

Education Budget Analysis

2010-11 to 2014-15

DISTRICT

D.I.KHAN

Khyber Pakhtunkhwa





EDUCATION BUDGET ANALYSIS

(2010-11 to 2014-15)

DISTRICT

D. I. Khan

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
D.I.Khan	Dera Ismail Khan
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 D.I.Khan so that the citizens can understand and advocate for effective and adequate primary education budgeting in their district. This report can contribute to Khyber Pakhtunkhwa government initiatives for improving state of education in the province through citizens' budgeting. This report analyze district D.I.Khan elementary and secondary education budgets over the 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.

On current expenditure side, district D.I.Khan's share in the total elementary and secondary education budget is around 5.7 percent, on average, over the last 5 years which is more than their population share of 4.8 percent. 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 who have lower political capital. Another prominent feature of the current education expenditure is that most of the funds (to the tune of 96 percent) 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 D.I.Khan. This is despite the fact that one tenth of the total sanctioned posts of teachers in district D.I.Khan 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 has received only 45 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 D.I.Khan district shows that a secondary school student receive more than the double of the budget spent on a primary school student.

On gender disaggregation of the current budget data on elementary and secondary education, the study has found out that most of the funds go to boys' schools. Almost 65 percent of the funds goes to the boys' schools in district DI Khan 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 has been 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 incumbent government, it was decided that 70 percent of the new school infrastructure will be of girls' schools to correct the historical failure on the part of various governments.

The study found that a sum of Rs 218.73 million were spent in district D.I.Khan to construct additional class rooms and provide other missing facilities to focused primary schools. In our analysis of conditional grant in district D.I.Khan, we found that school infrastructure has improved remarkably in focused primary schools. Additional rooms and other missing facilities were provided to government schools on need basis, identified from the EMIS data of the E&SE department. Community-led PTCs, which need to be strengthen further, were entrusted with the responsibility to spend the budget in a transparent &

effective manner. This intervention, in the medium to longer term, will contribute to higher enrolment in these government schools if coupled with governance reforms.

Another important intervention is provision for repair, maintenance and other class consumables to schools through PTC funds. Led by local community, it is a very effective mechanism for school improvement, where Rs 7,000 are provided to all primary schools on the per room basis. However, the provision for PTCs need to raise substantially as the current amount is insufficient to provide for the required needs of the school infrastructure. Also the formulae needs to be reconsidered and number of enrolled children in a particular school should be included in the criteria for allocating PTC funds.

On the development budget side, the actual expenditure on elementary and secondary education is higher than the allocated budget amounts for all the last five years in the province. In district DI Khan, 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. Apart from PTC funds and conditional grant programs, there is no or very minimum intervention from regular developmental budget side to cater for improving the existing school infrastructure. 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 DI Khan goes to secondary schools. Strikingly, the development budget in district DI Khan 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, the 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 in the province so the 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 that the citizens can understand allocations and utilization trends of primary education in D.I.Khan 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 D.I.Khan 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 to feed into ongoing discussion and deliberation on enhancing elementary education access and quality 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 used for the analysis 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 budget of education sector in KP and at the district under consideration for the last few years, including current 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 primary education vis-à-vis secondary education, both at provincial and concerned district level, has been comparatively analyzed with the help of various indicators.

Primary Education Budget Analysis of D.I.Khan District

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 1). The revised estimates during the period under discussion are at 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 expenditure 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	36.8	26%
2011-12	149	37.2	25%	161	45.4	28%
2012-13	192	46.6	24%	195	55	28%
2013-14	211	60.6	29%	222	60.8	27%
2014-15*	250	73.7	29%	108	31.9	30%

* Revised Estimate for the year 2014-15 are upto 31st December 2014

Source: Various Issues of White Papers of KP Finance Department

Table 2 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 Rs 7.9 billion to Rs 19.9 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.

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

Current Expenditure Analysis of E&SE in District D.I.Khan

For the current financial year 2014-15, total budget allocation for E&SE in district D.I.Khan is Rs.3.5 billion, with an annual growth of 17 percent (real growth 9 percent) and a share of 4.8 percent in total budget of E&SE KP. The nominal growth in district's budget estimates during the current fiscal year is higher than the preceding year's annual growth; however the trend in annual growth is not consistent. For example, in 2012-13, the growth in budget estimates sharply increased by 27 percent as against the preceding year's level of mere 6 percent annual growth in 2011-12. On contrary, the annual growth in E&SE budget estimates for 2013-14 was 13 percent as against 27 percent last year. During the current financial year, the annual growth in budget estimates for education sector in district D.I.Khan increased by 400 basis points over and above the preceding year's annual growth level.

Table 3: Share of District D.I.Khan in E&SE Budget (Rs. in Million)

Year	Budget Estimates			Revised Estimates		
	Total E&SE KP	Total E&SE D.I.Khan	Share of D.I.Khan in Total	Total E&SE KP	Total E&SE D.I.Khan	Share of D.I.Khan in Total
2010-11	33,639.3	1,964.7	5.8%	36,619.6	1,997.3	5.5%
2011-12	36,860.7	2,075.1	5.6%	45,264.4	2,589.2	5.7%
2012-13	46,184.1	2,643.1	5.7%	54,829.6	3,142.3	5.7%
2013-14	57,309.1	2,984.9	5.2%	60,259.1	3,312.8	5.5%
2014-15*	73,034.0	3,492.8	4.8%	31,709.4	1,847.0	5.8%

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

Similarly, the share of district D.I.Khan in total E&SE budget estimates during 2014-15 has been kept at 4.8 percent, which is lower than average share of 5.6 percent during the preceding three fiscal years. It is important to note that for the last three years, district D.I.Khan's share in total E&SE budget estimates gradually declined on annual basis, i.e. from 5.7 percent in 2012-13 to 4.8 percent in 2014-15.

Interestingly, the nominal growth in E&SE related actual expenditure in district D.I.Khan has been showing unusual volatility. In 2011-12, the actual expenditure increased by 30 percent, followed by 21 percent growth in 2012-13. On contrary, the following year, in 2013-14, the annual growth in actual expenditure remained at mere 5 percent as compared with double digits growth in the two preceding years. Also, during 2012-13, the growth factor remained similar at both provincial and at district levels in actual expenditure; however the following year, the growth in actual expenditure in district D.I.Khan was half of the growth in actual expenditure at the provincial level. The real annual growth in actual expenditure in case of district D.I.Khan in 2013-14 was negative 2.7 percent as compared with positive 2 percent real growth in case KP. In addition, the downward growth pattern in actual expenditure at the district level seems to be in line with the decline in at E&SE KP level, however, the rate of decline is not kept similar across the district and some district presumably took a heavy dent on their actual expenditure as compared to other districts. Such an environment manifest lack of attention which should be given to coordinated planning and execution and incorporating needs based criteria in implementing policy decisions across all the districts including D.I.Khan.

Moreover, since salary and allowances are one the major source of actual current expenditure, the district share in total teaching staff is one of the main indicators which presumably have been kept in

perspective while estimating the level of actual expenditure at the district level. Assuming the district's share in total working teachers in the province as a base, then D.I.Khan's share in total actual expenditure is more than its share in total share in working teacher. As per ASC 2013-14, D.I.Khan carries a share of 5.1 percent in total working teaching staff (including primary, middle, secondary and higher secondary levels). Within school levels, primary schools' teaching staff has a lowest share (4.6 percent) in total primary schools' teaching staff while higher secondary schools' working teachers has a highest share (8.4 percent). Similarly, district D.I.Khan has a share of 5.7 percent in all the schools' infrastructure, while the district share in total enrollment in KP is 4.3 percent. Moreover, in contrast to other districts, the share of district D.I.Khan in total actual current expenditure in total E&SE actual expenditure has been on higher side mainly due to higher number of middle and secondary schools and their related working teaching and non-teaching staff as compared to primary schools and the related teaching and non-teaching staff in district D.I.Khan.

Expenditure on Salary Vs Non-Salary on E&SE in District D.I.Khan

The current budget of any public entity may be classified into salary and non-salary current budget. Table 4 provides data on E&SE actual budget at KP and district D.I.Khan levels. Salary related expenses, also known as employee related expenditure, mainly include salaries and allowances of the both the teaching and non-teaching staff of the education sector [Please see Annexure 5]. Non-salary spending, also known as other than employee related expenses, consists of operating expenses, improvement in physical assets like purchase of furniture, repair and maintenance and expenses on utilities such as electricity etc. As the data shows, during the last five years, on average 96.1 percent of actual expenditure in E&SE in district D.I.Khan has been incurred on salaries and allowances as against 96.5 percent on

Year	Salary vs Non-Salary	Actual Expenditure			
		KP Overall	Share in Total (%)	D.I.Khan	Share in Total (%)
2010-11	Salary	35,520.1	97.0	1,941.7	97.2
	Non-Salary	1,099.5	3.0	55.7	2.8
2011-12	Salary	43,690.1	96.5	2,449.6	94.6
	Non-Salary	1,574.3	3.5	139.6	5.4
2012-13	Salary	52,137.8	95.1	2,889.6	92.0
	Non-Salary	2,681.7	4.9	252.7	8.0
2013-14	Salary	58,430.0	97.0	3,227.1	97.4
	Non-Salary	1,829.0	3.0	85.6	2.6
2014-15*	Salary	31,409.2	99.1	1,835.4	99.4
	Non-Salary	300.2	0.9	11.6	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

average at KP level. It is important to pinpoint, that as per ASC 2013-14, there are total 6,021 working teachers (73 percent of sanctioned staff) and 2,609 non-teaching staff (97 percent of sanctioned staff) in E&SE D.I.Khan. The ratio of working teaching staff to non-teaching staff in the district is 2.31 to 1. Thus, filling the vacant teaching staff in the district (total 2,258 vacant posts of teachers and 83 non-teaching staff) would put further drain on already dwindling non-salary actual expenditure (has a share

of 3.9 percent on average for the last five years) of the E&SE in district D.I.Khan. It is also important to highlight that highest number of vacant post of teaching staff are located in the primary schools, followed by middle schools while highest number of vacant posts of non-teaching staff is located in high and higher secondary schools in district D.I.Khan. In other words, sooner than later, these vacant posts at the primary schools' level in the district have to be filled as per ESP, and therefore would have an obvious higher impact of already skyrocketed salary related expenditure of E&SE in district D.I.Khan. Any increase in salary related expenses without increasing the overall available budget envelope would have direct downward effect on already meagre budget available for non-salary expenses, in particular, for repair and maintenance of existing schools' infrastructure in the district.

The dilemma with respect to high salary expenditure further aggravated if we take into account the need of more schools. Since initially the construction of new schools come under the domain of the development expenditure while on completion and after making the newly constructed schools functional, it has direct expansionary effect on the current budget of E&SE at the district and provincial level. Therefore, it is also essential to prudently manage the transition of newly constructed schools from development to the current budget side as lack of proper planning and execution on this part usually ended with unwarranted mismatches between budget planning and actual execution requirements at the district level. Failing to resolve this dilemma, chances are high, that without increasing the overall fiscal envelop for the district under consideration, an unwarranted increase in salary related budget estimates and actual expenditure would ended up with little or no financial resources for repair and maintenance of existing schools' infrastructure which have already require much public investment to provide the missing basic facilities. Also, keeping all this in perspective and in practice, the E&SE Department at provincial and district levels, would be able to prudently mitigate the risks related to unnecessary mismatches between budget allocations and actual expenditure, particularly with salaries related expenditures.

In addition, the overall expansionary effects of salary related expenditure may be mitigated through ensuring value for money. In this respect, 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 latest EMIS data, the average students working teachers ratio for district D.I.Khan is 29.51, which is quite reasonable and below the standard average of 40 students, but there are multiple isolated schools cases where the students working teacher ratio is much higher. For example, in district D.I.Khan, there are schools with students-teacher ratio of over 100. The ratio of all these schools having a higher number of students-teacher ratio needs to be streamlined. Similarly, addressing the gender disparities in district D.I.Khan without addressing the issue of high students-teacher ratio in multiple schools may end up without any fruitful outcome. In nutshell, the proposition is that the dispersion from the average of individual school basis shows multiple cases of over-utilized and under-utilized schools in the district D.I.Khan. To attain maximum value for money with respect to current expenditure for E&SE in the district, 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 financially 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 D.I.Khan

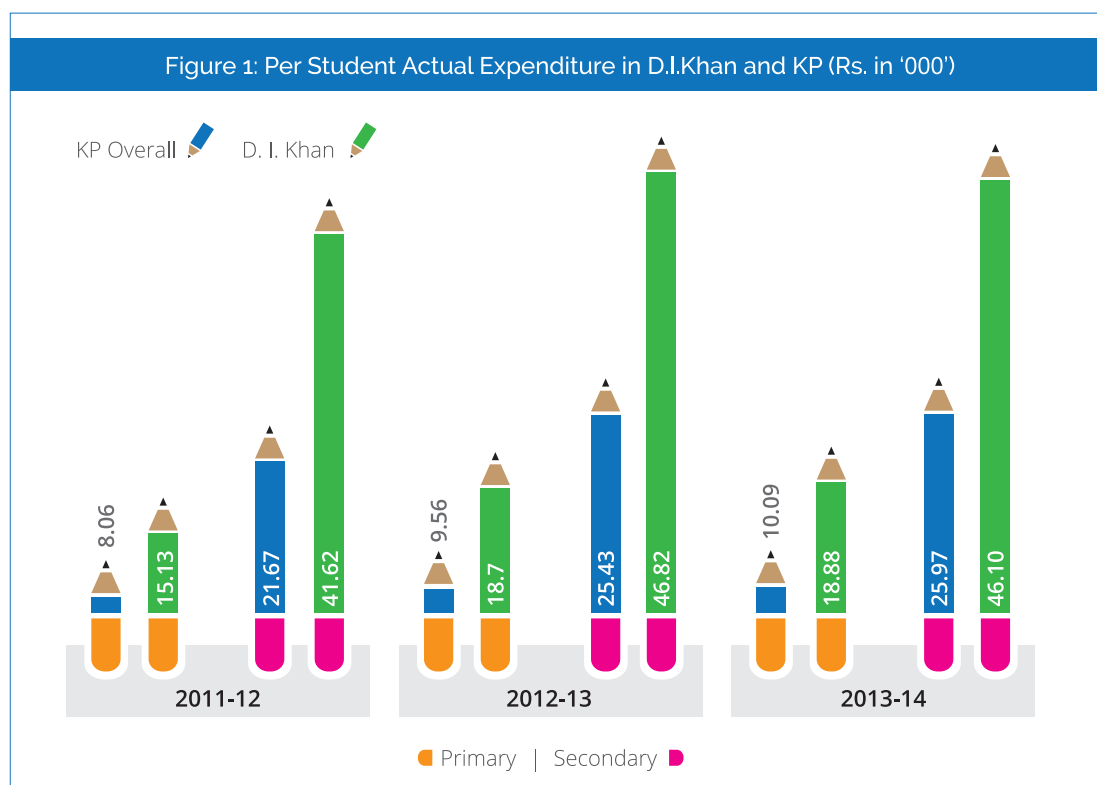
The widely acknowledged fact is that the government requires allocating the required level of financial resources to the prioritized sector in order to attain the desired objectives within a specified time frame. As per the government's education sector strategic plan, attaining universal primary education is one of the main policy priorities as envisaged in the government's Education Sector Plan (ESP). However, in case of district D.I.Khan, the required financial adjustment towards primary education sector is missing. The classification of E&SE actual expenditure in primary and secondary sectors for district D.I.Khan shows that during the last few years, secondary education sector has had a high share in actual expenditure as compared with primary sector. On average, 45.7 percent of total actual expenditure during the last few years, goes to the primary education while the remaining, 54.3 percent on average, goes to secondary education sector. So far, during the first six months of the current fiscal year, share of primary education sector in total district E&SE actual expenditure show a decline when compared to the preceding year's total share.

Year	Primary vs Secondary	Actual Expenditure			
		KP Overall	Share in Total (%)	D.I.Khan	Share in Total (%)
2011-12	Primary	22,889.4	50.6	1,175.5	45.4
	Secondary	22,375.0	49.4	1,413.7	54.6
2012-13	Primary	27,168.2	49.4	1,443.5	45.9
	Secondary	27,651.4	50.4	1,698.8	54.1
2013-14	Primary	30,395.0	40.5	1,540.3	46.5
	Secondary	29,864.0	49.6	1,772.5	53.5
2014-15*	Primary	15,871.0	50.1	828.6	44.9
	Secondary	15,838.0	49.9	1,018.4	55.1

* 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, similar to other district cases and based on the existing high number of schools infrastructure and students enrolled at the primary level as compared with secondary level in district D.I.Khan, the current share of primary sector in total budget expenditure is not fully justified and thus need to be properly adjusted. One of the reasons may be the salary gap paid to primary schools' and secondary schools' teachers. As per the latest EMIS data, out of total available schools' infrastructure, 80 percent are primary schools while the remaining 20 percent are secondary schools. The ratio of primary schools' enrollment to the secondary schools (middle, high and higher secondary schools) for district D.I.Khan equals to 2.65 to 1 (73 percent of total students enrolled in D.I.Khan are in primary schools). Similarly, as per ASC 2013-14, the ratio of total working teaching staff in primary schools (80 percent of sanctioned workforce) to working teaching staff of secondary schools (66 percent of sanctioned workforce) in district D.I.Khan equals 1.19 to 1 (54 percent of total teachers in the district are primary schools teachers). Similarly, the ratio of non-teaching working staff in primary level to secondary level in district D.I.Khan is



estimated at 0.84 to 1. In nutshell, besides having high share in enrollment, infrastructure and teaching staff of the primary level schools, the related actual budget expenditure of primary education sector in district D.I.Khan needs to be rationalized more in favor of primary education contrary to the prevailing status which is in favor of secondary education sector within the district's E&SE. Bringing salaries of primary schools teaching and non-teaching staff equally at par with that of secondary schools may not be technically sound, however, bringing salaries at par based on performance may be one of the policy option that can be pursued in the future for more quality education in the primary as well as in the secondary schools' levels.

Figure 1 shows comparison of per student actual expenditure of primary and secondary sector over the last 3 years for KP and district D.I.Khan. The per capita actual expenditure for secondary schools is more than double as that of primary schools in KP as well as in district D.I.Khan. Moreover, the ratio of per capita expenditure in primary education to secondary education in district D.I.Khan, on average remained at 0.39 to 1 during the last few years. However, it is important to highlight that the same ratio did increased though gradually from 0.36 in 2011-12 to 0.41 in 2013-14. Such a gradual increase is commendable but it should be persistent in order to increase the per student actual expenditure in primary education sector in district D.I.Khan in order to move forward in attaining Universal Primary Education and other MDG goals in the district under consideration.

Expenditure on Girls Vs Boys Schools in District D.I.Khan

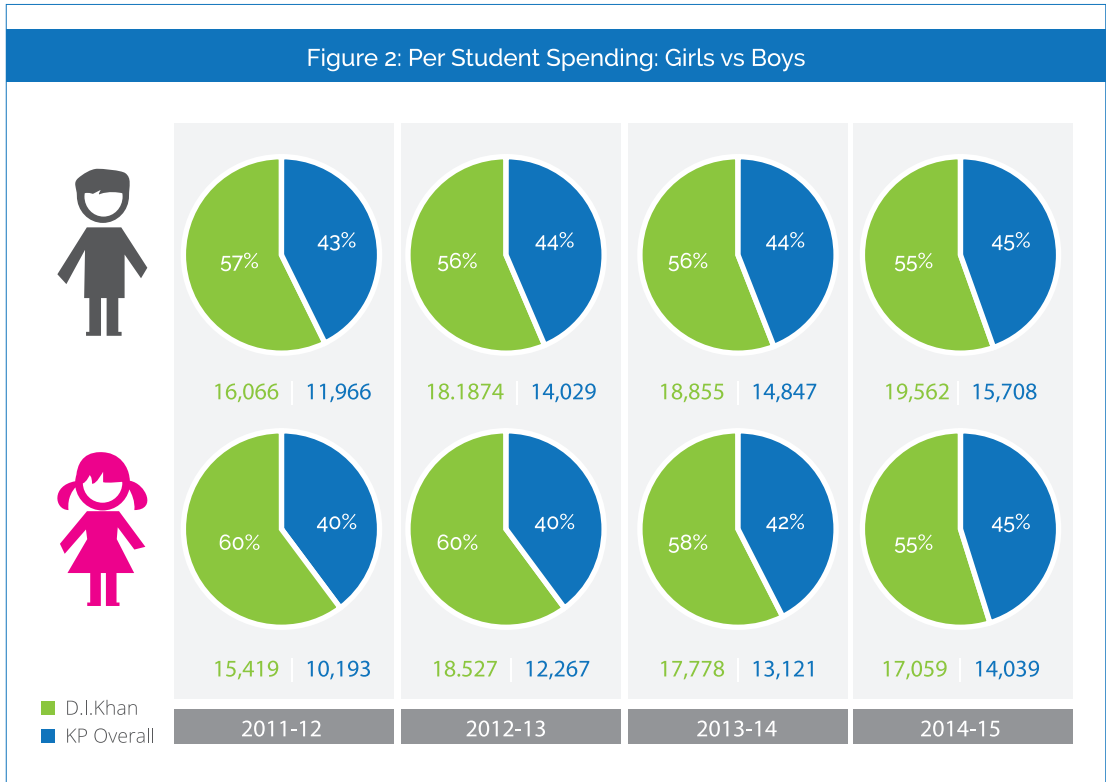
Addressing the issue of gender disparities across districts is one of the key milestones of the education sector policy in KP. The shares of actual expenditure on boys' schools as against girls' schools in district D.I.Khan during the last few years show negligible signs of improvement. On average, 64 percent of total actual expenditure in the district has been incurred on boys' schools [Table 6]. The share of girls' schools

has been stagnated at 36 percent during the last few years. Though the share of girls' schools in actual expenditure on education in the district did increase however the rate of change is negligible as the rate of change is modified annually by one or two basis points.

Year	Boys vs Girls Schools	Actual Expenditure			
		KP Overall	Share in Total (%)	D.I.Khan	Share in Total (%)
2010-11	Boys	24,655.4	69.1	1,278.8	64.9
	Girls	11,035.5	30.9	692.5	35.1
2011-12	Boys	30,089.1	68.5	1,594.8	64.5
	Girls	13,831.9	31.5	879.4	35.5
2012-13	Boys	35,778.3	67.9	1,939.2	63.9
	Girls	16,924.7	32.1	1,096.7	36.1
2013-14	Boys	39,716.3	67.1	2,081.5	63.5
	Girls	19,515.5	32.9	1,196.0	36.5
2014-15*	Boys	21,020.1	67.0	1,162.6	63.4
	Girls	10,355.2	33.0	672.4	36.6

* 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

In addition, gender based actual per capita expenditure in district D.I.Khan has been shown in Figure 2. As the data shows, the ratio between per capita actual expenditure on boys' to that of girls for D.I.Khan on average has been 1.06 for the last five years. During the last five years, the trend was same having high budget expenses on boys as compared with girls except 2012-13. In fiscal year 2012-13 the actual expenditure on boys and girls in district D.I.Khan is approximately equal with ratio of actual expenditure on boys to girls as 0.98. In following year, the required change has not been kept consistent and the



underlying ratio went up again to 1.06. It is important to highlight the number of boys' schools in district D.I.Khan is almost double of that of existing girls' schools in the district. The higher number of schools usually ended up with a high level of current expenditure each year which eventually lead to higher per capita expenditure subject to negligible change in the overall enrollment in the schools.

Conditional Grants & Its Impact in District DI Khan

During 2011-12, provincial government with the help of DFID introduced 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 218.73 million rupees of the conditional grants (phase 1 & 2) have been successfully utilized in DI Khan District. Almost 60 percent of the conditional grants went to construction of additional rooms in school while the remaining 40 percent went to provide other missing facilities. Funds were both spent in girls & boys schools. Table 7 gives details of the expenditure of conditional grant in district DI Khan.

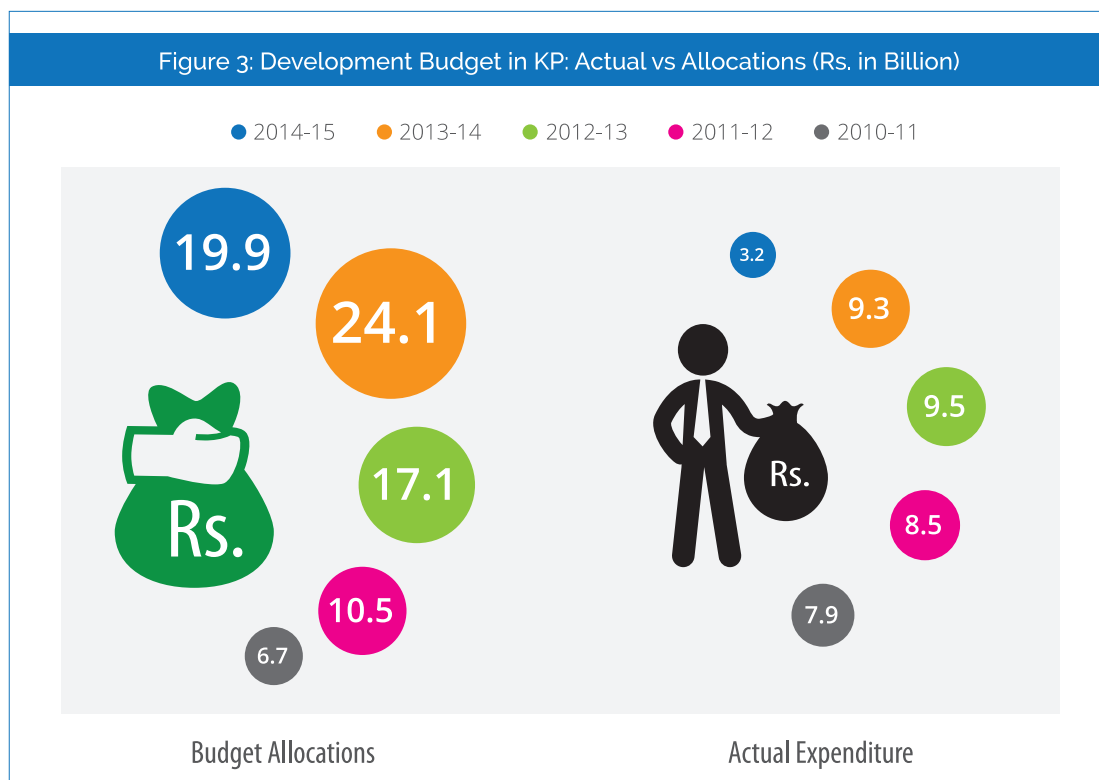
Table 7: Conditional Grant Dera Ismael Khan (Rs in Million)			
	Total Units	Per Unit Cost	Total Cost
A. Conditional Grant D.I.Khan			
Class rooms	100	per unit cost 0.8m	80
Group Latrine	90	per unit cost 0.16m	14.8
Boundary Wall	56	per unit cost 0.3m	16.8
Electrification	60	per unit cost 0.11 m	6.8
Water Supply	70	per unit cost 0.2	13.8
Solar Panel	50	per unit cost 0.175	8.78
Total Cost			140.98
B. Excess amount female			
Class rooms	15	per unit cost 0.8m)	12
Group Latrine	22	per unit cost 0.16m)	3.52
Boundary Wall	8	per unit cost 0.3m)	2.4
Electrification	14	per unit cost 0.11 m	1.5
Water Supply	18	per unit cost 0.2	3.6
Solar Panel	0	per unit cost 0.175	0
Total Cost			23.02
C. Excess amount male			
Class rooms	49	per unit cost 0.8m)	39.2
Group Latrine	27	per unit cost 0.16m)	4.32
Boundary Wall	37	per unit cost 0.3m)	11.1
Electrification	1	per unit cost 0.11 m	0.11
Water Supply	0	per unit cost 0.2	0
Solar Panel	0	per unit cost 0.175	0
Total Cost			54.73
Grand Total (A+B+C)			218.73

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 DI Khan but some of them are non-functional. EMIS data for the year 2013-14 shows that of 1225 primary schools in district DI Khan, some 33 schools have non-functional PTCs. These non-functional PTCs need 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.

Allocating PTC funds on the basis of classroom needs to be discussed. If the number of students coincide with the number of rooms, then the formula is good enough. However, schools with higher enrolment but fewer rooms will get less PTC funds. As more and more focus is given to spend funds in government schools through PTCs, there is a strong need to train PTC members to effectively plan, manage and spend the scarce resources. In our interaction with PTC members, we found that there is a lack of understanding among PTC members on many issues related to the mandate, responsibility and functions of PTCs.

Budget Analysis DI Khan District: Development Expenditure

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 &

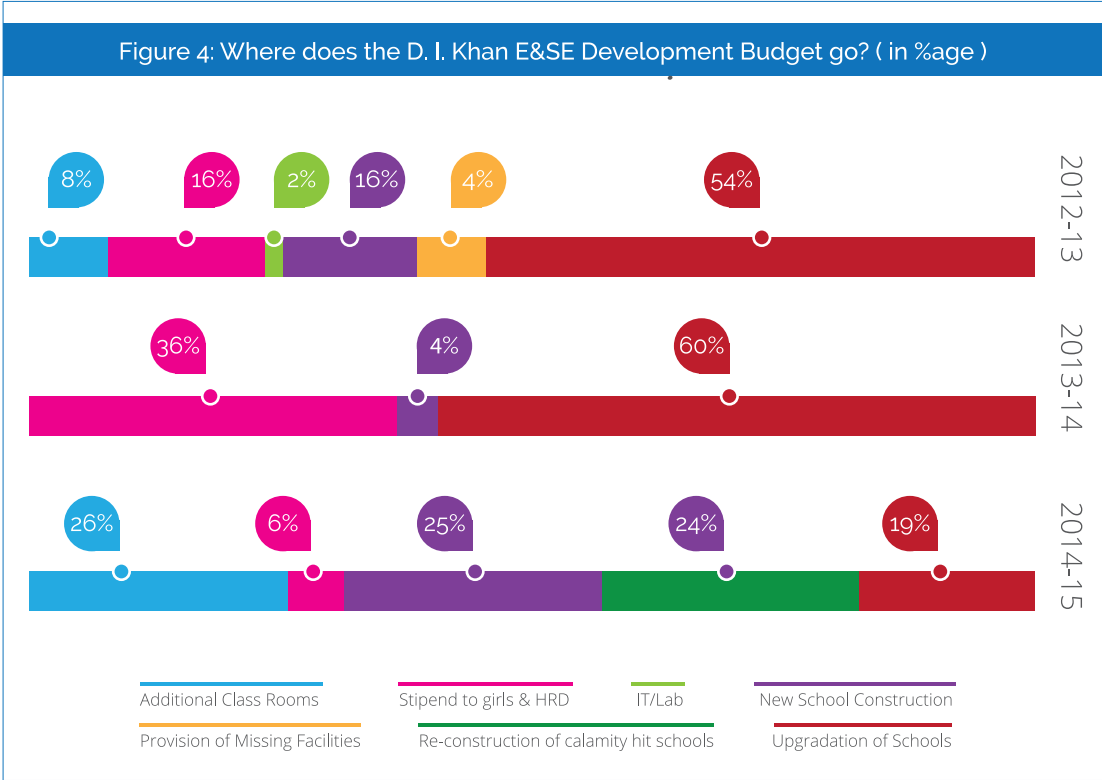


Secondary Education (E&SE). In line with KP’s Education Sector Plan (ESP) & Integrated Development Strategy (IDS), the white paper gives importance to the development of the education sector with special focus on primary education. It also emphasized that government is committed to achieve universal 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 2014-15, only 11 percent of the total development budget on education went to the primary education sector¹.

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.

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

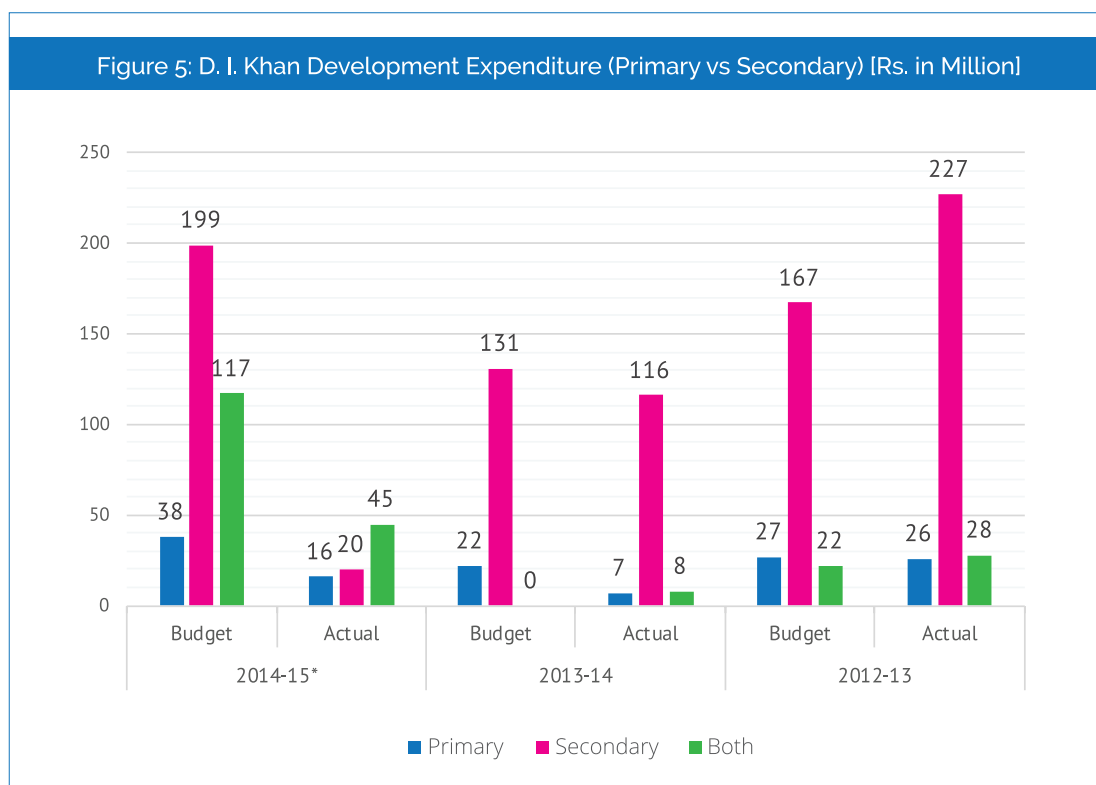
Another important aspect of the provincial development budget on education is the lower utilization of development spending over the last 5 years, especially the foreign component part. Fig 3 shows a trend over the last 5 years of actual development spending on education as against the allocations. Lack of proper developmental planning, ill-conceived development projects, bureaucratic hurdles and non-fulfilment of donor commitments are among the many reasons for non-utilization of development budgets.



¹ 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.

Figure 4 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 of 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 walls, electricity, and water.

Figure 4 gives a summary position of where does the development budget in DI Khan 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. In the last 2 years, almost 60% of the development budget goes to the up-gradation of the existing schools to the next level. There seems nothing significant 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.

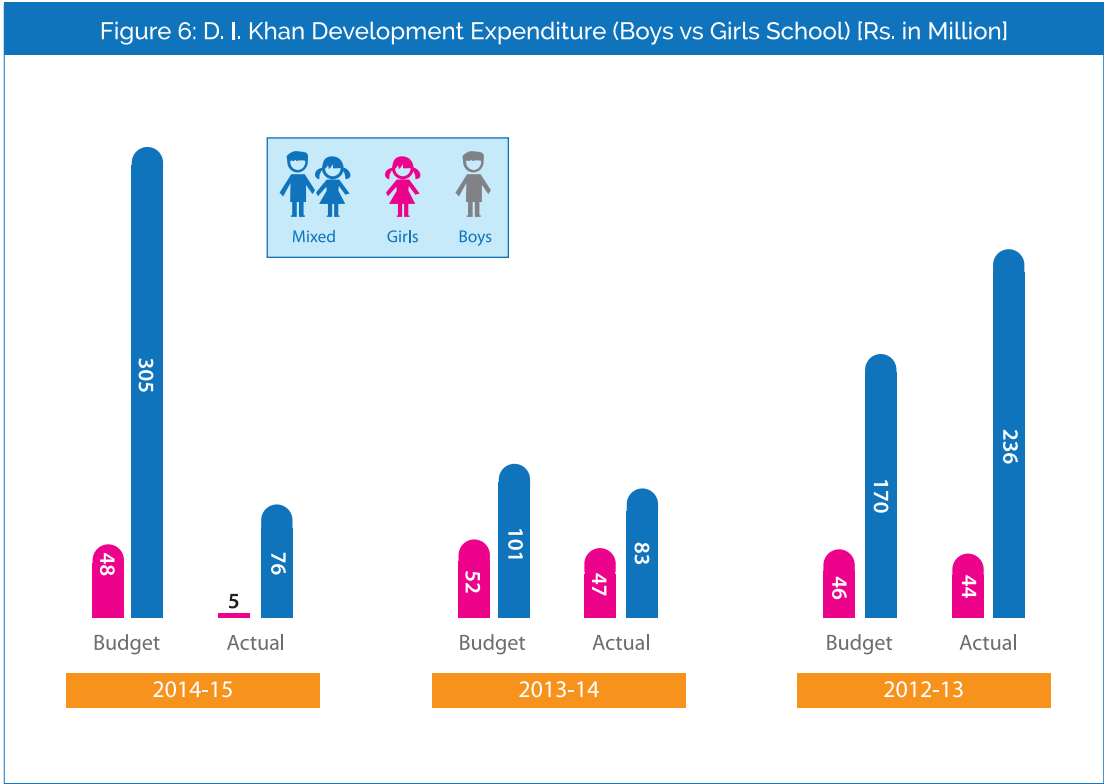


Development Expenditure Analysis on Primary and Secondary Education

Figure 5 bifurcates development expenditure of district DI Khan 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 DI Khan is receiving an actual expenditure on development side of E&SE, which is much lower (around 2.3% of total district development budget) than its population share in the province of around 4.8%. 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 per our calculations based on the EMIS data of 2013-14, district DI Khan may need an extra Rs 883 million money to repair and rehabilitate the existing rooms in the school and provide the missing facilities. So besides PTC funds and conditional grant program, government schools in the district are in need of resources to be rehabilitated in order to increase enrolment.

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 DI Khan 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 DI Khan districts 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.

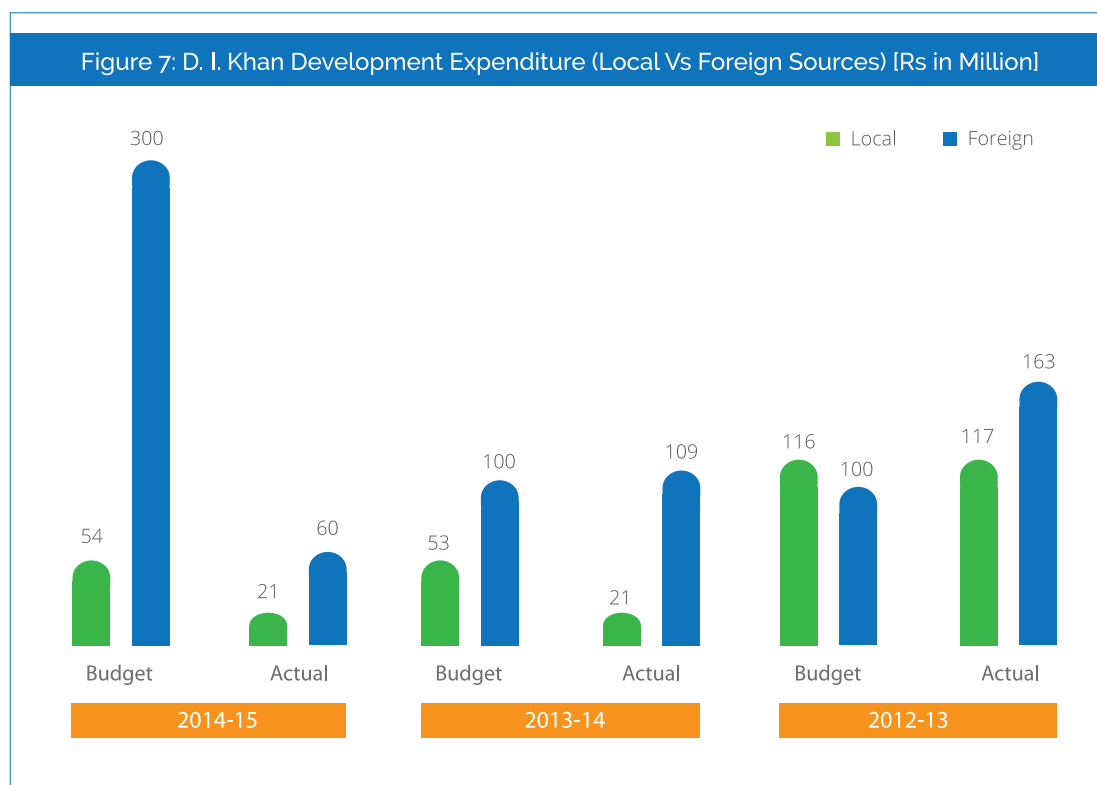


Figure 7 gives the bifurcation of sources of financing of the development budget in DI Khan district into local and foreign finances. The data shows that in fiscal year 2012-13, both local and foreign source to finance the development budget were equal but more recently, the share of foreign financing rose significantly. Majority of foreign financing comes from the DFID, UK. This shows how district DI Khan, 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 can 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 DI Khan district, some 49 schools were identified, including 35 primary schools and 14 secondary schools, to provide with basic missing facilities. As compared to other districts, district DI Khan received a handsome amount of Rs 2.1 million to provide for missing facilities in some of these selected schools. The total amount needed to provide basic facilities to all these 49 schools need an estimated amount of Rs 132.3 million.

Findings and Recommendations:

1. Major portion of the current education budget goes to employee related expenditure in district DI Khan as in other districts. Similarly most of the development budget goes to the construction of 'New' schools and additional rooms. Very little funds were spared for repair and maintenance of the existing school infrastructure. Although, PTC funds and conditional grants (and Tameer-e-School funds up to some extent) did help in improvement of the existing school infrastructure but still huge gaps exists. Special provision should be made to increase budget for repair and maintenance of existing school infrastructure. KP government shall enact Right to Free and Compulsory Education law as soon as possible, as required under Article 25-A under the constitution of Pakistan. Understandably, there is huge gaps in resources and demand for education sector. However, this law can pledge to tackle education emergency incrementally, with government commitment to keep education financing as per actual requirement of the province. Donors too can help in this regard.
2. Development planning shall be improved for education sector catering for the specific needs of the schools by incorporating the citizen voice in policy and planning. Allocations under umbrella projects/s block allocations for education sector shall immediately be abolished as it goes against rules.
3. District DI Khan data depicts a dismal picture regarding girls' education. While social and cultural barriers may oppose co-education in district DI Khan, even at primary level, the government shall encourage and promote co-education at primary level.
4. There are many schools in district DI Khan 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 under-burdened schools to overburden school can solve the problem without any additional cost to the government exchequer.
5. 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. As per EMIS data, there are some 463 schools (356 primary and 107 secondary schools) in DI Khan district where total enrolment is equal to or less than 40 students. Similarly, there are some 78 schools where there are 3 or more working teachers for less than 40 students in total. As compared to other districts in KP, the situation in DI Khan is much worse. There are more schools where total enrolment is less than 40 students. A special initiative need to be launched to bring out-of-school children into these schools as teachers and school building is available.
6. Maintenance of the existing education infrastructure is the most neglected part in education financing in KP. Very little left for maintenance of the already existing infrastructure. There is a dire need of an INCREASE in the infrastructure budget. The education department must devise some formula based on which allocation shall be made for maintenance and operation cost. If development budgets increase for building new schools, it will have implications for current budgets. At least 10% of total current budgets shall be for operation and maintenance, which is hardly 2-3% now. New projects should be negotiated with the development partners to finance the missing facilities and improved the existing school infrastructure. This side, if left unattended for long period, may result in the complete collapse of the existing school infrastructure and in

future very need more money than now.

7. There is a need to focus on underutilized schools and go for hiring more teachers for the schools where teachers are overburden with teaching more students. One possible way forward is to shift teachers from the underutilized schools to the overburdened schools. This will lead to effective utilization of existing staff with no or minimal impact on current expenditure of the government. The other possible way out is to recruit more regular teachers but this will, obviously, increase the already voluminous current budget with more expenses on salaries. Another innovative way-out may be to introduce policy of giving opportunity to fresh graduates to teach in teacher-deficient schools close-by their home towns. They can be either recruited on a fixed monthly stipend for a limited contract period or as volunteers, with some basic training of teaching. Provincial government can pick fresh graduates from the market on a monthly stipend of Rs 10,000 given that there exists a large pool of unemployed educated youth in the province. Our focus group discussion in the district with parents, teachers and civil society representatives show that private schools offer fixed salary of as low as Rs. 6,000 to fresh graduates.
8. 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 and the MDGs related to primary education.
9. International commitments of grants in education sector not fully utilized. Most of the time the budget amount pledged by donors does not materialize on time due to challenges in meeting grants pre-requisites. This needs to be taken seriously. Moreover, the data on development financing shows that most of the grants to the development of education sector comes from a single source i.e DFID. This need to be tackled seriously and more donors should be reached out to improve the education availability in the district and in the province.
10. 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.
11. The research team faced immense difficulties in collecting budget related data. After the 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.
12. The role of PTCs needs to be further strengthened. Tamer-e-School Programme may have faced difficulties in collecting required funds, but engaging PTCs in school improvement is a very good step. The E&SED shall ensure community engagement in all level of education planning and management through PTCs/community members. School based management could be a great step forward for devolving powers to schools within the framework of KP Local Government Act 2013, and shifting powers to PTCs/schools teachers/community members with proper accountability protocols and output based budgeting at school level.
13. More than access, quality of education has been the major issue in District DI Khan as in issue in

the overall province. Government shall focus more on improving education quality by ensuring good governance.

14. District government shall have a detailed website to post detailed district development and current budgets for each department, including education with details of schools and budgets for each school.
15. The standing committees on education at district level, to be constituted under Khyber Pakhtunkhwa local government Act 2013 shall be fully functional to hold the education service providers accountable.
16. As KP government promised to conduct local government elections in May 2015, district education department should be strengthened and streamlined to help the coming local governments.

Annexures

Annex 1: Overview of Primary & Secondary Education in District D.I.Khan

Literacy Rates in District D.I.Khan

Based on overall literacy rates (10 years and older population), District D.I.Khan almost falls at the bottom of KP at No.22, according to latest data released by Pakistan Bureau of Statistics (PBS). The gender and regional disparities in terms of literacy (urban-rural) are glaring within the district. While D.I.Khan is predominantly a rural district with more than 85% of its population living in rural areas, gender disparity is more prominent in rural areas (Figure 1). The recent district rankings by AlifAilaan² reflect a worrisome picture. These rankings place D.I.Khan at 96 at the national level in terms of education score which is based on a comprehensive set of indicators.

Education Indicators for District D.I.Khan

Table 8 gives a picture of the D.I.Khan's education indicators in comparison with the provincial averages. GER comparison, both for boys and girls enrolment, places D.I.Khan in a far worse position compared to an average district in KP. Girls' enrollment is particularly worse off compared to rest of the KP. D.I.Khan is faring worse not only in overall terms, but also in terms of enrollment in government as well as non-government primary schools. Similarly, overall NER both for boys and girls is lower than an average district of KP reflecting lower enrolment in the primary schools compared to rest of the KP. Enrollment of girls is very low at 51%. This implies that of the primary school age-girls population, around 50% girls do not go to school.

Indicators	School Level	D.I.Khan			KP		
		Boys	Girls	Total	Boys	Girls	Total
GER	Primary	92%	65%	79%	100%	77%	89%
	Secondary	44%	25%	35%	51%	29%	41%
NER	Primary	73%	51%	63%	80%	60%	70%
	Secondary	34%	18%	26%	39%	22%	31%
GPI	Primary	0.71			0.75		
	Secondary	0.058			0.57		
Survival Rate to Grade 5		44%	41%	42%	60%	49%	49%

Source: ASC Report 2013-14

However, over the last few years, enrollment at the primary level shows an increasing trend except a dip in 2011-12. The girls' enrollment registered a marked improvement in 2013-14 with 13% growth over the previous year.

At secondary level of education, the enrollment rate of both boys and girls is lower than average for KP implying poorer upward movement of students in higher tiers of education. This is particularly worse-off in case of girls. The Gender Parity Index (GPI) at primary is lower compared to average for the KP. GPI

² 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.

in D.I.Khan has, however, turned better over the previous years due to increasing trend in enrollment of girls, perhaps due to increased awareness and efforts by the government and donors.

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. The survival rate of students in primary level is significantly lower than KP's average. This implies that D.I.Khan has a higher incidence of drop outs.

School Infrastructure in District D.I.Khan

There are 1549 government schools (primary & secondary) in the district. The number of schools for girls is disproportionately low despite the fact that girls make up 47% of school-going age population. At Primary level, girls' schools constitute only 34% of the total government primary schools.

School Level	Khyber Pakhtunkhwa			D.I.Khan		
	Boys	Girls	Total	Boys	Girls	Total
Primary	14,670	8,222	22,892	807	418	1,225
Middle	1,540	1,072	2,612	113	67	180
High	1,351	676	2,027	71	42	113
Higher	241	120	361	21	10	31
Total	17,802	10,090	27,892	1,012	537	1,549

Source: Annual Statistical Report of E&SE, KP

In addition to the Government sector, private schools and Deeni Madaris in D.I.Khan are also providing educational services to the student population. Private primary schools provide educational access to around 29% of primary level students, slightly higher than the provincial average of 27%.

Condition of Schools' Infrastructure in District D.I.Khan

Research suggests that differences in students' well-being (affecting learning outcomes) can be linked to the quality of infrastructure of the schools they attend³. The District Rankings of 2014 by Alif Ailaan place D.I.Khan at 47 in the national rankings and at No.12 in the KP districts; in terms of school infrastructure and facilities. According to these rankings around 81% of the schools are in satisfactory condition while 11% are not.

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	2,266	1,359	346	115	1,186	329	209	55
Middle	497	257	55	26	186	60	33	7
High	833	463	100	42	224	113	101	26
Higher	505	182	82	35	99	44	68	26
Total	4,101	2,261	583	218	1,695	546	411	114

Source: Annual Statistical Report, E&SE Department KP

³ KatrienCuyvers et.al. (2011), "Well-being at school: Does infrastructure matter?" Accessible at <http://www.oecd.org/edu/innovation-education/centreforeffectivelearningenvironmentscele/49167628.pdf>

Table 10 illustrates the condition of school infrastructure in district D.I.Khan. Data shows that 56% of the classrooms in government schools require some form of repair. These repair requirements range from minor repair to rehabilitation. Among these, 20% of the classrooms are in dilapidated conditions and require major repair or complete rehabilitation.

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 AlifAilaan placed at No.12 in the KP in terms of schools infrastructure. Table 11 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 87 government schools (mostly boys' schools with enrollment at around 5000 students) in D.I.Khan which lack all the facilities discussed here.

Table 11: Missing Facilities in School in District Lakki Marwat

School Level	Boundary Wall		Water		Electricity		Toilet	
	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools
Primary	227	1	213	74	364	127	167	5
Middle	23	-	29	10	29	24	13	2
High	8	-	7	2	4	2	2	-
Higher	2	-	1	-	-	-	-	-
Total	260	1	250	86	397	153	182	7

Source: Annual Statistical Report, E&SE Department KP

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 D.I.Khan, 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. 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 around Rs. 883 million to rehabilitate the infrastructure as well as provide basic facilities to all the government schools in D.I.Khan. Further

bifurcating the cost estimates, Rs 213 million are needed to provide for the missing facilities in the government schools while Rs 667 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 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 attention. Similarly, the Student-class ratio (SCR) in case of girls at 43 is higher, which has increased from 37 in 2013. This seems the result of steeper enrollment of girls in the district during 2013-14. Given the increasing enrollment trend, SCR may go up further. There is a need to identify schools with higher SCR 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 10 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 AlifAilaan'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 D.I.Khan:

- i. Only 49% of the class 5 students can read a story in Urdu textbook for class 2.
- ii. Only 34% of the class 5 students can read a sentence in English textbook for class 2.
- iii. Only 38% 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.

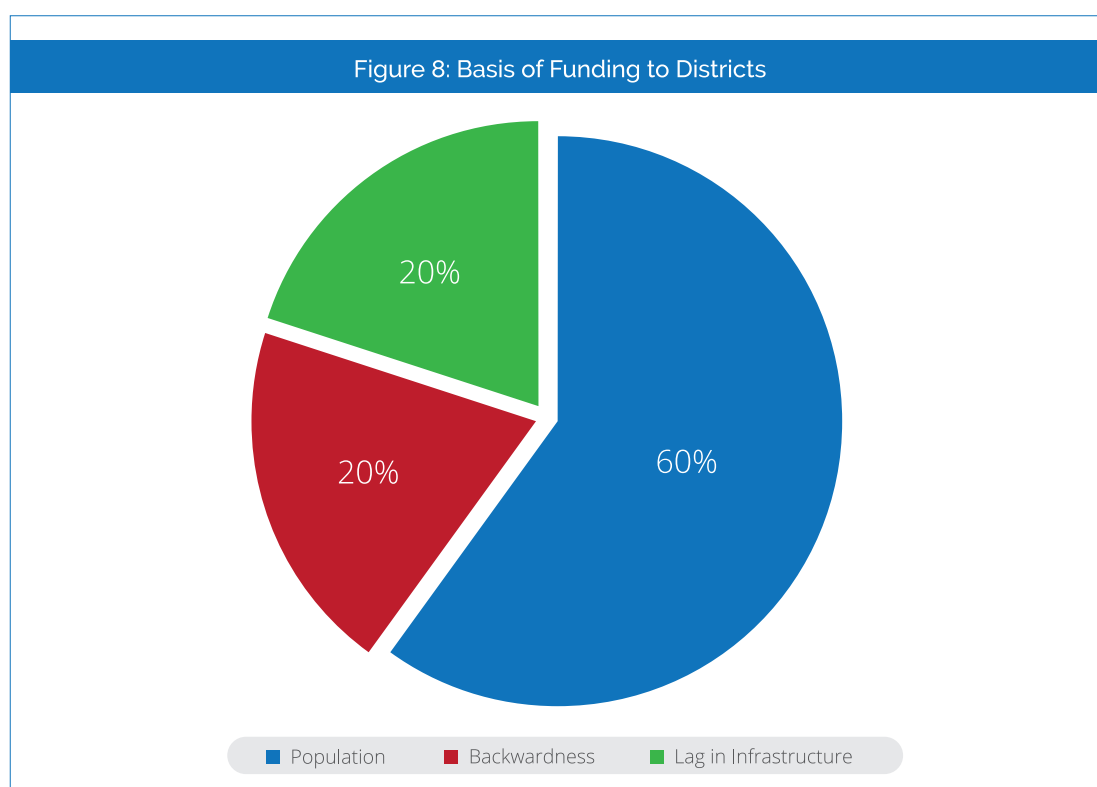
The Pupil-Teacher ratio (PTR) should be an important factor to determine the need of hiring more teachers. The overall PTR for primary level is below the target ratio of 40, however the inter-gender comparison needs attention. PTR for girls is worse off at 45 compared to the target ratio of 40. PTR for girl students has particularly worsened owing to steeper increase in girls' enrollment during 2013-14 (13% growth) against the same number of teachers.

Annex 2: 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 8, 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 survey⁴, 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.

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

Annex 3: Budget Estimates for Service Delivery 2014-17

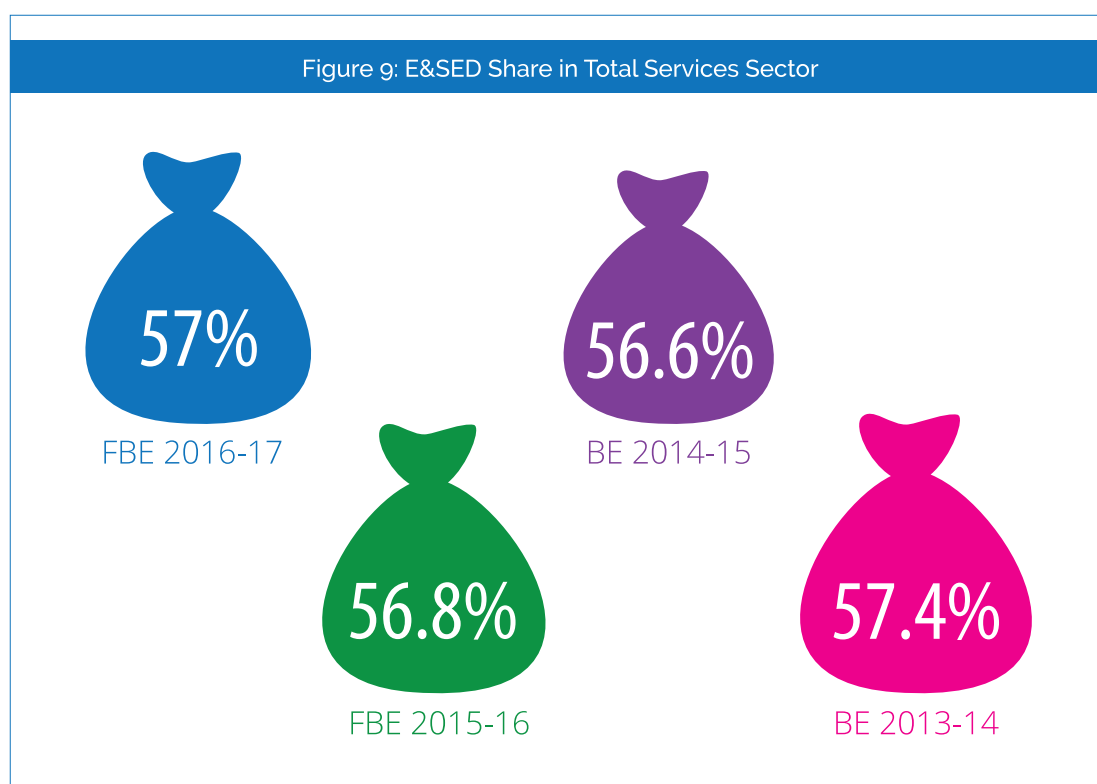
The Budget Estimates for Service Delivery 2014-17, also known as Output Based Budgeting (OBB), is basically based on medium term fiscal framework of KP. Contrary to the traditional by object classification of budget estimates, OBB reflects outcomes/outputs based budget classification for both current 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	56,440.6	65,770.7	76,294.0	88,501.0
Non-Salary	4,112.4	7,913.8	9,100.8	10,466.0
Development/ Capital	24,076.7	19,926.6	22,635.5	25,272.9
Sub-Total	84,629.6	93,611.0	108,030.3	124,239.9
Grand Total Social Services Sector	147,369.7	165,331.4	190,223.7	217,867.4
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 56.8 percent for the current and medium term estimates. However, the same share is projected to increase gradually to 57 percent 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 70.3 percent in 2014-15 and 66.7 percent 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.

4.1 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.

4.2 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:

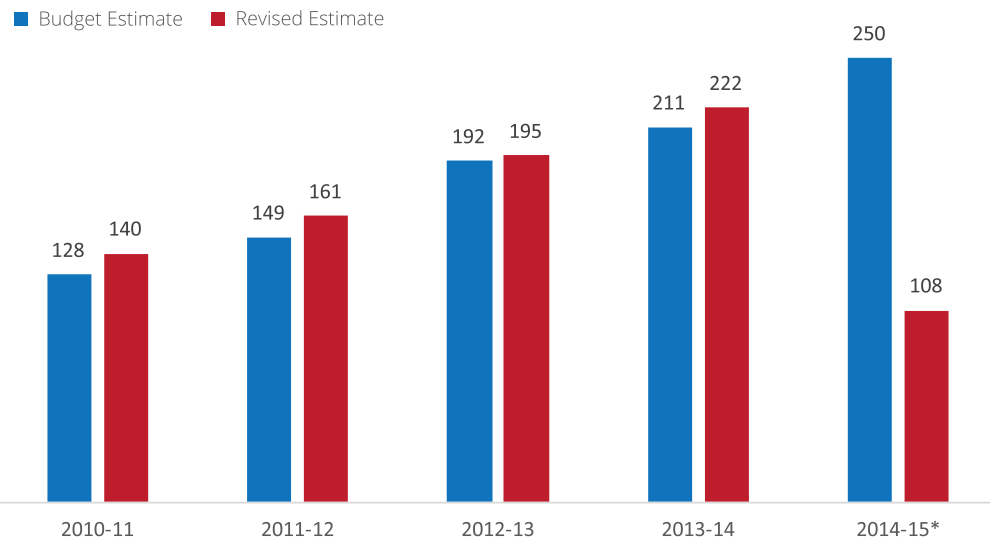
Improved Education Governance	To revise Provincial ESP and to prepare district ESPs
	To ensure implementation of performance and monitoring frameworks
	To ensure effectiveness and operationalization of EMIS system at District level
	schools’ PTCs orientation for 10 districts
	Awareness campaign in 25 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 4: 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 resources through increased federal transfers after 18th amendment/NFC Award and a special transfer

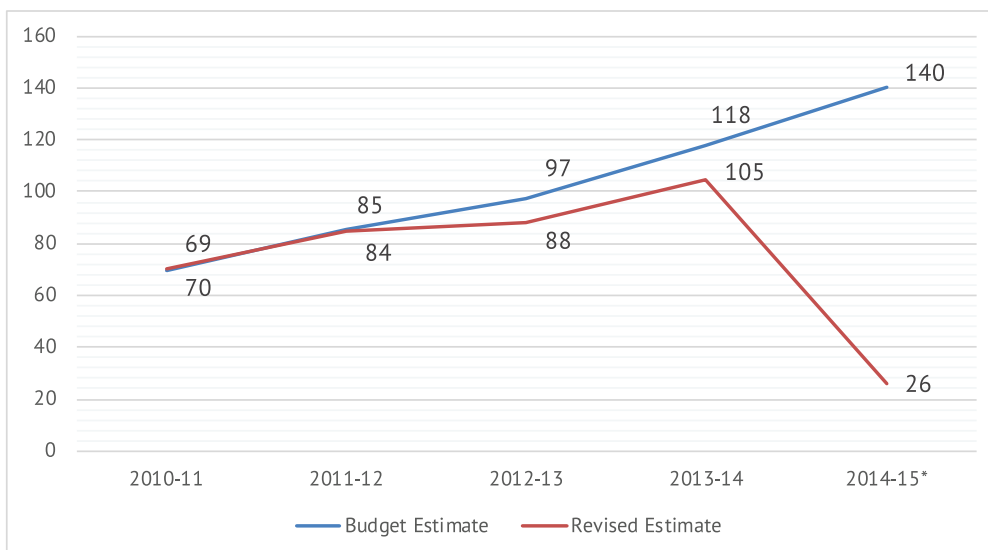
Figure 10: Trend in KP Current Revenue Expenditure (Budget & Revised Estimates) [Rs in Billion]



* Figure for 2014-15 utilization is upto Dec, 2014

Source: Various issues of White Papers of KP Finance Department

Figure 11: 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

of 1 percent of divisible pool for War on Terror. Figure 10 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 6 percent 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 19 percent 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 11). 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.

Annex 5: District D.I.Khan Detailed Primary Education Budgets Analysis (Current)

Table 13: Primary Education Current Budgets Trends in District D.I.Khan

	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 D.I.Khan E&SE Current Budget	1,964,729,524	1,997,326,882	2,075,111,423	2,589,195,524	2,643,113,246	3,142,291,397	2,984,928,000	3,312,792,147	3,492,838,000	1,847,004,984
Primary	886,612,878	907,794,381	899,242,128	1,120,297,192	1,140,027,000	1,400,173,765	1,326,854,000	1,450,349,295	1,429,345,000	793,531,215
Primary-Female	328,238,852	338,622,882	319,167,044	431,072,817	414,075,556	538,521,622	433,464,000	562,070,625	503,238,000	303,720,315
EMPLOYEES RELATED EXPENSES.	326,278,852	332,208,583	316,119,044	428,241,372	410,654,556	500,246,120	429,616,000	555,999,331	496,817,000	303,300,880
OPERATING EXPENSES	1,760,000	2,864,299	3,040,000	2,173,445	3,063,000	17,834,894	3,780,000	6,067,794	6,421,000	419,435
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	3,000,000	-	600,000	-	1,687,608	40,000	-	-	-
PHYSICAL ASSETS	-	-	-	-	-	-	8,000	1,000	-	-
REPAIRS AND MAINTENANCE	200,000	550,000	8,000	58,000	358,000	18,753,000	20,000	2,500	-	-
Primary-Male	558,374,026	569,171,499	580,075,084	689,224,375	725,951,444	861,652,143	893,390,000	888,278,670	926,107,000	489,810,900
EMPLOYEES RELATED EXPENSES.	555,664,026	560,294,440	576,635,084	683,242,334	722,896,444	807,844,782	891,756,000	881,696,569	919,326,000	488,370,849
OPERATING EXPENSES	2,710,000	4,854,059	3,415,000	2,947,041	2,680,000	17,548,361	1,566,000	6,382,101	6,781,000	1,440,051
EMPLOYEES' RETIREMENT BENEFITS	-	-	-	-	-	-	-	-	-	-
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	3,900,000	-	2,800,000	-	4,300,000	40,000	200,000	-	-
PHYSICAL ASSETS	-	-	-	-	-	-	8,000	-	-	-
REPAIRS AND MAINTENANCE	-	123,000	25,000	235,000	375,000	31,959,000	20,000	-	-	-
Administration	30,362,291	31,731,377	30,860,314	34,331,013	34,351,137	39,878,471	40,494,000	62,500,236	45,670,000	20,088,036
Administration-Female	12,898,783	12,258,308	12,975,467	13,836,871	16,262,453	18,744,969	19,043,000	27,373,605	21,191,000	9,053,965
EMPLOYEES RELATED EXPENSES.	10,708,283	9,257,214	11,923,967	12,072,041	13,859,953	15,266,929	17,011,000	16,337,921	19,520,000	8,818,223
OPERATING EXPENSES	1,819,500	2,420,094	978,500	1,536,830	2,027,500	2,950,090	1,714,000	10,780,184	1,435,000	198,742
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	-	-	-	-	-	35,000	-	-	-
INTEREST PAYMENT	-	-	-	-	-	-	-	-	-	-
PHYSICAL ASSETS	100,000	100,000	-	39,950	-	48,000	48,000	118,500	48,000	9,500
REPAIRS AND MAINTENANCE	271,000	481,000	73,000	228,000	375,000	488,000	235,000	137,000	188,000	27,500

	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
Administration-Male	17,463,508	19,473,069	17,884,847	20,494,142	18,088,684	21,133,502	21,451,000	35,126,631	24,479,000	11,034,071
EMPLOYEES RELATED EXPENSES.	14,092,508	12,998,522	14,473,347	13,853,391	14,882,684	15,787,513	19,441,000	18,229,551	22,499,000	10,630,568
OPERATING EXPENSES	2,950,000	5,603,612	2,941,500	5,630,751	2,751,000	4,365,989	1,682,000	16,603,580	1,712,000	355,003
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	200,000			-	300,000	40,000	-		
PHYSICAL ASSETS	100,000	-					48,000	62,500	48,000	3,500
REPAIRS AND MAINTENANCE	321,000	670,935	470,000	1,010,000	455,000	680,000	240,000	231,000	220,000	45,000
Others	14,708,000	16,274,127	18,520,000	20,871,721	20,765,000	3,487,618	24,530,000	27,460,921	28,275,000	15,007,409
Others-Female	7,636,000	8,107,511	8,856,000	9,968,709	10,449,000	1,624,392	11,731,000	12,844,212	13,097,000	6,159,280
EMPLOYEES RELATED EXPENSES.	7,152,000	7,967,059	8,686,000	9,796,729	10,268,000	1,564,894	11,579,000	12,622,491	12,905,000	6,071,653
OPERATING EXPENSES	164,800	136,252	165,800	167,780	177,000	59,498	146,000	215,721	186,000	84,627
EMPLOYEES' RETIREMENT BENEFITS										
GRANTS SUBSIDIES AND WRITE OFF LOANS	315,000	-								
REPAIRS AND MAINTENANCE	4,200	4,200	4,200	4,200	4,000	-	6,000	6,000	6,000	3,000
Others-Male	7,072,000	8,166,616	9,664,000	10,903,012	10,316,000	1,863,226	12,799,000	14,616,709	15,178,000	8,848,129
EMPLOYEES RELATED EXPENSES.	6,856,000	7,928,724	9,539,000	10,467,930	10,142,000	1,863,226	12,626,000	14,061,625	14,898,000	8,743,641
OPERATING EXPENSES	210,700	237,892	119,400	424,482	168,000	-	167,000	520,084	274,000	101,488
REPAIRS AND MAINTENANCE	5,300	-	5,600	10,600	6,000	-	6,000	35,000	6,000	3,000



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