of primary schools, the sector receives only 50 percent of the actual budget over the last 5 years, on average. This is the reason that most of the primary schools are short of teachers and thus a bigger proportion of primary schools are run by 2 or less teachers affecting quality of education at the elementary level. A per student expenditure analysis in Buner district shows that a secondary school student receive more than the double of the budget spent on a primary school students.

On gender disaggregation of the current budget data on elementary and secondary education, the study has found out that most the funds goes to boys' schools. Almost 80 percent of the funds goes to the boys' schools in district Buner over the last 5 years despite the fact that the district population census show equal distribution of population between male and female. Over the years more focus was given to build boys schools and thus a bias created in the form of disproportionate distribution of schools across gender. In a commendable move of the current government, it was decided that new schools infrastructure will be give female a 70 percent share to correct the historical failure on the part of various governments.

Conditional grant interventions is also in place in district Buner and till now Rs 209.346 million have been utilized in the district on the construction of new rooms and provision of other missing facilities. This crucial investment in girls' primary school will improve the education infrastructure in these schools and will have a positive impact on the enrollment in coming years.

The PTCs fund is also very effective mechanism for schools improvement. Currently, Rs 7,000 are provided to schools per room in primary schools. However, this formula needs to be reconsidered and number of enrolled children in a school shall also be added to the criteria for allocating PTC funds. The PTC funds also need to raise substantially as the current amount is insufficient to cater to the needs of schools infrastructure and students enrolled.

On the development budget side, the actual expenditure on elementary and secondary education fall short of the allocated budget amounts for all the last five years in the province. In district Buner, most of the emphasis in development budget is on the 'New' while the existing infrastructure is kept almost unattended. Major chunk of the development budget in the district goes to construction of new schools, up-gradation of existing schools to a higher level and stipends to girls' students in the district. While there is no denying the fact that new infrastructure is much needed but ignoring the existing school infrastructure is not prudent at all. No programs as such exist in the district to provide missing facilities to existing schools and repair the existing rooms in the schools. With further wear and tear and low operation and maintenance expenditure from the current budget, the existing infrastructure may stumble sooner than later.

Similarly, as in the case of current expenditure side, focus on the development side too seems to be on the secondary education as almost 80 percent of the development budget in district Buner goes to secondary schools. Strikingly, the development budget in district Buner is gender insensitive and one cannot disintegrate the budget into spending on girls schooling vs boys schooling. To actively monitor the policy focus on female schooling, government needs to clearly identify the projects for boys and

girls. Also major chunk of the development budget is financed through grants from international donors (especially DFID) and thus very few local sources go to the development side. In case there is a shortage of foreign grants, government would be unable to finance its development budget on education. Special focus is needed to collect enough local resources to finance education in the district and the province so that state fulfills its constitutional commitment to provide free and compulsory education to all.

Introduction

Objectives of the Study

The main objective of the study is to demystify primary education budgets so the citizens can understand allocations and utilization trends for primary education in Buner district of Khyber Pakhtunkhwa. This will help strengthen citizens' participation in primary education budget planning and management at the district level. The study explores primary education financing in Buner districts vis-à-vis KP Education Sector Plan at provincial and district levels. The overall aim of the study is to track education financing within the district while taking the policy framework and primary education needs into consideration. The study also focuses on effectiveness, efficiency and relevance of education budgeting in the primary education sector. Within these broad objectives, the study has a number of specific objectives including but not limited to identifying gaps between policy and required financial appropriations, needs based assessment and budget allocations to different heads within the education sector at the district level. This study also aims at to feed ongoing discussion and deliberation on enhancing elementary education access and quality and to achieve MDGs by the policy makers, donors, civil society and community members, PTCs, district education administration and sector's researchers.

Methodology

Both primary and secondary data sources have been used for the study under consideration. The secondary sources for the data includes current and development budgets of Finance Department Government of Khyber Pakhtunkhwa (KP), KP Education Policy documents, KP education Annual Schools Census reports and KP Education Management Information System (EMIS), various reports by donor funded projects which include ASER, Alif Ailaan, and Government of Pakistan statistics on education sector in KP. Furthermore, the education related secondary data was also collected from recent Pakistan Social and Living Standards Measures (PSLM) published by Federal Bureau of Statistics (PBS).

The primary sources of information include interviews with District Officer Education (DOEs), meetings with Parent Teachers Councils (PTCs,) and community members. Focus group discussions were conducted to collect information relevant to primary education financing at the district level.

At macro level comparative trend analysis, both current and development budgets of education sector in KP and at the district under consideration for the last five years, including ongoing financial year, have been assessed. Current budget of E&SE at provincial level and for district under consideration have been analyzed, based on various by object and other budget classification with a gender lens. Moreover, development budget of E&SE, both at provincial and concerned district level, has been comparatively analyzed with the help of various indicators. Similarly, For comparative analysis, distribution of expenditure between primary and secondary education along with by major by object classification analysis at each sector level, expenditure on boys' and girls' schools along with per capita actual expenditure have been calculated and analyzed at the district level.

Primary Education Budget Analysis of District Buner

Current Expenditure Analysis of E&SE in District Buner

For the current financial year 2014-15, total budget allocation for E&SE in district Buner is Rs. 1.8 billion, with an annual growth of 21 percent and a share of 2.4% in total budget of E&SE KP. Notwithstanding the stagnated share of the district Buner at 2.4 percent on average, the nominal annual growth remained on average at 23 percent per annum for the last four years. The real growth in E&SE budget allocations for district Buner in the last four years on average remained at 15 percent as compared to 13 percent real annual growth in total E&SE budget allocations for KP.

Table 1 provides the details of budget allocations along with actual expenditure of E&SE in district Buner. Though the share of Buner in total KP E&SE budget remained on average at level of 2.7 percent, however the annual nominal growth remained fluctuated. During 2011-12, the actual expenditure had a sharp rise of 40 percent, followed by a reduction of 16.4 percentage points in annual actual expenditure. During 2013-14, the actual expenditure of E&SE in district Buner increased by mere 4 percent per annum. The real annual growth become negative by taking into account the annual inflation rate of 8.2 percent¹ during the same financial year. Therefore, notwithstanding the persistent incremental change in budget allocations, in line with provincial budget for E&SE, the actual expenditure in district Buner fluctuated much and thus remained not at par.

Year	Budget Estimates			Actual Expenditure		
	Total E&SE KP	Total E&SE Buner	Share of Buner in Total	Total E&SE KP	Total E&SE Buner	Share of Buner in Total
2010-11	33,934.2	764.3	2.3%	36,768.0	900.3	2.4%
2011-12	37,230.3	964.1	2.6%	45,419.7	1,263.1	2.8%
2012-13	46,601.7	1,224.0	2.6%	55,044.7	1,565.0	2.8%
2013-14	60,552.9	1,449.6	2.4%	60,818.6	1,621.8	2.7%
2014-15*	73,684.4	1,757.7	2.4%	31,886.9	866.7	2.7%

* Actual Expenditure for the year 2014-5 are upto 31st December 2014

Source: Various Issues of White Papers of KP Finance Department & Data Provided by KP's Finance Department

Moreover, generally in the traditional incremental budget making process, the estimated budget allocations has been based on preceding year's budget allocations, augmented by a growth factor. On the other hand, data for Buner shows that actual expenditure may occurs on the basis of district share in total available infrastructure and human resources in total provincial levels. For example, as per the KP ASC 2013-14, the district Buner has a share of 2.8 percent in total schools in the province while its share in total working teachers equals around 3 percent while the district share in actual expenditure for the last few years also remained in the range of 2.7 percent to 2.8 percent as against the district share of 2.4 percent on average in total budget allocations. All this infers lack of synchronization between the planning and execution phases for current E&SE budget at the district level.

¹ Source: Pakistan Bureau of Statistics, end-June YOY CPI

Expenditure on Salary Vs Non-Salary on E&SE in Buner District

Table 2 gives the classification of E&SE actual current expenditure into salary and non-salary in overall KP and in district Buner. Salary related expenses mainly include salaries and allowances of the both the teaching and non-teaching staff employed in the education sector. Non-salary spending consists of operating expenses, improvement in physical assets like purchase of furniture, repair and maintenance, expenses on utilities such as electricity etc. As the data shows, much of the current expenditure of E&SE Department, at both KP and district Buner levels, goes into salary related expenses. Over the last few years, the salary related current expenditure remained on average at 94.4 percent as compared with 96.5 percent at KP level. Therefore, the ratio of total working teachers to total actual salary related expenditure for KP and district Buner as high as 0.82 and 0.74, respectively.

Table 2: Salary vs Non-Salary current Expenditure (Rs. in Million)

Year	Salary vs Non-Salary	Actual Expenditure			
		KP Overall	Share in Total (%)	Buner	Share in Total (%)
2010-11	Salary	35,575.5	96.8	885.8	98.4
	Non-Salary	1,192.5	3.2	14.5	1.6
2011-12	Salary	43,754.0	96.3	1,127.2	89.2
	Non-Salary	1,665.6	3.7	135.9	10.8
2012-13	Salary	52,168.6	94.8	1,361.4	87
	Non-Salary	2,876.1	5.2	203.7	13
2013-14	Salary	58,486.7	96.2	1,586.9	97.8
	Non-Salary	2,332.0	3.8	34.9	2.2
2014-15*	Salary	31,442.3	98.6	861.6	99.4
	Non-Salary	444.6	1.4	5.1	0.6

* Actual Expenditure for the year 2014-15 are upto 31st December 2014

Source: Various issues of White Papers of KP Finance Department & Data Provided by KP's Finance Department

The dilemma with respect to high salary expenditure further aggravated if we take into account the need of more schools. The addition of new schools to the existing infrastructure and subsequent requirements of more teachers would have obvious expansionary effect on current expenditure of education sector in the district, thus leaving less for other than salary and allowances expenses. However, the overall expansionary effects of salary related expenditure may be prudently mitigated through ensuring value for money. In this regard, an introduction of performance based evaluation for teacher may be a feasible policy option. This would help not only in the promotion of higher performing teachers but also carries positive externalities in the form of enhancing quality education across the districts and the province.

As per EMIS data, there are functional 616 primary schools, 78 middle, 69 high and 16 higher secondary schools in district Buner. The average student-teacher ratio for all primary schools in the district equals 63, however, the same ratio varies across isolated school basis. Similarly the average student-teacher ratio for middle, high and higher secondary schools in district Buner equal to 27, 10 and 17 respectively. The dispersion from the average of individual school basis shows multiple cases of over-utilized and under-utilized schools in the district. To attain maximum value for money with respect to current expenditure for E&SE in district Buner, unwarranted deviation from average student-teacher ratio in all schools in the district, in particular in primary schools, should be rationalized on need basis. This would have minimal effect on budget related allocations though it would definitely have incremental effects

on value for money. To address the issue of under-utilized schools having high enrollments but few teachers, hiring new teachers may not be a feasible option. The underlying reason would be already high existing salaries related cost in the district. However, rightsizing the existing staff on school's needs basis along with policy initiatives for recruiting fresh graduates as internees or volunteers on fixed stipend may add more to value for money relative to the related budgetary cost.

Expenditure on Primary Vs Secondary Schools in District Buner

While KP's sectoral priority in its Education Sector Plan (ESP) is to focus more on primary schooling as against secondary schooling, its budgetary expenditure are not in line with stated policy priorities and objectives as share of primary education actual expenditure in total remain stagnated over the period of time. Table 3 shows the bifurcation of the total actual current expenditures into primary and secondary education sectors. It is important to underscore, that unlike the KP level, for the last few years, the share of actual expenditure for primary education sector in Buner district fluctuated regularly with a certain change-pattern. For example, in 2012-13, the share of primary actual expenditure declined to 45.3 percent from the preceding year's level of 50.1 percent while in 2013-14, the same increased to 53.1 percent, followed by a decline to 51 percent. This pattern of change does not in line with the government policy which requires persistent annual increase in the primary education share in total actual expenditure for achieving the desired outcomes.

Year	Primary vs Secondary	Actual Expenditure			
		Overall	Share in Total (%)	Buner	Share in Total (%)
2011-12	Primary	22,889.4	50.6	632.2	50.1
	Secondary	22,375.0	49.4	630.8	49.9
2012-13	Primary	27,168.2	49.6	709.5	45.3
	Secondary	27,651.2	50.4	855.5	54.7
2013-14	Primary	30,395.0	50.4	861.4	53.1
	Secondary	29,864.1	49.6	760.3	46.9
2014-15*	Primary	15,871.0	50.1	441.9	51.0
	Secondary	15,838.4	49.9	424.8	49.0

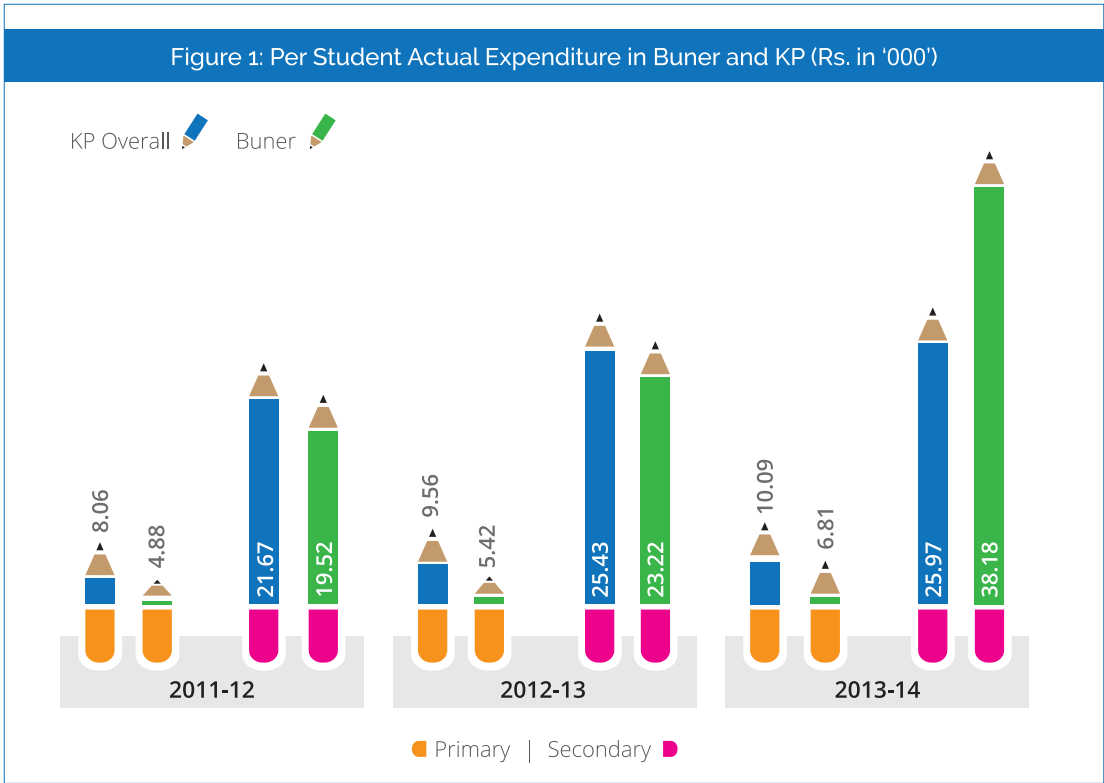
* Actual Expenditure for the Year 2014-15 are upto 31st December 2014

Source: Various Issues of White Papers of KP Finance Department & Data Provided by KP's Finance Department

Moreover, based on the existing high number of schools infrastructure and students enrolled at the primary level as compared with secondary level in district Buner, the current share of primary sector in total budget expenditure is not fully justified and thus need to be increased. As per the latest EMIS data, out of total 780 schools in district Buner, 79.1 percent are primary schools while the remaining 20.1 percent are secondary schools. The ratio of primary schools' enrollment to the secondary schools (middle, high and higher secondary schools) for district Buner equals to 3.32 to 1 (77 percent of total students enrolled in Buner are in primary schools). Similarly, as per ASC 201314, the ratio of total working teaching staff in primary schools (94 percent of sanctioned workforce) to working teaching staff of secondary schools (65 percent of sanctioned workforce) in district Buner equals 1.70 to 1 (63 percent of total teachers in the district are primary schools teachers). However the ratio of non-teaching working staff in primary level to secondary level in district Buner stood at 0.83. In nutshell, besides having high share in enrollment, infrastructure and teaching staff of the primary level schools, the related actual

budget expenditure of both primary and secondary education sector in district Buner is approximately equal and therefore needs to be rationalized in favor of the primary school sector in the district.

Figure 1 gives a comparison of per student actual expenditure of primary and secondary sector over the last 3 years for KP and district Buner. As the data shows, the per capita actual expenditure for secondary schools is more than double as that of primary schools in KP as well as in district Buner. Moreover, comparing the ratio of per student actual expenditure in primary to secondary in KP has



increased to 0.39 in 2013-14 against 0.37 in 2011-12. On contrary the same ratio in case of district Buner has declined to 0.18 from the previous level of 0.25 in 2011-12. Such a decline in district Buner entails decelerating trend in actual expenditure on primary students. Such a deceleration in primary education expenditure shows deviations from KP's ESP which carries strong commitment for achieving Universal Primary Education as MDG in all districts of KP.

Expenditure on Girls Vs Boys Schools in District Buner

The mitigation of gender disparities in elementary and secondary education is one of the government's high prioritized policy areas. This entails increased budget expenditure of girls' schools during the course of time at the district level. Table 4 shows the actual expenditure on boys' and girls' schools in KP and in district Buner. At KP level, on average 68 percent of total actual expenditure taken place in boys' schools during the last five years with minimal or no change in favor of girls' schools. The ratio of actual expenditure in boys' schools to that of girls' schools in KP remained on average at 2.2:1 at provincial level. This shows a clear mismatch between the policy priority of mitigating gender disparities and actual budget expenditures at the ground level.

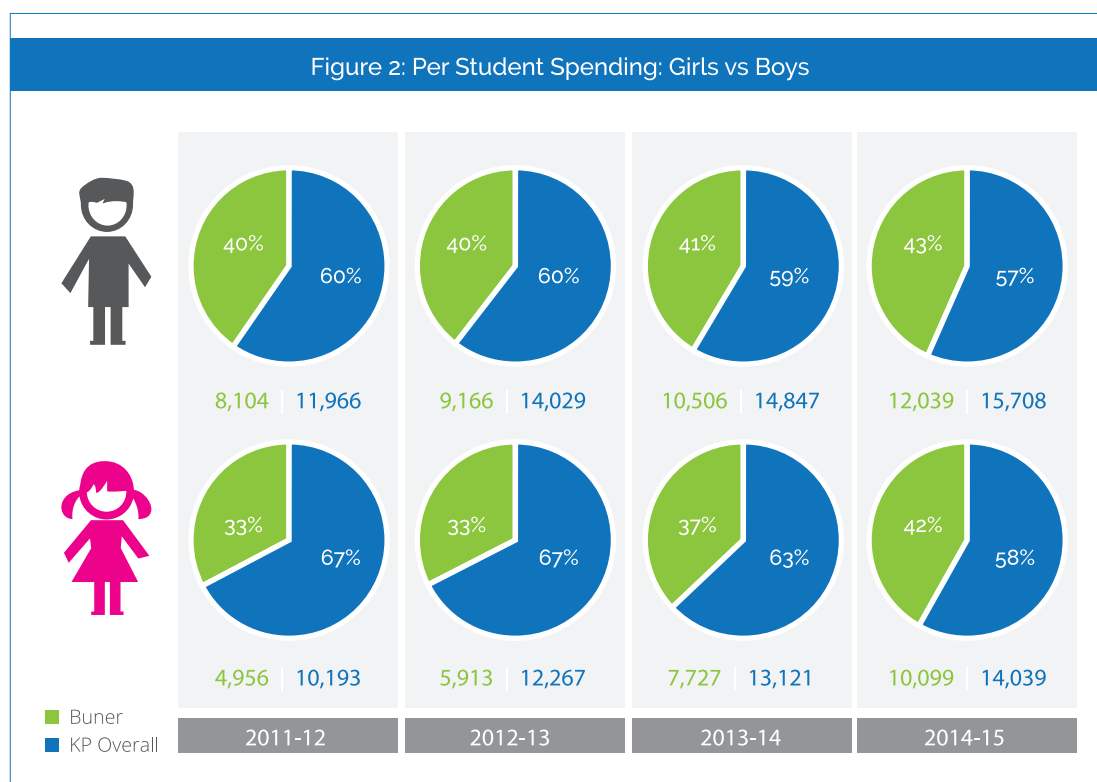
Table 4: Boys vs Girls School Current Expenditure (Rs. in Million)

Year	Boys vs Girls	Actual Expenditure			
		KP Overall	Share in Total (%)	Buner	Share in Total (%)
2010-11	Boys	24,655.4	69.1	698.0	79.4
	Girls	11,035.5	30.9	181.3	20.6
2011-12	Boys	30,089.1	68.5	910.2	78.8
	Girls	13,831.9	31.5	245.0	21.2
2012-13	Boys	35,788.3	67.9	1,077.9	78.4
	Girls	16,924.7	32.1	296.6	21.6
2013-14	Boys	39,716.3	67.1	1,255.2	78.2
	Girls	19,515.5	32.9	349.7	21.8
2014-15*	Boys	21,020.1	67.0	662.6	77.1
	Girls	10,355.2	33.0	196.4	22.9

* Actual Expenditure for the year 2014-15 are upto 31st December 2014

Source: Various Issues of White Papers of KP Finance Department & Data Provided by KP's Finance Department

Similarly, gender disparities in terms of actual expenditure in elementary and secondary education in district Buner is very much in favor of boys' schools. During the last five years, on average 78.4 percent of total actual expenditure in elementary and secondary education in district Buner has been related to boys' schools. The average ratio of expenditure in boys' schools to that of girls' schools during the last five years in district Buner remained at 3.6:1, higher than KP level. This shows a clear bias towards boys' schools in district Buner in terms of existence of more schools for boys as compared with girls and thus high enrollment ratio for boys in district Buner. In nutshell, higher actual expenditure in boys' schools in the district with no sign of change in favor of girls' schools further augment the already existing gender disparities and therefore in no way in line with the government's policy objectives. This needs to be change sooner than later in the form of more focus on more schools for girls which in turn will pave way for higher girls' enrollment in the district and eventually at the provincial level.



In addition, during the last few years, the per capita actual expenditure for boys' and girls' schools in district Buner, possess disparities. Following the existing trend in KP, in district Buner, the actual expenditure per boys' school is significantly more than actual expenditure per girls' school in District Buner (See Figure 2). An obvious underlying reason of low per capita actual expenditure is the lower number of working teachers in girls' schools. The current trend in per capital expenditure on girls' schools in district Buner is not in line with the government priorities with respect to mitigation of gender disparities across the districts in KP as indicated in ESP. However, the government has already pursuing a policy of building more schools with a ratio of 70:30 for girls and boys in the province, the overall effects of which yet to be seen in years to come.

Conditional Grants & Its Impact in District Buner

During 2011-12, provincial government with the help of DFID introduce an innovative district conditional grant program as an instrument of inter-governmental transfers. The program was initially piloted in E&SE and Health sectors in districts of Dera Ismael Khan and Buner. Owing to the good results, the model was then replicated in four more districts of the province in FY 2012-13. The aim of the project is to improve the service delivery in education sector by involving local community in the development process. A total of Rs 209.346 million rupees of the conditional grants (phase 1 & 2) have been released as per KP Finance Department². However, the data provided by the SNG team to the research team of CGPA consists details of Rs 133.17 million. They data shows that 77.7 percent of the conditional grants went to construction of additional rooms in school while the remaining 22.3 percent went to provide other missing facilities in government schools. Below figure gives details of the expenditure of conditional grant in district Buner (Data Source: SNG).

	Add Room	Electification	Boundary Wall	Water Supply	Group Latrine	Solar Panel	Total
Phase 1 (96 Government Girls Primary Schools)							
Numbers	129	-	-	51	47	70	
Unit Cost	800,000	110,000	300,000	200,000	160,000	110,000	
T.Expenditure	103,200,000	-	-	10,200,000	7,520,000	12,250,000	133,170,000

In addition to Conditional Grant, funds for Parent Teachers Councils (PTCs) were earmarked on per room basis to all primary schools. PTCs have been established in all government primary schools in district Buner but some of them are non-functional. EMIS data for the year 2013-14 shows that of 616 primary schools in district Buner, some 9 schools have non-functional PTCs which needs to be made functional on priority basis to facilitate the much needed utilization of funds in primary schools. Provincial education department allocates funds to schools through PTCs for petty repairs and class consumables. For primary schools, the allocation is based on uniformed formula, Rs 7,000 per room (Rs 5000 for maintenance and Rs 2000 for classroom consumables). In our discussions with district education officers and school teachers, we were told that the funds are insufficient to cater for the needs of school building and the students. Furthermore, the formulae does not accommodate the number of students studying in the school and budget allocation is dependent on the number of rooms in a school. Schools with higher enrolment but fewer rooms were marginalized further with this formulae which need to cater for the students enrolled in a school too.

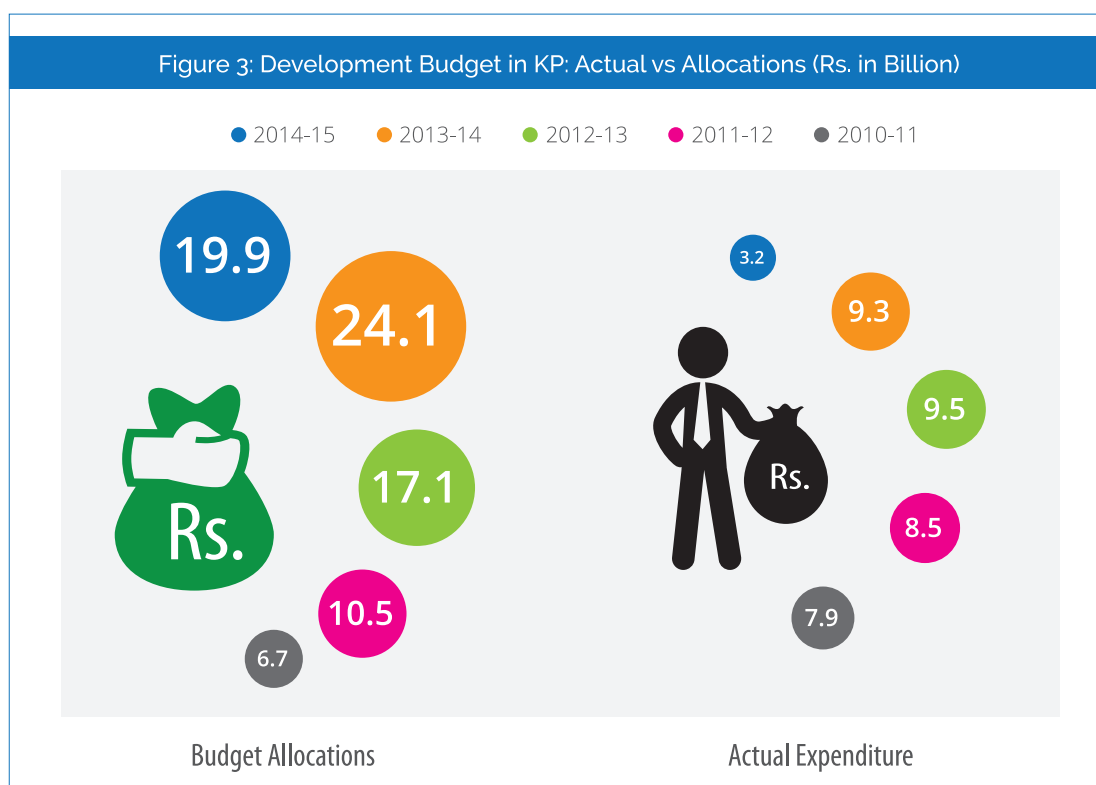
² White Paper 2014-15, KP Finance Department.

Budget Analysis Buner District: Development Expenditure

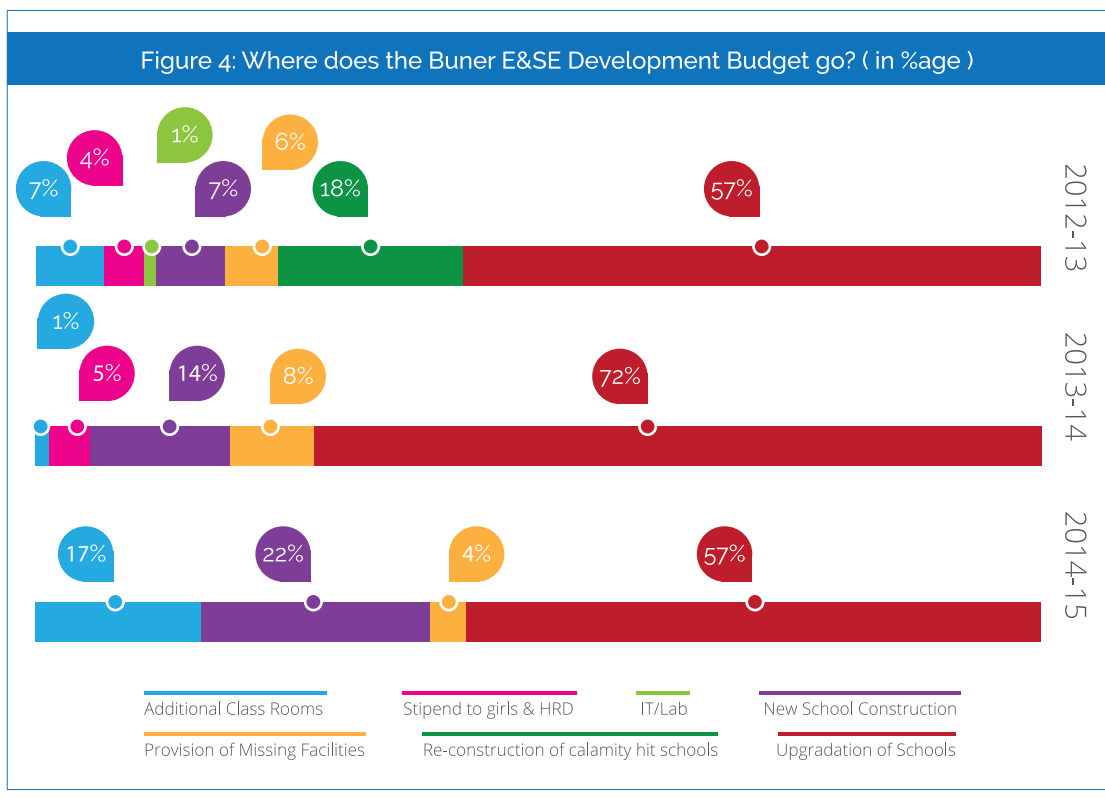
Overall Development Expenditure Analysis of E&SE

The latest white paper of the Khyber Pakhtunkhwa finance department issued at the time of budget 2014-15 contains policy guidelines for the ADP allocations for the all sectors including Elementary & Secondary Education (E&SE). In line with KP's Education Sector Plan (ESP) & Integrated Development Strategy (IDS), the white paper gives importance to the development of the education sector with special focus on primary education. It also emphasized that government is committed to achieve universal primary education, gender equity in education & will enhance quality of education by provision of education infrastructure, facilities and services. However there seems to be a mismatch in the actual budget allocations to achieve the desired policy objectives. Intra-education development expenditure shows that primary education sector is losing out as major chunk of development spending goes to the secondary sector. During 2013-14, only 11 percent of the total development budget on education went to the primary education sector³.

Similarly, reporting on gender-sensitive data of development budget is also weak and there is no clear bifurcation of budget in to girls and boys schooling. During the ongoing fiscal year, only 10 percent of the total development budget can be bifurcated into expenditure on girls and boys schooling while the remaining 90 percent of the development budget cannot be bifurcated gender-wise.



³ As clear bifurcation needs to be done by E&SE Department, this study puts schools upgraded from primary to middle, high or higher secondary schools into the category of expenditure on secondary education.



This fall short of the government commitment as both government and individual researchers cannot track the progress of the gender-sensitive spending.

Another important aspect of the provincial development budget on education is the lower utilization of development spending over the last 5 years, especially the foreign component part. Fig 10 shows a trend over the last 5 years of actual development spending on education as against the allocations. The total budget allocation is the sum total of budget allocations to districts and the unspent part which were never earmarked to individual districts at the end of fiscal year. Actual expenditure is the money spent in districts at year end. The blue and red bar in the figure is the total budget allocations at the time of the budget while the green bar is the actual expenditure at year end.

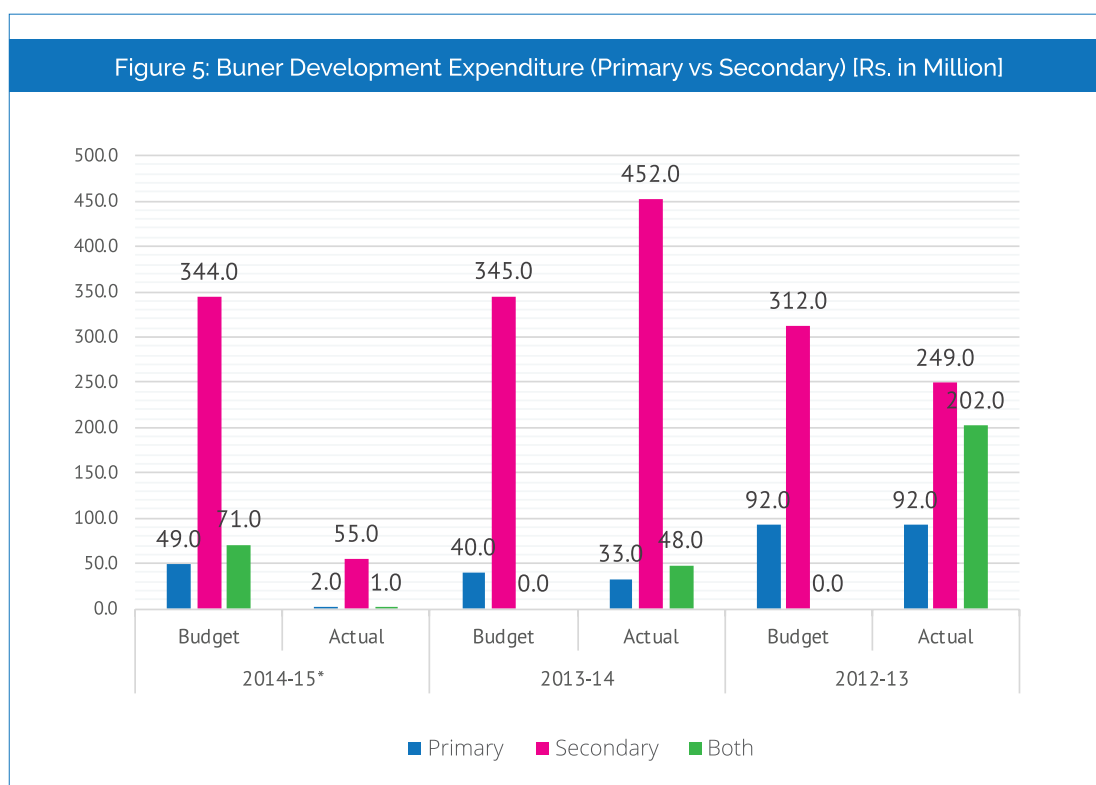
Data shows that major chunk of development budget on elementary and secondary education goes to construction of new schools, up-gradation of existing schools to higher level, stipends to girl students of secondary schools and other construction works. Very little or no funds are earmarked for the repair and rehabilitation the already existing school infrastructure. The existing school infrastructure is in deplorable conditions and it needs repair and rehabilitation. As most of the current expenditure on education is spent on salary related expenses, very little is left for repair of existing schools. Existing schools are in need for repair of existing classrooms and schools badly need missing facilities such as toilet, boundary wall, electricity, and water.

Figure 4 gives a summary position of where does the development budget in Buner district goes. This shows that almost 85 % of the budget goes to reconstruction of damaged schools in calamities, up-gradation of schools to a higher level, construction of new schools, stipend to girls in secondary schools. There seems nothing specific for the repair and maintenance of the existing school infrastructure which if kept unnoticed for some more time will collapse. Provision of basic facilities, especially to government

primary schools is not on the priority list of the provincial government as far as the budget allocations is concerned.

Buner District Development Expenditure Analysis of E&SE

Figure 5 bifurcates development expenditure of district Buner into primary and secondary sectors. The pattern of last 3 year shows most of the development budget (80 % on average) in the district goes to secondary education sector at the expense of primary education. It should be mentioned at the outset that the budgeted amount does not include the amount which was not allocated to districts due to various reasons and thus remain unspent. Possible reasons for the unspent part is failure of the



commitments of international donors, low utilization capacity of P&D and E&SE departments and other bureaucratic hurdles. There are some projects in all three fiscal years which benefit both the primary and secondary education and thus cannot be bifurcated. This is one fundamental flaw in the budget making process, as one cannot assess the relative share of primary and secondary education in the budget. This means that the ambiguity is such that the budget cannot be put into scrutiny to check its alignment with stated policy goals of improving primary education. However, even if there are some mix projects, the above tables shows that very lower allocation were made to the primary education throughout the last 3 years. Also last three years data shows that District Buner is receiving an actual expenditure on development side of E&SE, which is higher (around 4% of total district development budget) than its population share (2.85%) in the province. As in our current budget analysis it is shown that most of the budget goes to employee related expenses thus leaving less money for operation and maintenance of already existing schools. As we have calculated that district Buner may need an extra Rs 532.5 million money to repair and rehabilitate the existing rooms in the school and provide the missing facilities which the school need in order to improve the infrastructure of the school.

There are some schools, mostly primary schools, which require urgent maintenance. The problem here is that first the development budget is meager and even the meager funds are mostly spent on construction of new schools, new rooms and stipends for girl students. Over the last 5 years no or very little funds were allocated to the already existing schools to construct a new school. What Government can do is to devise special program for the rehabilitation of existing school infrastructure. International donor agencies can be approached with specific project proposals based on the need assessment data of EMIS for each district. Currently in Buner district and in the whole province, the sole big grant for education sector comes from DFID & EU (above 90% of total grants).

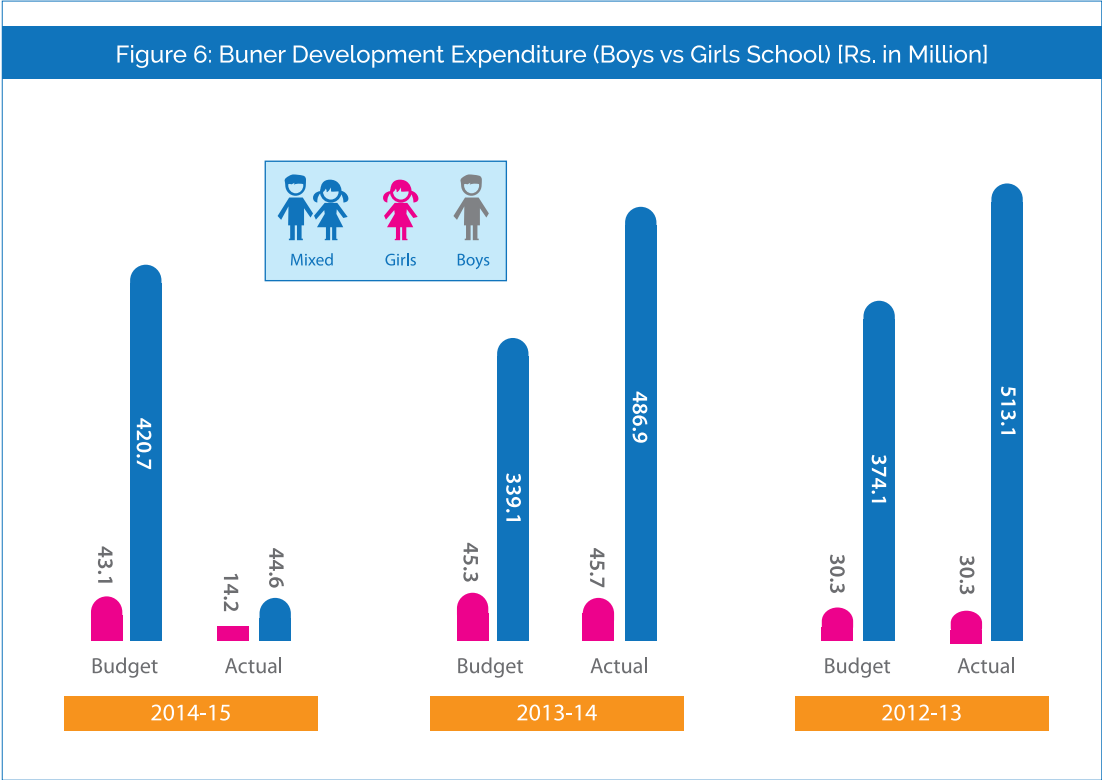
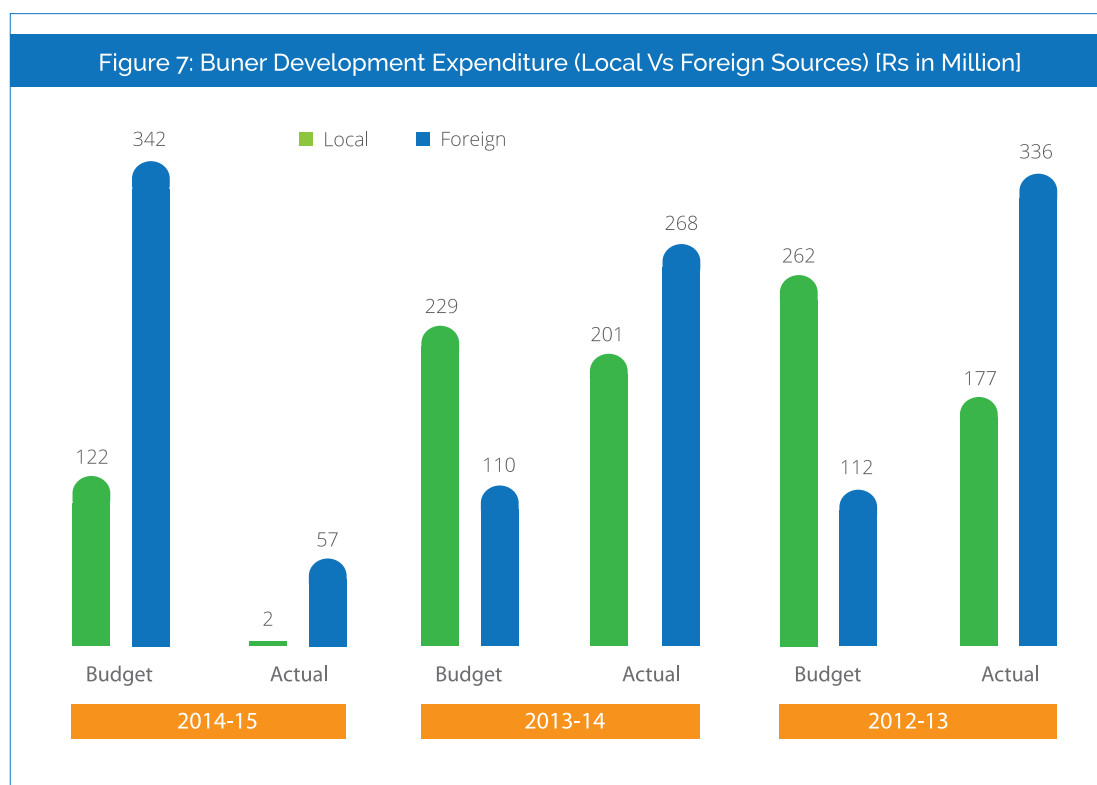


Figure 6 gives the bifurcation of development budget in Buner district into expenditures on boys and girls schooling. Except with stipends to girls' students of the secondary schools and a few other small interventions into girls' education, most of the development budget is not gender sensitive. From the budget documents, one cannot separate the two expenses. This has policy implications regarding how to monitor the relative shares for girls schooling as historically very little investment is made into female education. One policy of the current government, however, is encouraging where the policy makers have announced that 70% of the all new schools constructed in the province will be for girls. This may somehow compensate the historical ignorance of female education in the province.

Figure 7 gives the bifurcation of sources of financing of the development budget in Buner district into local and foreign finances. The data shows that more than 74 percent of the development budget of education in the district is financed through the foreign grants, majority of which comes from the DFID, UK. This shows how district Buner, and the overall province is dependent on foreign grants to finance one of the prime subject of the state. While our constitution in its Article 25-A guarantees that the



State shall provide free and compulsory education to all children of the age of five to sixteen years, it is imperative on the government to collect enough resources to fund education development as international grants may dwindle any time.

Development Budget via Tameer-e-School Program

On April 30, 2014, KP government launched a special program named as Tameer-e-School Programme through which wealthy individuals and organizations were requested to donate funds for provision of missing facilities at government schools. This is an off-budget arrangement of the ruling party and the Program is now operational in all 25 districts of the province. However, despite a good response in the first two months, not much funds are coming to the school fund. As on February 10, 2015, donations worth Rs 26.8 million being made which in turn will be spent through the existing PTCs. In Buner district, some 30 schools were identified, including 19 primary schools and 11 secondary schools, to provide with basic missing facilities. However till the writing of this report, only two primary school and one middle school got some donations. Total donations received is Rs 0.265 million as against the total requirement of Rs 51.7 million.

Findings and Recommendations:

1. Overall, the primary budget shall be increased manifold in District Buner. Already, E&SE is taking line share of 30% in overall current budgets. In order to increase education budgets at district level, district shall be producing more revenue through local taxation, as described under KP Local Government Act 2013. In order to effectively utilize the existing resources, the school based governance needs to be improved through strengthening citizens voices.
2. Gender disparity in primary education budgets is very glaring in District Buner. There are only 172 girls primary schools compared to 444 boys primary schools. The current primary education budget allocation for girl schools in fiscal year 2014-15 is only Rs207 million (25% of total primary education current budgets), compared to Rs616 million for boy primary schools current in District Buner. District and provincial education department shall focus on reducing this gender disparity in primary education by allocating more development and current budgets to girl primary schools.
3. While it may take time to have enough primary schools for girls in District Buner, the government shall encourage and promote co-education at primary level. Social and cultural barriers may oppose co-education in some areas of KP even at primary level. However, the E&SED of KP shall immediately issue a notification to all primary schools to remove any bar of girls' enrollment in boys' primary schools and vice versa. In fact, most of the private schools have already ended this distinction of girls and boys primary schools.
4. Only 0.25 percent of overall girls' primary education schools budgets, and only 0.23 percent of overall boy primary schools budgets have been allocated for the operating cost of schools in financial year 2014-15 in District Buner. There is no allocation whatsoever for repair and maintenance (PTC funds excluded) for both girls and boys primary schools in the current budgets. These costs are supposed to be met from PTC funds which are allocated on annual basis on the basis of classrooms e.g. Rs.7,000 per room. Due to security threats, most of the primary schools have consumed this budget on the construction of boundary walls. While government of KP is investing huge on salaries related expenses, the operating, repair and maintenance budgets are overlooked. This has dire consequences for the facilities in schools. The operating, repair and maintenance budgets shall not be less than 5% of the overall current budgets of the primary education in the district. This study finds, Overall, Rs 532.5 million is required in Buner district for provision of missing facilities in schools in District Buner.
5. There are schools in district Buner where one teacher has to teach more than 40 students. Also there are a large number of schools where there are more teachers per student than the government approved standard ratio of 1 teacher to 40 students. As those schools can be easily identified from the existing EMIS or IMU data set, a mere transfer of teachers from underburdened schools to overburden school can solve the problem without any additional cost to the government exchequer.
6. Similarly with most of the budget going to employees' related expenses, there is a strong need to get maximum value of the scarce education resources. For example, special attention shall be paid to schools which are underutilized and are under enrolled.
7. Development budgets planning for primary education needs to be strengthened. The current practice of funding the construction of primary schools through umbrella projects and block

funds has to be abolished. The planning stage must pass the test of education needs where the community can justify the need of schools based on out of school children in the locality. Once the need is identified, then the government shall purchase the land for construction of new school where convenient for children.

8. PTCs shall be formed right at the time of identification and planning stage of school construction. The importance of PTCs for school based management and accountability can't be overlooked. However, currently there engagement is only restricted to PTCs funds and to conditional grants in selected schools. This can be a very good mechanism if PTCs are fully functional and they are engaged in overall school management activities. In this regard, the head teachers in every school can play very important role. The teachers shall not be teaching only in schools, but they shall also be mobilizing communities for sending out of schools children and retaining enrolled children in schools.
9. It is hoped that local government elections will be held in KP under KP Local Government Act 2013. After the elections, the E&SE department will be devolved to districts. The district will have to manage budgets planning and management. The district government elected officials will need lots of capacity improvement to manage education service delivery at the district level.
10. There are huge gaps in KP education policy framework and education budgeting priorities, as the report has highlighted. Both on the current and development spending sides, more focus shall be given to primary education to achieve universal primary education.
11. While more funds can build more schools, it can't be the sole guarantor to bring more children into school. Out of schools children is more social than infrastructure issue. This needs to redefine teachers' role. The teachers' role shall not be restricted only to teach children who are in school, but also to bring out-of-schools children to schools as well. The needs a paradigm shift in the policy outlook of education department, to meet the constitutional obligations as per Article 25-A.
12. The research team faced immense difficulties in collecting budget related data. After the KP Right to Information Law in Khyber Pakhtunkhwa, the education department shall proactively disclose information. The district budgets books shall be available on the KP elementary and secondary education website, with detailed data set in excel sheet. Similarly, all schools shall display the budgets they are getting in salary and non-salary expenses outside their schools. This will greatly help in increasing citizens' engagement with education department at schools level.
13. While the conditional grant program is useful in provision of missing facilities and additional class rooms to existing schools, more needs to be done to bring out of school children to schools. Local community should be involved with the assistance of teachers to improve enrolment in government schools.

Annexures

Annex 1: Education in KP: Strategic and Policy Perspective

The government of KP medium term framework, which is in the form of Integrated Development Strategy (IDS) 2014-18, aims at improving human development in the province. The IDS provides a platform and assists the government to integrate different policy documents with uniformed objectives and milestones. Such policy documents include Comprehensive Development Strategy (CDS) 2010-17, the Economic Growth Strategy (ECG), and the Post-Conflict Needs Assessment (PCNA). IDS 2014, being a medium term Strategic Policy Framework of KP government, has prioritized social sector development including education sector as an important cornerstone of the provincial strategic plan for development⁴.

The education emergency declared under IDS has mainly focused on the following three strategic outcomes:

- i. Improved education governance and sustained policy commitment
- ii. Achieving universal primary and quality secondary education
- iii. Strengthening institutional capacity and improved learning outcomes

In addition, IDS underscores KP under performance below national average with respect to access and quality of education. Therefore along with institutional strengthening and enhancing education sector governance, the KP government strategic milestones include achieving universal primary and quality secondary education through an improvement in NER, reducing the rising ratio of drop-out children from schools, and to enhance GPI, especially at the secondary level.

Conscious of the slow progress in educational outcomes, KP government has set various milestones under education emergency in order to achieve the above mentioned strategic outcomes. The milestones include but not limited to:

- i. To establish and further strengthening the Independent Monitoring Unit for efficient monitoring and evaluation of schools.
- ii. To ensure community involvement in schools' improvement through involving and raising capacity of Parent Teacher Councils (PTCs).
- iii. To enhance awareness on access, quality and completion goals in ESP.
- iv. To ensure every child's right to education.
- v. To achieve universal primary education milestone with enhanced enrollment and retention rates along with reducing gender disparities.
- vi. Provision of missing facilities to schools through PTCs.
- vii. Improving quality of education though a focus on teacher's training and curricula changes.
- viii. Strengthening planning, budgeting & financial management in order to improve execution.

Besides the IDS, a detail Education Sector Plan (ESP) 2010-2016, published in 2012 at the provincial level, and the National Plan of Action 2013-16 published in September 2013 also serve as the guiding

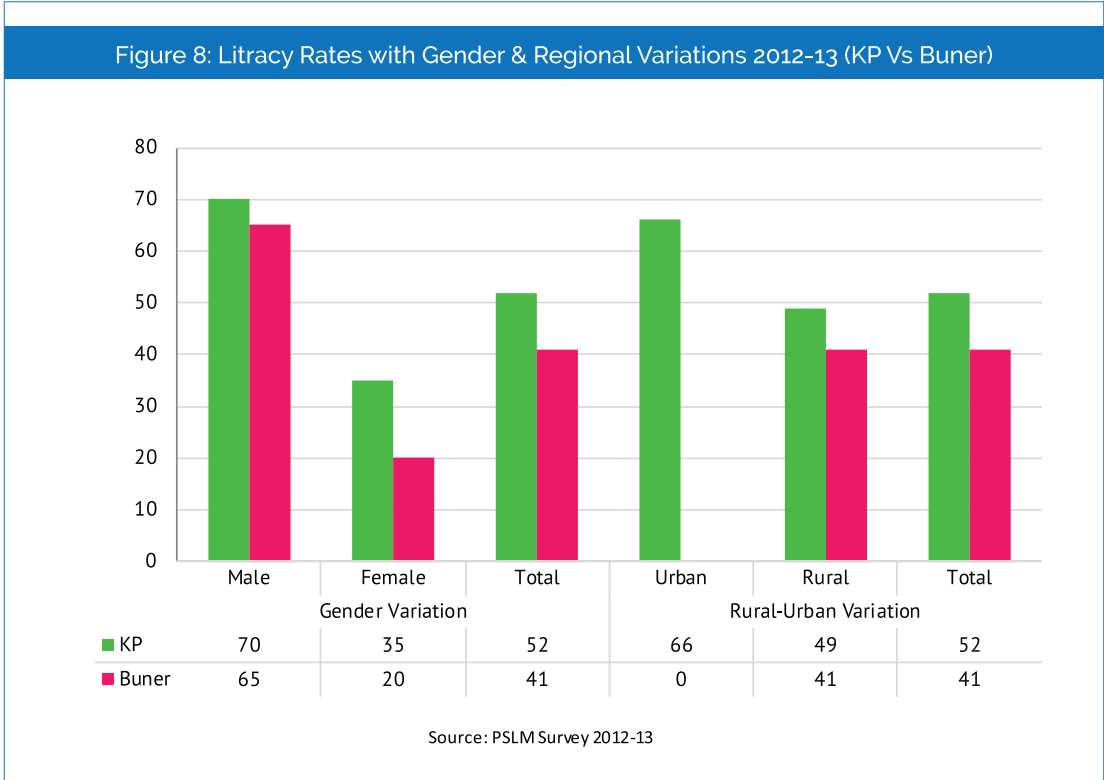
4 IDS 2014-18

documents for education sector improvement at the provincial and national level respectively. ESP 2010-16 lays special focus on the primary education improvement to achieve universal primary education in the province. The ESP also calls for a District Strategy Plan (DSP) for all 25 districts of the province which has not yet been materialized. The purpose of DSP was to incorporate local strategy with the help of local community and stakeholders to promote citizen participation in the budget making process and strategy formulation.

Annex 2: Overview of Primary & Secondary Education in District Buner

Literacy Rates in District Buner

Buner is primarily a rural district. Based on overall literacy rates (10 years and older population), District Buner is ranked at No 20, better than only 4 districts within KP, according to latest data released by Pakistan Bureau of Statistics (PBS). At 41% of overall literacy rate, the district has female literacy rate of 20% as against male literacy of 65%. The gender wise disparity is alarmingly high within the district,



and significantly low compared to rest of KP (Figure 8). District Buner is lacking both in terms of access to education as well as the quality of education. The recent district rankings by Alif Ailaan⁵ reflect a worrisome picture. These rankings place Buner at 73 at the national level in terms of education score which is based on a comprehensive set of indicators.

Education Indicators for District Buner

Table 6 gives a picture of the education indicators in Buner in comparison with the provincial averages. GER comparison at the primary level shows that enrollment of both, girls and boys, is better in Buner as compared to an average district of KPK. However, these are figures of the government schools only. In Buner, 21% of the enrolment at the primary level is at private schools as against 28% for the overall province. NER, at the primary level at government schools shows the same picture though NER for boys is as good as an average district of KPK. Over the last few years, enrollment at the primary level shows

⁵ AlifAilaan Pakistan District Education Rankings 2014 is a comprehensive measure of education standards in Pakistan, covering all major policy areas: access, quality, gender parity and infrastructure.

an increasing trend until 2012-13. Thereafter it has registered a dip in 2013-14, especially the girls' enrollment experienced decline by around 7%.

At secondary level of education, however, the enrollment of girls is significantly lower in Buner reflecting poor upward movement of girls in higher tiers of education. Despite the fact that share of girls' schools at the secondary level is better than at primary level in Buner, this trend is perhaps due to presence of cultural barriers and may require focus on awareness campaigns in this regard. The Gender Parity Index (GPI) at primary and secondary level also supports this hypothesis. GPI for Buner shows that the district is doing well at the primary level but lags significantly at the secondary level when compared to average for KP.

Indicators	School Level	Buner			KP		
		Boys	Girls	Total	Boys	Girls	Total
GER	Primary	104%	82%	94%	100%	77%	89%
	Secondary	53%	20%	38%	51%	29%	41%
NER	Primary	80%	67%	74%	80%	60%	70%
	Secondary	39%	15%	28%	39%	22%	31%
GPI	Primary	0.79			0.75		
	Secondary	0.38			0.57		
Survival Rate to Grade 5		58%	30%	43%	60%	49%	49%

Source: ASC Report 2013-14

Survival rate of students to grade 5 is of particular interest since this is commonly considered as a pre-requisite for sustainable literacy. In essence, survival rate measures the ability to retain students reflecting internal efficiency of an education system. Buner is worse off than an average district of KP in terms of overall survival rates. The survival rate for girls is alarmingly low at 30% while boys' survival rate is also lower than KP's average.

School Infrastructure in District Buner

There are 779 government schools (primary & secondary) in district Buner. The number of schools for girls is disproportionately low despite the fact that girls make up 48% of school-going age population. Girls' schools constitute only 28% of the total government schools. Over the previous year, Buner witnessed a slight decline in number of boys' schools and no change in number of schools for girls.

School Level	Khyber Pakhtunkhwa			Buner		
	Boys	Girls	Total	Boys	Girls	Total
Primary	14,670	8,222	22,892	444	172	616
Middle	1,540	1,072	2,612	53	25	78
High	1,351	676	2,027	50	19	69
Higher	241	120	361	12	4	16
Total	17,802	10,090	27,892	559	220	779

Source: Annual Statistical Report of E&SE, KP

In addition to the Government sector, private schools and Deeni Madaris in Buner are also providing educational services to the student population. Private primary schools in Buner provide educational

access to around 21% of primary level students, far lower than the provincial average of 27%. Buner is mostly rural and due to lower income level of the people, children goes mainly to government schools.

Condition of Schools' Infrastructure in District Buner

Research suggests that differences in students' well-being (affecting learning outcomes) can be linked to the quality of infrastructure of the schools they attend. The District Rankings of 2014 by Alif Ailaan place Buner at 46 in the national rankings and at No 11 in the KP districts; in terms of school infrastructure and facilities. According to these rankings around 87% of the schools are in satisfactory condition while 13% are not.

Table 8: Room in Need of Repair & Rehabilitation in Buner

School Level	Total Rooms		Rooms Need Major Repair		Rooms Need Minor Repair		Rooms Need Rehabilitation	
	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools
Primary	1,643	726	203	113	356	122	290	121
Middle	225	117	9	4	71	14	19	7
High	591	198	40	5	119	47	47	5
Higher	253	51	-	-	88	12	12	12
Total	2,712	1,092	252	122	634	195	368	145

Source: Annual Statistical Report, E&SE Department KP

Table 8 illustrates the condition of school infrastructure in district Buner. Data shows that 45% of the classrooms in government schools require some form of repair. These repair requirements range from minor repair to rehabilitation. Among these, 23% of the classrooms are in dilapidated conditions and require major repair or complete rehabilitation.

Table 9: Missing Facilities in School in District Buner

School Level	Boundary Wall		Water		Electricity		Toilet	
	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools
Primary	40	4	114	49	167	57	54	10
Middle	3	-	13	7	21	8	4	-
High	1	1	10	3	4	2	4	2
Higher	1	-	-	-	-	-	-	-
Total	45	5	137	59	192	67	62	12

Source: Annual Statistical Report, E&SE Department KP

Basic facilities such as electricity, water, boundary wall and toilets are essential characteristics of schools which help improve enrollment and retention of the students. The District Rankings for 2014 by Alif Ailaan placed Buner at No 11 in the KP in terms of schools infrastructure. Table 9 illustrates an overview of this situation. It is particularly noticeable that a great number of boys' schools are missing such basic facilities. It is also worth noting that there are 38 government schools, mostly primary schools (schools with enrollment at more than 2000 students), in Buner which lack all the facilities discussed here.

Improvement in government schools infrastructure requires budgetary allocations. The fact is that there is never enough money to address all the needs. Prioritization allows for efficient allocation of resources and Needs Assessment helps in assigning priorities. In essence, needs assessment is the understanding

about “what is” and “what should be”. While needs assessment is a procedure/analysis for finding the issues and their underlying causes, it also helps in setting out priorities for future plan of action. Based on findings regarding education in Buner, particularly government sector education, it is evident that various areas need improvement. While it is important to establish more schools at the primary level, especially for girls, the existing infrastructure also requires sizeable investment in repairs. Ideally all the repair requirements of primary schools should be met on immediate basis. Given the budgetary constraints, however, this may not be possible. Priority should be given to schools with classrooms in need of major repair or reconstruction to ensure well-being of the students.

Many government primary schools lack a number of basic facilities. Budgetary constraints restrict an ideal situation. Budgetary prioritization, in this case, may depend on relative importance of the facility for well-being of students and the cultural aspects. For instance, given the security situation in the province, it will be more important to have a boundary wall for school, even more so for girls’ schools in view of cultural aspect as well.

Tameer-e-School program of the Government of KP provides reasonable cost estimates of infrastructure improvement as well as provision of basic facilities. Under the Tameer-e-School program, the funds are utilized through Parent-Teacher Councils (PTC) and the local community allowing for reasonable cost estimates. According to estimates, government needs to spend Rs. 532.5 million to rehabilitate the infrastructure as well as provide basic facilities to all the government schools in Buner. Further bifurcating the cost estimates, Rs 71 million are needed to provide for the missing facilities in the government schools while Rs 461.5 million are needed to repair and rehabilitate the existing rooms in the government schools.

These estimates do not include the cost of constructing new classrooms or altogether new schools. While the KP government strives for a better student-classroom ratio (SCR) with target set at 40, the situation in girls’ primary schools requires immediate attention. The SCR for girls currently stands at 80 which is not conducive for better learning outcomes. Since the SCR discussed here is an average number implying that various schools may have a much worse situation. There is a need to identify such schools from the EMIS database and allocate funds accordingly. This may help improve the survival rate for girls as well as their attainment outcome, particularly at primary level, which currently stand at more than 13 years.

Delivery & Quality of Education Services

Teachers have a very important role in the mental development of children. While availability of teachers is crucial for education, it is also important that they should be qualified enough for satisfactory learning outcomes of the students.

The Alif Ailaan’s Education Rankings Report of 2013-14 and the Annual Status of Education Report (ASER) 2013 are eye openers and reveal that in primary schools of Buner:

- i. Only 50% of the class 5 students can read a story in Urdu textbook for class 2.
- ii. Only 33% of the class 5 students can read a sentence in English textbook for class 2.
- iii. Only 60% of the class 5 students can perform 2 digit division of class level 3.

The findings of these reports suggest that there is an urgent need to address the issue of quality of education and teaching to improve learning outcomes of the primary school students. Quality of teaching has a great role to play in the learning outcomes for the students. In this regard a methodical training of existing teachers and hiring of qualified teachers must be given a high priority.

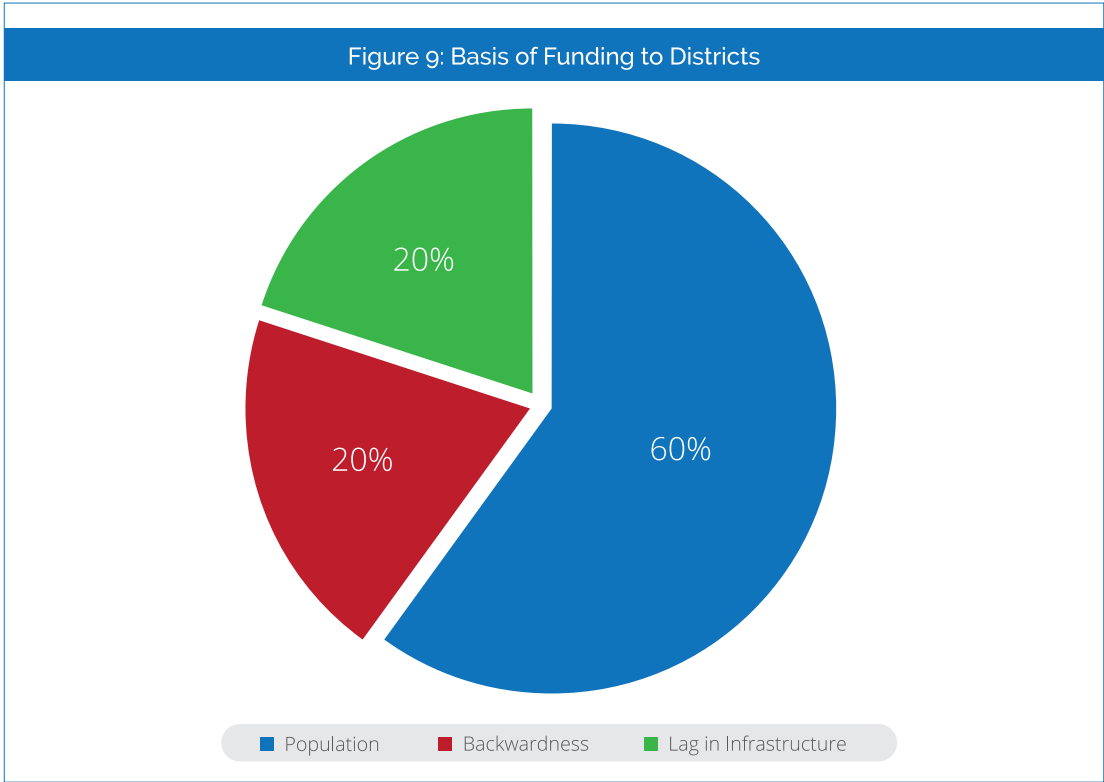
The Pupil-Teacher ratio (PTR) should be an important factor to determine the need of hiring more teachers. PTR in the government schools, particularly girls primary schools, is alarmingly high at 100 against KP government's target ratio of 40. Since this is an average of all the government primary schools, various schools may have a lot worse PTR. Such schools need to be identified from EMIS database to address this shortcoming.

Annex 3: Budget Making Process at the District Level

Budget is an important policy document showing the government priorities in expenditure with subject to available financial resources. Generally, budget is a financial report containing estimates of Income and Expenses or a plan for coordinating Resource Generation & Utilization. In other words, it is a financial plan incorporating receipts (cash in-flow) and outlays (cash out-flow) in a fiscal year usually starts on 1st July and end on 30th June.

The budget process generally involves steps meant for preparing estimates for revenue generation as well as for prospective expenditures. In the case of districts, due to limited mandate and capacity to raise their own revenues, there is major dependency on the provincial government for the required funds. Similarly, there are some vertical programmes as well, initiated and funded by the federal government.

Presently, there is no local governance system in place in KP and LGA 2013 is yet to be implemented in the province. However, much of the public service delivery take place at district level against the allocated budgets even in the absence of any elected district councils.



Traditionally, the provincial government of Khyber Pakhtunkhwa provides funding to the districts through the Provincial Finance Commission (PFC) Award on the basis of formula comprising of population, backwardness and lag in infrastructure with assigned weights, as shown in the Figure 9, with major weights assigned to population, followed by lag in infrastructure and backwardness with equal weights. In addition to this, the needs for development and non-development requirements of the districts are also evaluated periodically through official channels by the provincial government.

Annual budget preparation starts with the issuance of Budget Call Circular (BCC) or Letter by the Finance Department. BCC along with detailed budget calendar and other prescribed forms for expenditure, supplementary and surrenders and Statements for New Expenditures (SNEs). Moreover, as per the budget guidelines, formulated by the Finance Department KP, each department at the district level is responsible to revenue and expenditure estimates. Similarly SNEs forms are for documenting the new entry of expenditure for the first time in line with details classification of accounts. Besides the current expenditure estimates, every district department has been asked to prepare proposals for new development projects. Each project has to be presented with estimated cost, duration and completion of the project as per the prescribed format, PC-1, provided by the Planning and Development (P&D) Department KP. These project proposals, once gone successfully through the approval phase, eventually become the part of district development budget.

Pre-budget consultation is an important part of budget making process. However, in practice very little attention has been given to the successful completion of this essential phase. The absence of local government at the district level is a negative blow to the already negligible pre-budget consultation process. According to a recent survey⁶, 89percent of the district department (including education) does not conduct pre-budget consultation sessions at the district level. All this need to be reversed for more inclusive and participatory budget making process.

It is pertinent to underscore that besides following the incremental budget making process with very least attention to need based assessment at the district level, the absence of district local government excludes the district budget to go through public consultation process. Allocations to different heads are usually made on notionally determined limits over the benchmark of the last year's allocations. There is no or very little attention to prioritization in terms of need based assessment in budget allocation, therefore time and again activities without any regard to related efficiency get equal treatment in terms of budget allocations.

6 Assessment of Budget making process at District level 2014 by Citizens Network for Budget Accountability

Annex 4: Budget Estimates for Service Delivery 2014-17

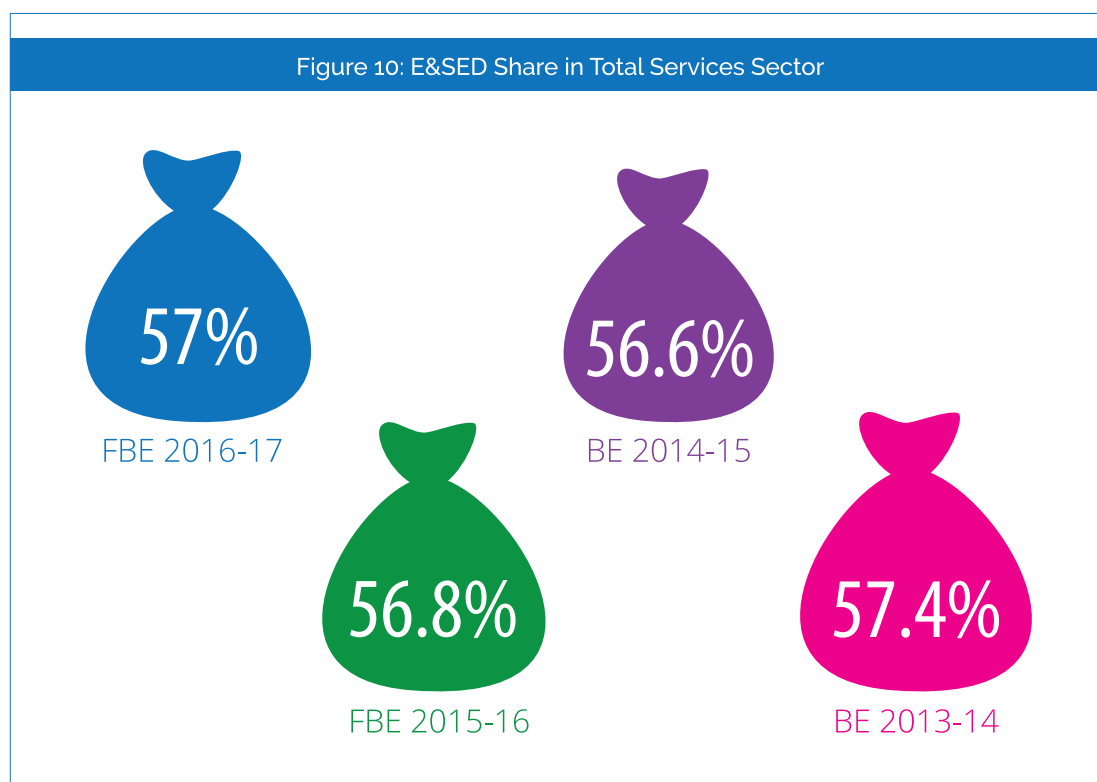
The Budget Estimates for Service Delivery 2014-17, also known as Output Based Budgeting (OBB), is basically based on medium term fiscal framework of KP. Contrary to the traditional by object classification of budget estimates, OBB reflects outcomes/outputs based budget classification for both current and development related budget estimates in one single document.

The Government of KP has made its broad sector wise prioritization under the medium term fiscal framework. The sectors include Social Services, Growth and Governance. The share of social services in overall government expenditure, on average, stood at 42percent. The social services sector includes Health, Education (Primary, Secondary and Higher), Auqaf and Religious Affairs, Population Welfare etc.

	BE 2013-14	Be 2014-15	FBE 2015-16	FBE 2016-17
Salary	56440.6	65770.7	76294	88501
Non-Salary	4112.4	7913.8	9100.8	10466
Development/ Capital	24076.7	19926.6	22635.5	25272.9
Sub-Total	84629.6	93611	108030.3	124239.9
Grand Total Social Services Sector	147369.7	165331.4	190223.7	217867.4
E&SED Share in Total Services Sector	57.4%	56.6%	56.8%	57.0%

Source: Budget Estimates for Service Delivery 2014-17
BE: Budget Estimates, FBE: Forward Budget Estimates

The share of E&SE Department in overall Social Sector Services in the Medium Term Budget Estimates for the Service Delivery is as given below:



As the above table shows, the share of E&SED in total Social Services Sector on average remained at 56.8percent for the current and medium term estimates. However, the same share is projected to increase gradually to 57percent over the medium term. Similarly the salary part of E&SED has also projected to increase to 70.9percent during the medium term as compared with 70.3percent in 2014-15 and 66.7percent in 2013-14.

The growth in development/capital outlays for the ongoing financial year is projected to decline by 17.2 percent as compared to 16.5 percent growth in salary related budget of E&SE Department. Similarly, in the medium term, both salary and development/capital budget estimates are projected to increase on average by 16 percent and 12.6 percent, respectively.

Output Based Budget of E&SED

The overall vision of the E&SE Department is to achieve a “progressive Khyber Pakhtunkhwa with equal access to education for all”. The policy and strategic framework and interventions in line with Department’s vision statement include but not limited to compulsory education for all, standardization of primary education across the province, achieving MDGs and to ensure full schooling at the primary level for school going children. Under the strategic objectives, medium term budgetary allocations have been made against different outcomes/outputs. The following figures shows E&SED budget allocations against the medium term various outputs.

In the medium term, the output-wise budget allocations by E&SED Khyber Pakhtunkhwa shows high priority to increase enrolment along with enhancing retention, followed by to ensure and to provide support for effective schools. However, provision of education by minimizing gender and social disparity along with allocations for improved teacher management got a mixed prioritization with declining budget allocations over the medium term. The reason may be the government focus on increasing enrollment and retention rates at the elementary level to meet the much required MDGs milestone over the medium term.

Key Performance Indicators for E&SE Department for 2014-17

Adapted from the Government of the Khyber Pakhtunkhwa Finance Department’s Budget Estimates for Service Delivery 2014-17, the following illustration shows E&SED major KPIs against major outcomes:

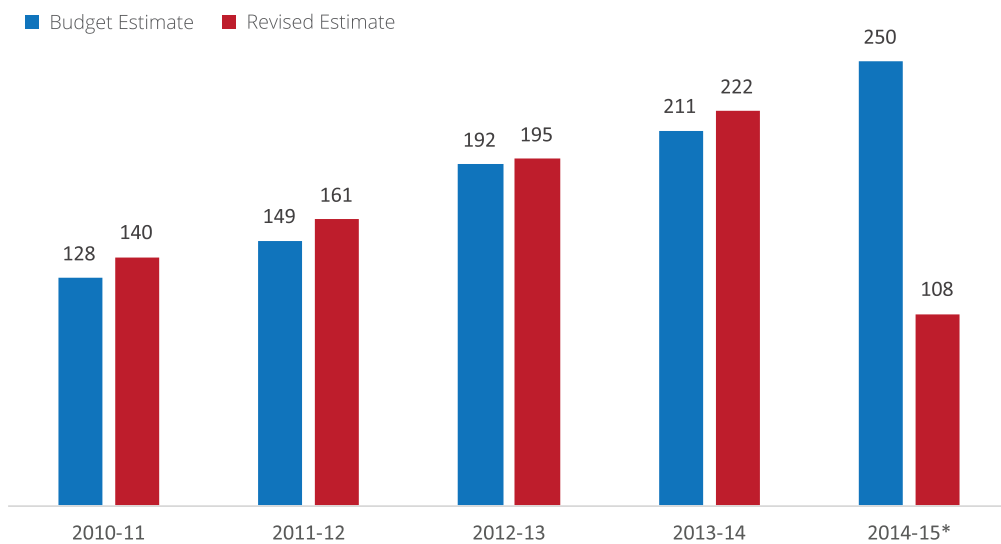
Improved Education Governance	To revise Provincial ESP and to prepare district ESPs
	To ensure implementation of performance and monitoring frameworks
	To ensure effectiveness and operationalization of EMIS system at District level
	schools’ PTCs orientation for 10 districts
	Awareness campaign in 25 districts
	KPIs for DEOs and their evaluation

Achieving Universal Primary & Secondary Education	To achieve an increase in GER, Retention Rate and Rate of Transition from the existing levels.
	To ensure the provision of cumulative missing facilities, rehabilitations of schools and upgradation of schools across the province
	Reducing gender disparity and provision of scholarships, Cash awards, excellence awards, stipends for female students, free text books for students
Strengthening Institutional capacity and improved learning outcomes	Establishment of Teacher Training Management Information System (TTMIS)
	Establishment of personnel Management Information System (PMIS)
	To increase teachers training institutes from 20 to 23
	revision of curriculum and text books incorporating skills, competencies, tolerant attitudes and problem solving

Annex 5: Trend Analysis of Overall KP Budget

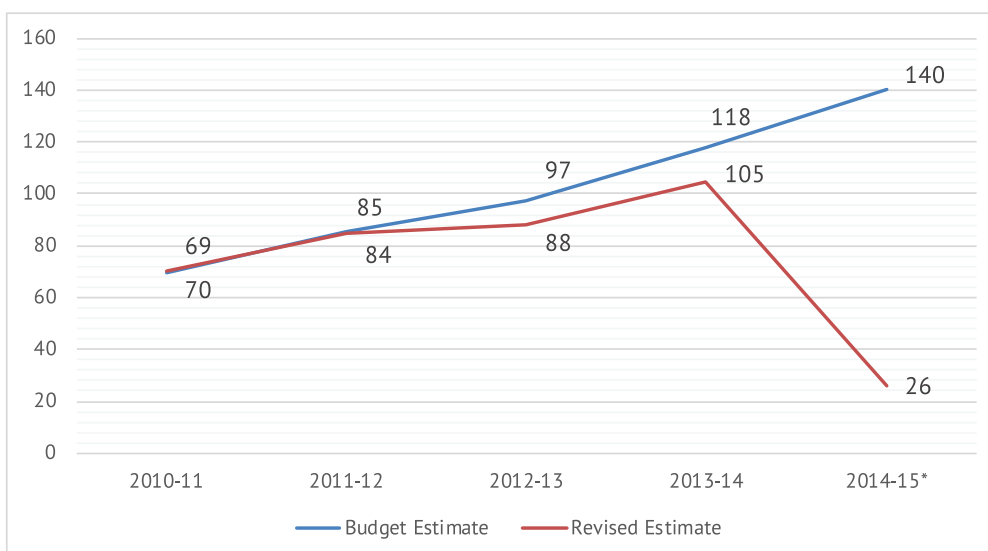
Over the last five years, both development and current expenditure allocations in Khyber Pakhtunkhwa increased by almost 18 percent on average per annum. This is mainly due to availability of more

Figure 11: Trend in KP Current Revenue Expenditure (Budget & Revised Estimates) [Rs in Billion]



* Figure for 2014-15 utilization is upto Dec, 2014
Source: Various issues of White Papers of KP Finance Department

Figure 12: Trend in KP Development Expenditure (Budget & Revised Estimate) [Rs. in Billion]



Source: Various issues of White Papers of KP Finance Department
*Revised Estimates for FY 2014-15 are of as on 3rd February, 2015

resources through increased federal transfers after 18th amendment/NFC Award and a special transfer of 1 percent of divisible pool for War on Terror. Figure 11 show the trend of overall current revenue expenditure where budget estimates rose from Rs 128 billion in FY 2010-11 to Rs 250 billion in the current FY of 2014-15, almost doubled in nominal terms over the period. The revised estimates of current revenue expenditure, however, show that a 6percent more were actually spent as against the budget estimates.

Similarly, the estimates for the development budget at the time of budget preparation shows a growth rate of 19percent on average per annum. Development budget allocation rose from a meagre Rs 69 billion in FY 2010-11 to Rs 140.2 billion in 2014-15 showing a more than double increase over the last 5 years (See figure 12). However, the revised estimates show that, on average, 7 percent of the development budget not spent. Procedural and structural rigidities hamper the full utilization of the development budget. Budget process in the line departments is so that it is being prepared on an incremental basis without any strategy. Preparation of current & development budget are distinct activities at the line departments and thus lack coherence at the very beginning.

Trend Analysis of E&SE Budget in overall KP Budget

Similar to the overall expenditure trends, expenditure on Elementary & Secondary Education (E&SE) grew at 20 percent over the last 5 years with development expenditure increasing at a much faster rate than recurrent expenditure. On average 27 percent of the total current revenue of the province goes to the elementary & secondary education sector over the last five years (Table 11). The revised estimates during the period under discussion are a 6 percentage point, on average, more than that of the estimates at the time of budget showing poor planning of the education department. Though current expenditure on education rose over time in the province but is still inadequate to provide for teachers, classrooms and other basic facilities in school. For example more than half of the primary schools (50.5 percent) in the province have 2 or less teachers. Similarly some 54 percent of the primary schools in the province have 2 or less than 2 rooms. While less than 5 percent of the current spending goes to other than salary, like operation and maintenance spending, schools conditions will deteriorate with passage of time.

Year	Budget Estimates			Revised Estimates		
	Total KP Budget	E&SE Budget	Share of E&SE in Total	Budget Estimates	Revised	Share of E&SE in Total
2010-11	128	33.9	27%	140		27%
2011-12	149	37.2	25%	161		27%
2012-13	192	46.6	24%	195		27%
2013-14	211	60.6	29%	222		27%
2014-15*	250	73.7	28%	108		27%

* Revised Estimate for the year 2014-15 are upto 31st December 2014
Source: Various Issues of White Papers of KP Finance Department

Table 12 gives Elementary and Secondary Education share in the total development budget over the last five years. As figures of the budget estimates show, around 15 percent of the development budget is dedicated for E&SE Sector. Though the budget allocation to E&SE rose from a meager Rs7.9 billion

to Rs19.9 billion over the last five years, revised estimates show that most of the budget allocation could not be utilized. Most of this is due to non-utilization of foreign grants as either the international commitment to this sector were not entertained or there exists some rigidities at the department level which cannot utilize these commitments. Or it may be a combination of both. Last 5 years data shows that while almost all allocation from local sources were utilized by the government on Education, they were only able to utilize up to 60 percent of the foreign commitments in the education sector, on average.

Table 12: E&SE Share in Total Development Budget of KP (Rs. in Billion)

Year	Budget Estimates			Revised Estimates		
	Total KP Budget	E&SE Budget	Share of E&SE in Total	Budget Estimates	Revised	Share of E&SE in Total
2010-11	69	7.9	11%	65	8.1	13%
2011-12	85	10.2	12%	84	9.3	11%
2012-13	97	17.1	18%	88	10.4	12%
2013-14	118	24.1	20%	105	13.4	13%
2014-15*	140	19.9	14%	-	-	-

* Revised Estimate for the year 2014-15 are not yet released

Source: Various Issues of White Papers of KP Finance Department

Annex 6: District Buner Detailed Primary Education Budgets Analysis (Current)

Table 13: Primary Education Current Budgets Trends in District Buner

Budget Heads	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual As on Dec. 31, 2014
Total Buner E&S Current Budget	764,303,560	900,333,184	964,052,098	1,263,062,033	1,223,997,020	1,565,033,433	1,449,635,000	1,621,750,845	1,757,705,000	866,729,604
Primary	368,083,270	474,420,291	434,776,950	623,237,760	510,705,450	699,166,563	627,879,000	835,502,079	822,226,000	436,438,038
Primary-Both	291,593,240	357,237,134	328,363,900	467,312,621	357,459,840	519,955,429				
EMPLOYEES RELATED EXPENSES.	281,533,240	356,624,494	318,017,900	449,113,073	356,317,840	508,412,334				
OPERATING EXPENSES	3,109,000	612,640	3,395,000	4,338,548	1,142,000	4,643,095				
REPAIRS AND MAINTENANCE	6,951,000	-	6,951,000	13,861,000	-	6,900,000				
Primary-Female	76,490,030	117,183,157	106,413,050	155,925,139	153,245,610	179,211,134	182,860,000	202,986,315	207,670,000	112,149,772
EMPLOYEES RELATED EXPENSES.	72,767,030	116,853,909	102,534,050	149,217,271	152,651,610	174,917,692	182,414,000	201,777,646	207,127,000	111,787,366
OPERATING EXPENSES	1,303,000	329,248	1,459,000	1,597,868	594,000	1,828,442	429,000	1,208,669	543,000	362,406
GRANTS SUBSIDIES AND WRITE OFF LOANS							10,000	-		
PHYSICAL ASSETS							2,000	-		
REPAIRS AND MAINTENANCE	2,420,000	-	2,420,000	5,110,000	-	2,465,000	5,000	-	-	-
Primary-Male							445,019,000	632,515,764	614,556,000	324,288,266
EMPLOYEES RELATED EXPENSES.							444,474,000	629,620,726	613,106,000	323,473,659
OPERATING EXPENSES							528,000	2,895,038	1,450,000	814,607
GRANTS SUBSIDIES AND WRITE OFF LOANS							10,000	-		
PHYSICAL ASSETS							2,000	-		
REPAIRS AND MAINTENANCE							5,000	-	-	-
Administration	7,540,900	7,722,279	9,333,940	8,980,950	10,617,740	10,321,152	15,674,000	25,944,645	14,941,000	5,443,501
Administration-Female	3,024,760	2,937,779	4,190,500	3,311,821	4,564,830	4,364,525	8,639,000	8,821,766	7,760,000	2,504,515
EMPLOYEES RELATED EXPENSES.	2,678,760	2,600,674	3,799,500	2,892,441	4,158,580	3,837,923	8,147,000	3,329,033	7,180,000	2,331,695
OPERATING EXPENSES	241,000	280,130	301,000	315,280	316,250	428,097	410,000	5,417,733	508,000	156,960
GRANTS SUBSIDIES AND WRITE OFF LOANS							10,000	-		
PHYSICAL ASSETS	15,000	-					12,000	10,000	12,000	-
REPAIRS AND MAINTENANCE	90,000	56,975	90,000	104,100	90,000	98,505	60,000	65,000	60,000	15,860
Administration-Male	4,516,140	4,784,500	5,143,440	5,669,129	6,052,910	5,956,627	7,035,000	17,122,879	7,181,000	2,938,986
EMPLOYEES RELATED EXPENSES.	4,071,140	4,345,514	4,517,440	5,100,706	5,411,660	5,416,202	6,433,000	5,967,135	6,746,000	2,927,111
OPERATING EXPENSES	385,000	385,486	546,000	494,543	561,250	465,715	520,000	11,099,834	363,000	11,875

Budget Heads	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual As on Dec. 31, 2014
GRANTS SUBSIDIES AND WRITE OFF LOANS							10,000	-		
PHYSICAL ASSETS							12,000	-	12,000	-
REPAIRS AND MAINTENANCE	60,000	53,500	80,000	73,880	80,000	74,710	60,000	55,910	60,000	-



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