

Education Budget Analysis

2010-11 to 2014-15

DISTRICT

KARAK

Khyber Pakhtunkhwa





EDUCATION BUDGET ANALYSIS

(2010-11 to 2014-15)

DISTRICT KARAK

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 budget of district Karak 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 analyses district Karak 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 Karak's share in the total elementary and secondary education budget is around 3.65 percent, on average, over the last 5 years which is more than their population share. 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 98 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 Karak. This is despite the fact that one tenth of the total sanctioned posts of teachers in district Karak 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 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 Karak 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 Karak over the last 5 years despite the fact that the district population census shows 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.

Similarly conditional grant of Rs 128.621 million were spent in district Karak to construct additional class rooms and provide other missing facilities to focused primary schools. In our analysis of conditional grant in district Karak, 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 be raised 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 Karak, 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 Karak goes to secondary schools. Strikingly, the development budget in district Karak 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 budget so that the citizens can understand allocations and utilization trends of primary education in Karak 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 Karak 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 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 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 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 Karak

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 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	36.8	26%
2011-12	149	37.2	25%	161	45.4	28%
2012-13	192	46.6	24%	195	55.0	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 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.

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 Karak

For the current financial year 2014-15, total budget allocation for E&SE in district Karak is Rs.2.3 billion, with an annual growth of 13 percent (real growth 4.9 percent) and a share of 3.1 percent in total budget of E&SE KP. The nominal growth in district's budget estimates during the current fiscal year is less than the average nominal growth of 21 percent during the last two fiscal years. Similarly the share of district Karak in overall E&SE budget estimates during 2014-15 is less than the last two years; however, the district's average share has been 3.5 percent on average during the last few years. It is also important to underscore that share of E&SE Karak in total E&SE Department budget allocations in 2014-15 has also declined to 3.1 percent as against 3.8 percent in 2010-11, showing a gradual decline of two to three percentage points each year. On the other hand, the share of district Karak in total actual expenditure of E&SE remained stagnated on average at 3.6 percent and showing little or no sign of decline as necessitated by decline of the district's share in total budget allocations.

Year	Budget Estimates			Actual Expenditure		
	Total E&SE KP	Total E&SE Lakki	Share of Karak in Total	Total E&SE KP	Total E&SE Lakki	Share of Karak in Total
2010-11	33,934.2	1,286.9	3.80%	36,768.0	1,371.9	3.70%
2011-12	37,230.3	1,401.2	3.80%	45,419.7	1,648.1	3.60%
2012-13	46,601.7	1,693.8	3.60%	55,044.7	2,033.8	3.70%
2013-14	60,552.9	2,039.1	3.40%	60,818.6	2,188.7	3.60%
2014-15*	73,684.4	2,306.7	3.10%	31,886.9	1,136.4	3.60%

* 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, an annual growth pattern in actual expenditure of district Karak has not been persistent. Initially during 2011-12, the actual expenditure increased by 20 percent, followed by 23 percent annual growth in 2012-13. In 2013-14 the growth factor in actual expenditure drastically declined to mere 8 percent. This is in spite of 20 percent annual nominal growth in budget allocations for district Karak during the same fiscal year. One obvious reason for such a decline might be decelerated growth in overall E&SE department at KP level which grew by mere 10 percent in 2013-14 as compared with 21 percent growth in the preceding fiscal year. It is pertinent to underscore that the real annual growth in district Karak's E&SE actual expenditure in 2013-14 became negative after taking into account the annual change in the general price level during the same year.

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 without no or little attention to the actual expenditure during any particular preceding year. For the last few years, actual expenditure in district Karak remained in excess of budget allocations each year. This requires the inclusion of actual requirement of the district E&SE in calculating overall budget estimates at the Department level in order to avoid unwarranted mismatches between budget estimates and actual expenditure at the district level.

On the other hand, data for Karak shows that actual expenditure may occurs on the basis of district share in total available infrastructure and human resources in total provincial levels. As per ASC 2013-14,

the share of Karak in total schools in the province is 3.3 percent while its share in total working teaching and non-teaching staff equal to 3.5 percent and 3.7 percent respectively. It is interesting to note that during 2013-14, the share of district actual expenditure in total E&SE Department actual expenditure remained at 3.6 percent. The same ratio has been kept constant for actual expenditure in the district during the first six months of on-going fiscal year. Building such a relationship may be arbitrary, but it is important to highlight that the needs of the district, or any district, must be taken into account at the planning phase of the budget making process in order to come up with approximate but good estimates for any particular fiscal year. This in turn would help in avoiding unnecessary mismatches in budget estimates and actual expenditure and would help in managing risks related to budget's supplementary and surrenders.

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

Table 4 gives the bifurcation of E&SE actual current expenditure into salary and non-salary in overall KP and in district Karak. 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. 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 97.1 percent of actual expenditure in E&SE in district Karak has been salaries incurred on salaries and allowances as against 96.5 percent on average at KP level. It is important to pinpoint, that as per ASC 2013-14, there are total 4,100 working teachers and 1,588 non-teaching staff in E&SE Karak, with resultant ratio of working to sanctioned posts with respect to teaching and non-teaching staff equal to 0.89 and 0.99 respectively. Thus, filling the vacant teaching staff in the district would put further drain on already dwindling non-salary actual expenditure (has a share of 2.9 percent on average for the last five years) of the E&SE in district Karak.

Year	Salary vs Non-Salary	Actual Expenditure			
		KP Overall	Share in Total (%)	Karak	Share in Total (%)
2010-11	Salary	35,575.5	96.8	1,315.7	95.6
	Non-Salary	1,192.5	3.2	56.2	4.1
2011-12	Salary	43,754.0	96.3	1,599.1	97
	Non-Salary	1,665.6	3.7	48.9	3
2012-13	Salary	52,168.6	94.8	1,940.8	95.4
	Non-Salary	2,876.1	5.2	93.0	4.6
2013-14	Salary	58,486.7	96.2	2,142.0	97.9
	Non-Salary	2,332.0	3.8	46.7	2.1
2014-15*	Salary	31,442.3	98.6	1,130.4	99.5
	Non-Salary	444.6	1.4	6.0	0.5

* 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. 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. To prudently manage the equation related to transition of new schools from development to current budget, the E&SE at district level, including in district Karak, needs to map all such schools along with their financial implications for inclusion in the budget planning and preparation phase well before the start of the fiscal year. With incorporating this, the E&SE would be unable to minimize the risks related to unnecessary mismatches between budget allocations and actual expenditure, in particular with salaries related expenditures.

In addition, the overall expansionary effects of salary related expenditure may be prudently 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 EMIS data for 2013-14, there are functional 776 primary schools, 78 middle, 84 high and 11 higher secondary schools in district Karak. The average students-working teacher ratio for primary schools equals to 31.3 students, 14.9 for middle schools, 26.5 for high schools and 18.5 for higher secondary schools in the district. But there are dozens of primary schools which deviates upward from the average students-teacher ratio and most of the isolated primary schools cases; their respective ratios have surpassed the standard level of 40 students per teacher. The argument is that the dispersion from the average of individual school basis shows multiple cases of over-utilized and under-utilized schools in the district Karak. 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 Karak

It is widely acknowledged that government needs to do required financial adjustments in favor of the prioritized sector in order to attain the targeted outcome. In case of KP education sector strategic plan for universal primary education as envisaged in the government's Education Sector Plan (ESP), no commendable signs are visible especially in case of district Karak. The classification of E&SE actual expenditure in primary and secondary sectors for district Karak shows that currently the expenditure is much skewed towards secondary education sector, with a share of 54.2 percent. During the last five years, the share of primary sector in total E&SE actual expenditure remained on average 45.7 percent. It is pertinent to highlight that primary education share in district E&SE, in fact declined in 2012-13 and 2014-15 when compared with the preceding year's levels. Such an uneven growth pattern in primary education's share at the district Karak level is not in line with stated policy priority which requires persistent increase in financial resources for primary education in each district including Karak.

Table 5: Primary vs Secondary current Expenditure (Rs. in Million)

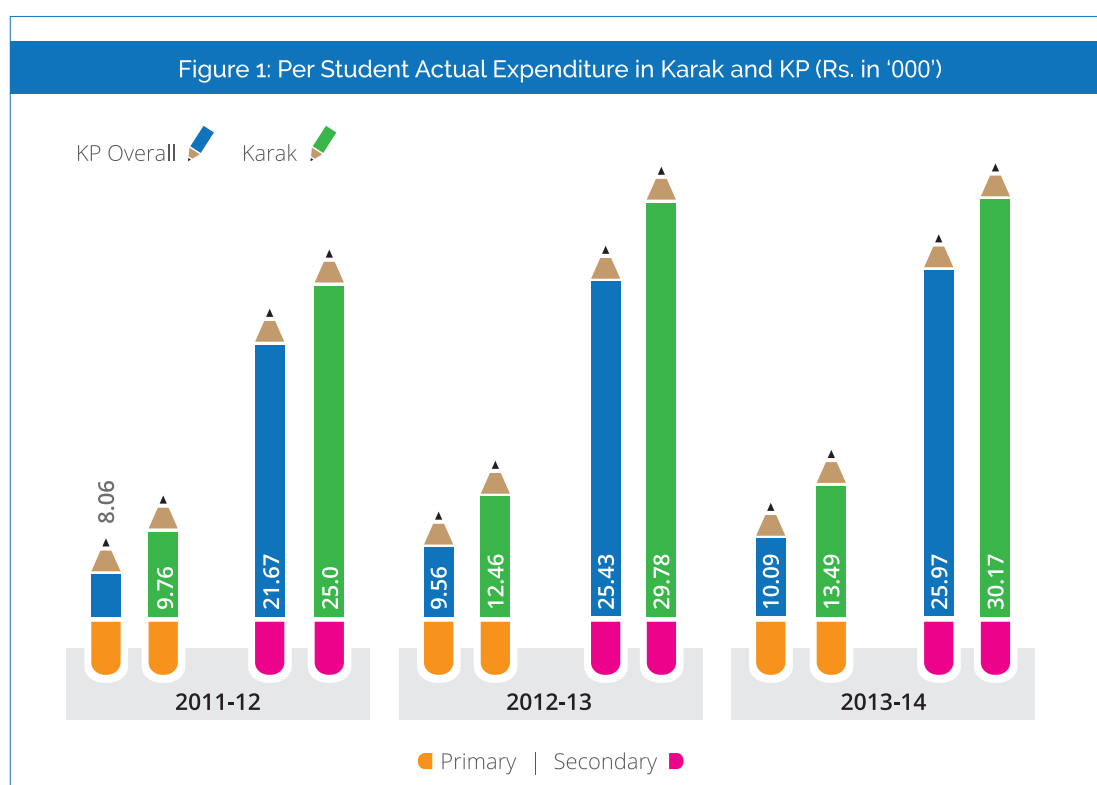
Year	Primary vs Secondary	Actual Expenditure			
		Overall	Share in Total (%)	Karak	Share in Total (%)
2011-12	Primary	22,889.4	50.6	757.4	46.0
	Secondary	22,375.0	49.4	890.7	54.0
2012-13	Primary	27,168.2	49.6	910.1	44.7
	Secondary	27,651.2	50.4	1,123.7	55.3
2013-14	Primary	30,395.0	50.4	1,010.2	46.2
	Secondary	29,864.1	49.6	1,178.5	53.8
2014-15*	Primary	15,871.0	50.1	520.6	45.8
	Secondary	15,838.4	49.9	615.8	54.2

* 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 Karak, 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, 82 percent are primary schools while the remaining 18 percent are secondary schools. The ratio of primary schools' enrollment to the secondary schools (middle, high and higher secondary schools) for district Karak equals to 1.92 to 1 (66 percent of total students enrolled in Karak are in primary schools). Similarly, as per ASC 2013-14, the ratio of total working teaching staff in primary schools (99 percent of sanctioned workforce) to working teaching staff of secondary schools (81 percent of sanctioned workforce) in district Karak equals 1.23 to 1 (55 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 Karak is estimated at 0.98 to 1. In nutshell, besides having high share in enrollment, infrastructure and teaching staff of the primary level schools, the related actual budget

Figure 1: Per Student Actual Expenditure in Karak and KP (Rs. in '000')



expenditure of primary education sector in district Karak 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.

Figure 1 gives a comparison of per student actual expenditure of primary and secondary sector over the last 3 years for KP and district Karak. 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 Karak. Moreover, the ratio of per capital expenditure in primary education to secondary education in district Karak, on average remained at 0.43 to 1. The same ratio increased to 0.45 during 2013-14 which otherwise stagnated at the level of 0.42 during the preceding two fiscal years. Such a gradual increase is commendable but it should be persistent, however to break the status quo of higher per capita in secondary education, the primary education actual expenditure needs to be increase persistently encompassing the need of more enrollments at the primary level as per the KP's ESP in order to attain Universal Primary Education MDG in district Karak.

Expenditure on Girls Vs Boys Schools in District Karak

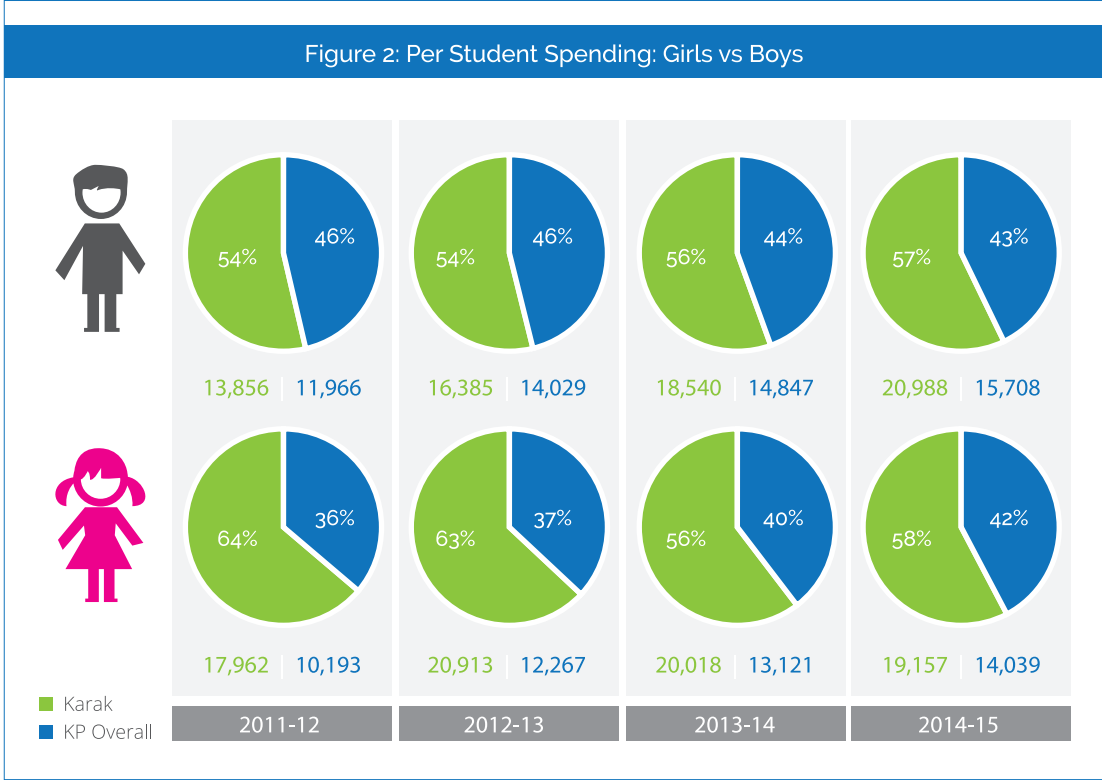
To mitigate the gender disparity in elementary and secondary education across all districts is one of the main key goal areas of the government education policy. This entails increased budget expenditure of girls' schools during the course of time at the district level. But still a lot needs to be done to achieve the desired goal of gender disparity in primary and secondary education especially in case of district Karak. As Table 6 shows the actual expenditure on boys' schools in district Karak is almost double as compared with actual expenditure on girls' schools. During the last five years, actual expenditure on boys' schools equal to 67.1 percent while that on girls' schools remained on average 32.9 percent of total actual expenditure in the district Karak. During the last two fiscal years, the respective shares of boys' and girls' schools remained stagnated on their high and low levels respectively thus showing no visible sign of required change. In fact, the ratio of expenditure on boys' schools to girls' schools increased to 2.26 to 1 during 2014-15 as compared with 2.23 to 1 during a preceding year. This infers visible insensitivity of actual budget expenditure in district Karak with respect to policy goal of reducing gender disparity which in effect requires increased actual expenditure on girls' schools in the district.

Year	Boys vs Girls	Actual Expenditure			
		KP Overall	Share in Total (%)	Karak	Share in Total (%)
2010-11	Boys	24,655.4	69.1	882.0	65.7
	Girls	11,035.5	30.9	460.0	34.3
2011-12	Boys	30,089.1	68.5	1,063.7	65.6
	Girls	13,831.9	31.5	558.4	34.4
2012-13	Boys	35,788.3	67.9	1,286.0	65.6
	Girls	16,924.7	32.1	674.8	34.4
2013-14	Boys	39,716.3	67.1	1,492.2	69.0
	Girls	19,515.5	32.9	669.6	31.0
2014-15*	Boys	21,020.1	67.0	782.1	69.4
	Girls	10,355.2	33.0	345.5	30.6

* 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

Moreover, gender based actual per capita expenditure in district Karak has been shown in Figure 2. Interestingly, contrary to the existing trend in KP, where per capita actual expenditure for boys is more than that for girls, the same in Karak is opposite. In district Karak, the per capita actual expenditure on boys is less than that of girls over the period of last few years. The underlying reason for such a contrast



is not increase in actual expenditure on girls' schools, as already discussed in above lines, but in fact because of low level of enrollment of girls in both primary as well as in secondary education in district Karak. In 2013-14, the enrollment of boys to girls at primary level in district Karak equals 2.68 to 1 while at secondary level the same ratio equals 1.98 to 1. Similarly, in 2013-14, growth in girls' enrollment in primary education level reduced to 2.7 percent as compared with 3.1 percent growth during the preceding year. In 2012-13, there was leap in per capita actual expenditure on girls in the district Karak but was not consistent and followed by a decline of per capita expenditure to the tune of almost 4.3 percent per annum. It is important to note, for the sake of simplicity, the per capita actual expenditure for 2014-15 in both boys and girls cases are estimated by taking into account the last year respective growth factor with respect to both genders.

In addition, it is also important to note, that one of the reasons of low actual current expenditure for girls' is presumably the lower number of working teachers in girls' schools. Although the per capita actual expenditure girls' schools in district Karak is looking favorable, mainly due to lower level of girls' enrollments in girls' schools, the declining share of girls' schools in actual expenditure during the last few years needs serious attention. In case of district Karak, there is a need of increasing the number of girls' enrollment both at primary as well as in secondary education in order to pave way for attaining universal education MDG in the district under consideration.

Conditional Grants & Its Impact in District Karak

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, including district Karak. 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 128.621 million rupees of the conditional grants (phase 1 & 2) have been successfully utilized in Karak District. As per data provided by the SNG team, in the first phase Almost 54 percent of the conditional grants went to construction of additional rooms in school while the remaining 46 percent went to provide other missing facilities in government girls' primary schools. Below figure gives details of the expenditure of conditional grant in district Karak (Source: SNG).

	Add Room	Electification	Boundary Wall	Water Supply	Group Latrine	Solar Panel	Total
Phase 1 (96 Government Girls Primary Schools)							
Numbers	55	45	30	80	22	22	
Unit Cost	800,000	110,000	300,000	200,000	160,000	110,000	
T.Expenditure	44,000,000	4,950,000	9,000,000	16,000,000	3,520,000	3,850,000	81,320,000

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 Karak but some of them are non-functional. EMIS data for the year 2013-14 shows that of 768 primary schools in district Karak, 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, PTC members 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.

Budget Analysis Karak District: Development Expenditure

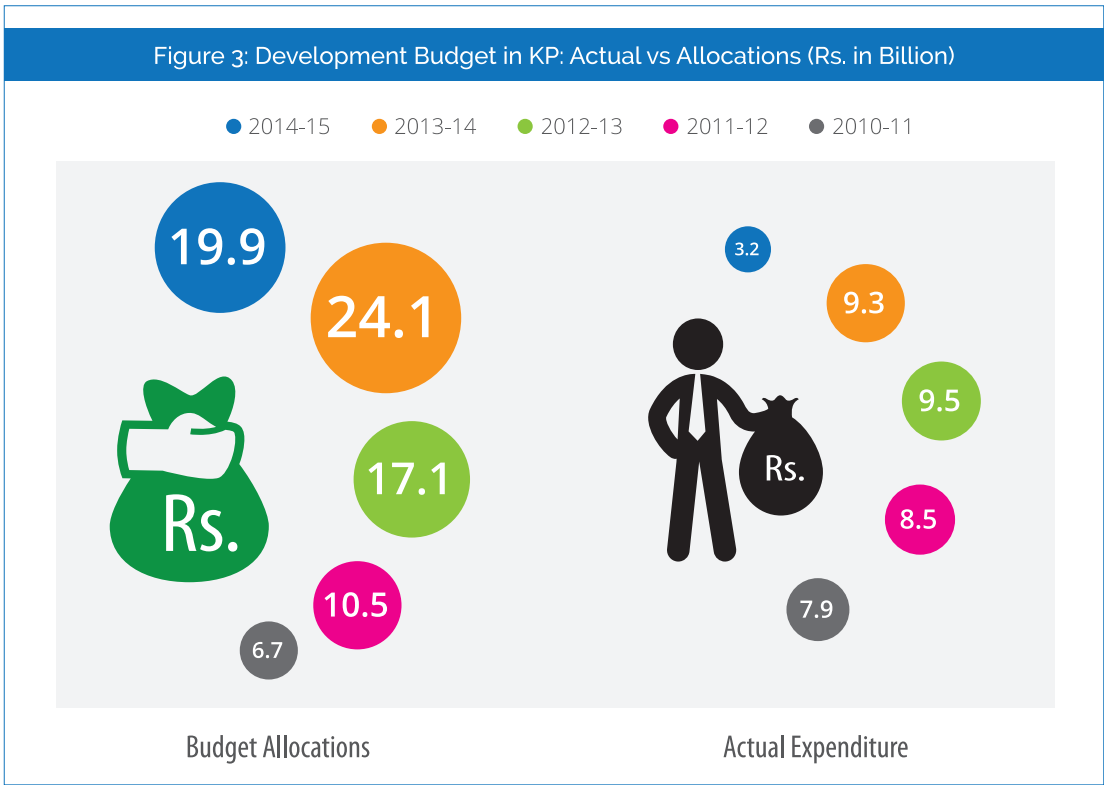
Overall Development Expenditure Analysis of E&SE

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 2014-14, 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.

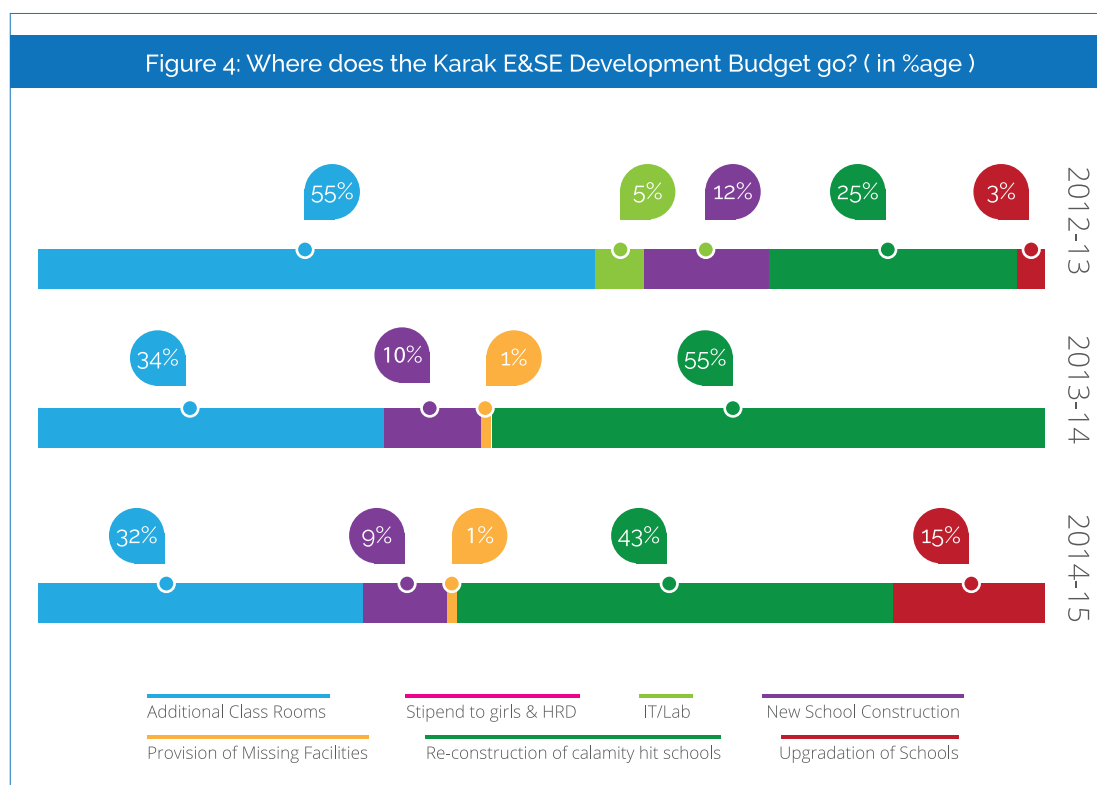
This fall short of the government commitment as both government and individual researchers cannot track the progress of the gender-sensitive spending.



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 budget 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.

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

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.

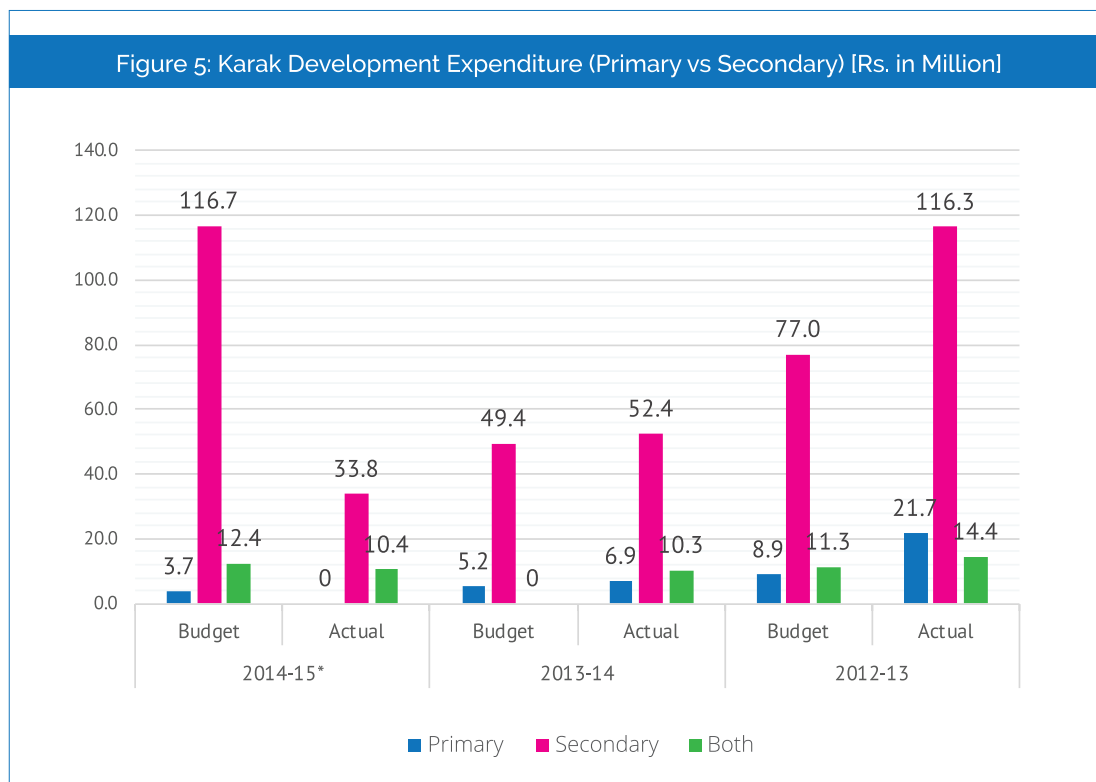


and rehabilitation the already existing school infrastructure. The existing school infrastructure is in deplorable conditions and it needs repair and rehabilitation. As most of the current expenditure on education is spent on salary related expenses, very little is left for repair of existing schools. 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 Karak district goes. This shows that almost 85 % of the budget goes to reconstruction of damaged schools in calamities, upgradation 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.

Karak District Development Expenditure Analysis of E&SE

Figure 5 bifurcates development expenditure of district Karak 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

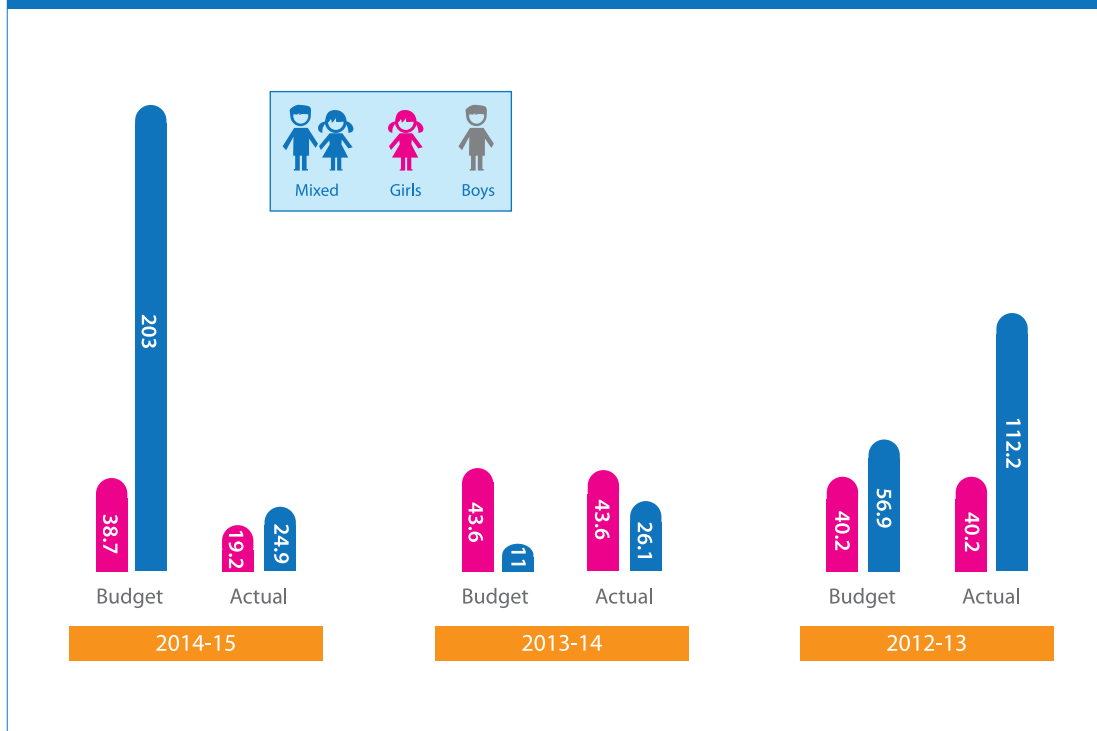


budget. This means that the ambiguity is such that the budget cannot be put into scrutiny to check its alignment with stated policy goals of improving primary education. However, even if there are some mix projects, the above tables shows that very lower allocation were made to the primary education throughout the last 3 years. Also last three years data shows that District Karak is receiving an actual expenditure on development side of E&SE, which is much lower (around 2% of total district development budget) than its population share 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 Karak may need an extra Rs 594.5 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 Karak 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 Karak 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

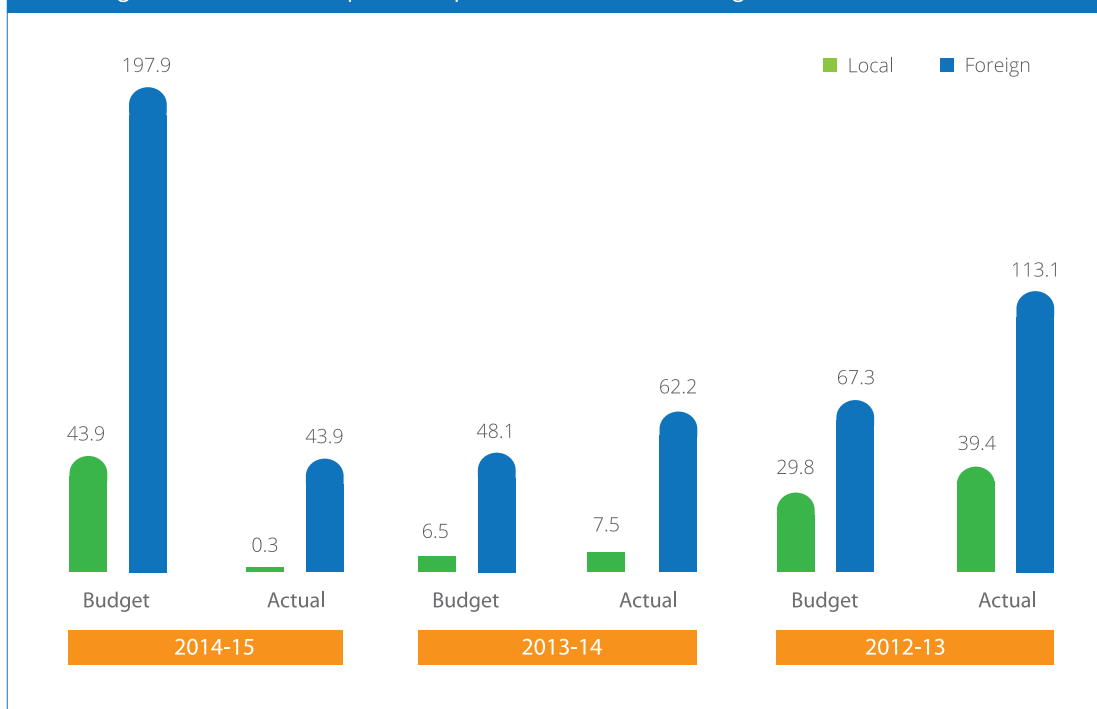
Figure 6: Karak Development Expenditure (Boys vs Girls School) [Rs. in Million]



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 Karak district into local and foreign finances. The data shows that more than 70 percent of the development budget of

Figure 7: Karak Development Expenditure (Local Vs Foreign Sources) [Rs in Million]



education in the district is financed through the foreign grants majority of which comes from the DFID, UK. This shows how district Karak, and the overall province is dependent on foreign grants to finance one of the prime subjects 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 24.2 million being made which in turn will be spent through the existing PTCs. In Karak district, some 34 schools were identified, including 23 primary schools and 11 secondary schools, to provide with basic missing facilities. However till the writing of this report, only one primary school and two high schools got a total donations of Rs 11,000s so far against the need of Rs 72.4 million for the 34 selected schools in district Karak.

Findings and Recommendations

1. District Karak data depicts a dismal picture regarding gender disparity. There are 332 girls primary schools compared to 436 boys primary schools. The total current budget in 2014-15 for boys' primary schools is Rs 623 million while only Rs 352 million has been allocated for girls' primary schools. This gap needs to be narrowed down by constructing more girls' primary schools and hiring more teachers in girls' schools in District Karak.
2. As 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 237 schools (232 primary and 5 middle) in Karak district where total enrolment is equal to or less than 40 students. Similarly, there are some 14 schools where there are 3 or more working teachers for less than 40 students in total. This definitely needs to be right-sized to get maximum output from salaries which these teachers draw from the government exchequer. Similarly there are 41 schools (mostly government primary schools) where there are more than 60 students per teacher. Also, there are some 41 schools where more than 100 students are enrolled but the teaching staff consists of 2 or less teachers.
3. Repair and maintenance, and operating cost are the most neglected part in education financing in Karak. Only Rs 5,000 has been allocated in 2014-15 budget for all primary schools in the district. Similarly, Rs 1.7 million is allocation for operating costs each for boys and girls schools. This does not include Rs.7,000 per room allocation which every school get under the PTC funds. However, even if PTC fund is included it can hardly be 2% of the total education budget of the district. At least 10% of total current budgets shall be for operation, repair and maintenance of the schools. 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.
4. The education budgets planning process needs to revisited. The current practice of funding new schools construction through umbrella projects/block funds shall be abolished. The community shall be involved in the budgeting process for new schools which can be converted into PTCs once the schools is constructed.
5. 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. The primary education share has never been more than 8% in the total district E&SE development budgets.
6. 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.
7. 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.

8. 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.
9. The role of PTCs needs to be further strengthened. Shall the government plan to fund schools through PTCs, the amount must be increased manifold. Furthermore, number of children in schools shall also be considered while allocating PTC funds.
10. Tameer-e-School Programme may have faced difficulties in collecting required funds, but engaging PTCs in school improvement is 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.
11. The research team found it very challenging to get data for this study. After the enactment of KP Right to Information Act 2013, budget related information shall be proactively disclosed on the district government web-portals.
12. It was observed during meeting with district education managers that there is no allocation for the land purchase under the ADP for new school construction. This has very negative impact on the primary education provision by the government. Usually the community donates the land which is not suitable for the requirement of the school, or which is situated at distance from the main population hub. In some cases, the land value may be very low compared to the construction cost. Usually, the family who donates land considers the school as their property even after the allotment of land to government. Therefore, the government shall make proper allocation for the land purchase after having the feasibility in terms of children needs in the catchment area of school.
13. The success of conditional grants demands more investment on PTCs. The role of PTCs needs to be further strengthened.
14. While conditional grant program is supportive in provision of missing facilities to the girls' primary school, more need to be done to get out of school girls into 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 development².

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

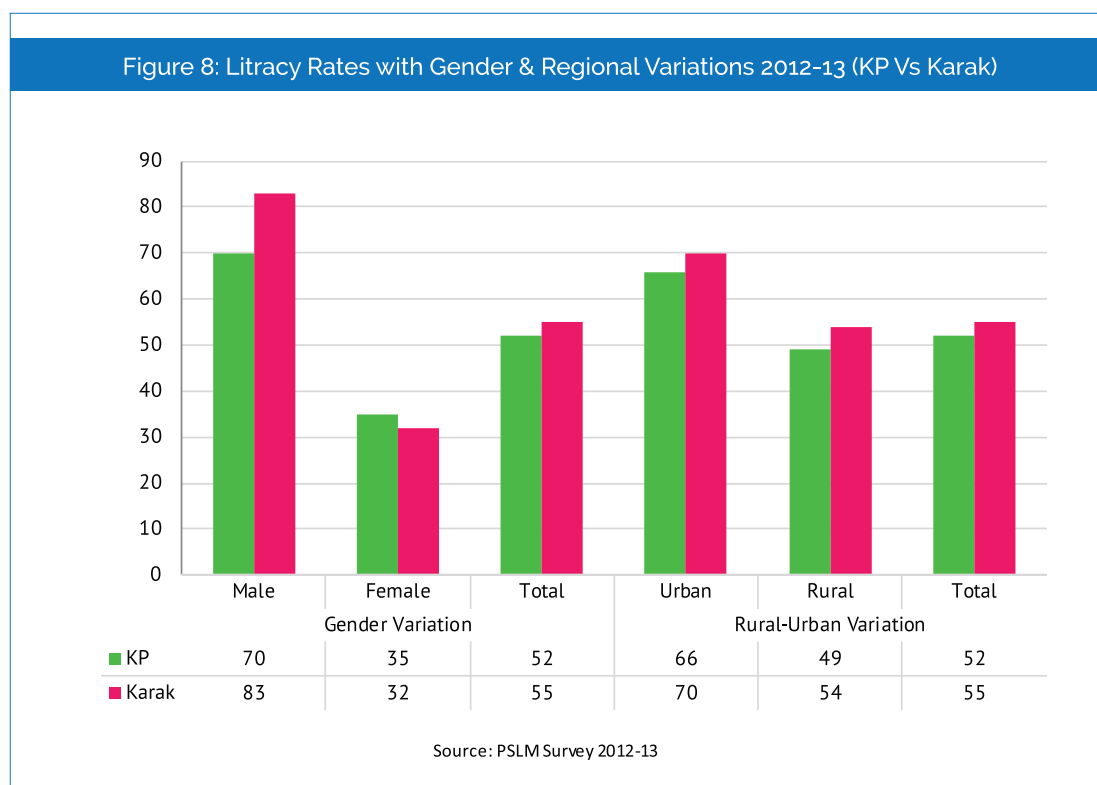
2 IDS 2014-18

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 Karak

Literacy Rates in District Karak

Based on overall literacy rates (10 years and older population), District Karak is ranked at No 8 among all the districts of KP, according to latest data released by Pakistan Bureau of Statistics (PBS). While at national level, with 55% literacy rate, Karak is ranked at No 25. The gender and rural-urban disparities are significant within Karak. While Karak is a predominantly rural district with more than 90% of its



population living in rural areas, gender disparity is particularly significant in rural areas (Figure 8). While literacy rate alone does not provide an in-depth picture of status of education, the recent district rankings by Alif Ailaan³ has ranked Karak at No. 59 at the national level based on a comprehensive set of indicators.

Education Indicators for District Karak

Table 8 gives a picture of the education indicators in Karak in comparison with the provincial averages. GER comparison at the primary level shows that enrollment of both, girls and boys, in Karak lags behind as compared to an average district of KP. NER, at the primary level shows the same picture though NER for girls is slightly better than an average district of KP. 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 5% growth over the previous year.

³ 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.

At secondary level of education education, however, the enrollment of both boys and girls is significantly better than the average for KP implying better upward movement in higher tiers of education. However, the enrollment rates are significantly lower if compared to Karak's primary enrollment rates. The Gender Parity Index (GPI) at primary level is significantly better compared to average for the KPK. GPI in Karak has turned better over the previous years due to increasing trend in enrollment for girls, perhaps due to increased awareness and efforts by the government and donors. Though, at secondary level it is slightly lower compared to primary level. This also implies that quite a number of girls do not further their education after completing primary level.

Indicators	School Level	Lakki Marwat			KP		
		Boys	Girls	Total	Boys	Girls	Total
GER	Primary	92%	76%	85%	100%	77%	89%
	Secondary	71%	40%	56%	51%	29%	41%
NER	Primary	76%	63%	70%	80%	60%	70%
	Secondary	55%	31%	44%	39%	22%	31%
GPI	Primary	0.83			0.75		
	Secondary	0.56			0.57		
Survival Rate to Grade 5		74%	72%	73%	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. Karak is better off than an average district of KPK in terms of overall survival rates; also implying lower drop-out rate at the primary level.

School Infrastructure in District Karak

There are 940 government schools (primary & secondary) in district Karak. The number of girls' schools are a bit low in comparison to their share of 48% in the school-going age population of district Karak. In addition to the Government sector, private schools and Deeni Madaris in Karak are also providing educational services to the student population. Private primary schools in Karak provide educational access to around 28% students almost equal to the provincial average of 27%.

School Level	Khyber Pakhtunkhwa			Karak		
	Boys	Girls	Total	Boys	Girls	Total
Primary	14,670	8,222	22,892	436	332	768
Middle	1,540	1,072	2,612	47	31	78
High	1,351	676	2,027	58	25	83
Higher	241	120	361	8	3	11
Total	17,802	10,090	27,892	549	391	940

Source: Annual Statistical Report of E&SE, KP

Condition of Schools' Infrastructure in District Karak

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 AlifAilaan place Karak at 56 in the national rankings and at No.15 in the KPK districts; in terms of school infrastructure and facilities. According to these rankings around 89% of the schools are in satisfactory condition while 11% are not.

Table 9 illustrates the condition of school infrastructure in district Karak. Data shows that 63% of the classrooms in government schools require some form of repair. These repair requirements range from minor repair to rehabilitation. Among these, 21% 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 Alif Ailaan placed Karak at No.15 in the KPK in terms of schools infrastructure. Table 10 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 74 government primary schools (mostly boys' schools with enrollment at around 5000 students) in Karak which lack all the facilities discussed here.

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	1,388	693	165	82	793	355	105	31
Middle	224	139	27	7	94	49	27	2
High	781	290	85	16	187	68	120	40
Higher	182	62	27	12	44	19	20	6
Total	2,575	1,184	304	117	1,118	491	272	79

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 Karak, 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.

Table 11: Missing Facilities in School in District Karak

School Level	Boundary Wall		Water		Electricity		Toilet	
	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools
Primary	139	1	239	136	245	179	176	37
Middle	2	-	17	10	13	6	8	1
High	1	-	22	5	6	-	2	-
Higher	-	-	2	1	-	-	-	-
Total	142	1	280	152	264	185	186	38

Source: Annual Statistical Report, E&SE Department KP

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. 594.5 million to rehabilitate the infrastructure as well as provide basic facilities to all the government schools in Karak. Further bifurcating the cost estimates, Rs 177 million are needed to provide for the missing facilities in the government schools while Rs 417.4 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 attention. The SCR for girls currently stands at 56 which has increased from 44 in 2013. This seems the result of steeper enrollment of girls in district Karak during 2013-14 (5% growth) while at the same time the number of classrooms shrank during 2012-13. 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 7.04 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 Karak:

- i. Only 41% of the class 5 students can read a story in Urdu textbook for class 2.
- ii. Only 47% of the class 5 students can read a sentence in English textbook for class 2.
- iii. Only 40% 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.

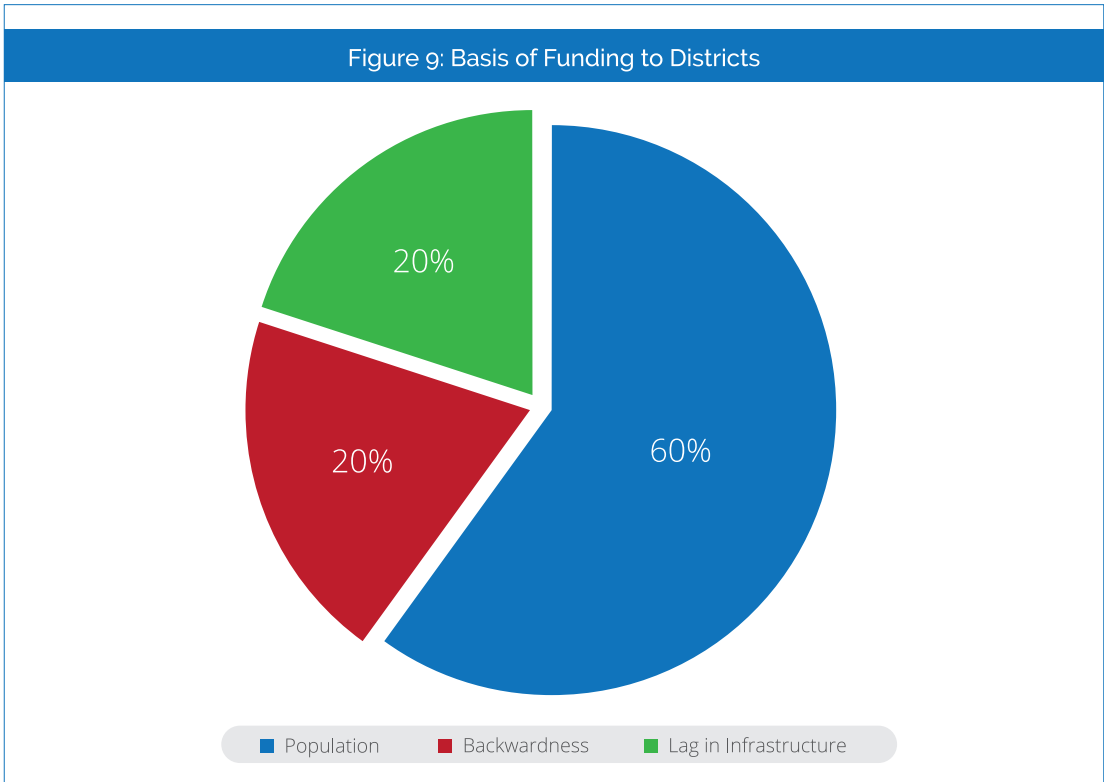
The Pupil-Teacher ratio (PTR) should be an important factor to determine the need of hiring more teachers. PTR in the government schools, particularly girls primary schools, is 47 against KP government's target ratio of 40. Over the previous year, PTR for girl students has particularly worsened owing to two factors - the steeper increase in girls' enrollment during 2013-14 (5% growth) and the 3% decline in number of primary teachers in girls' schools. 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 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 4: Budget Estimates for Service Delivery 2014-17

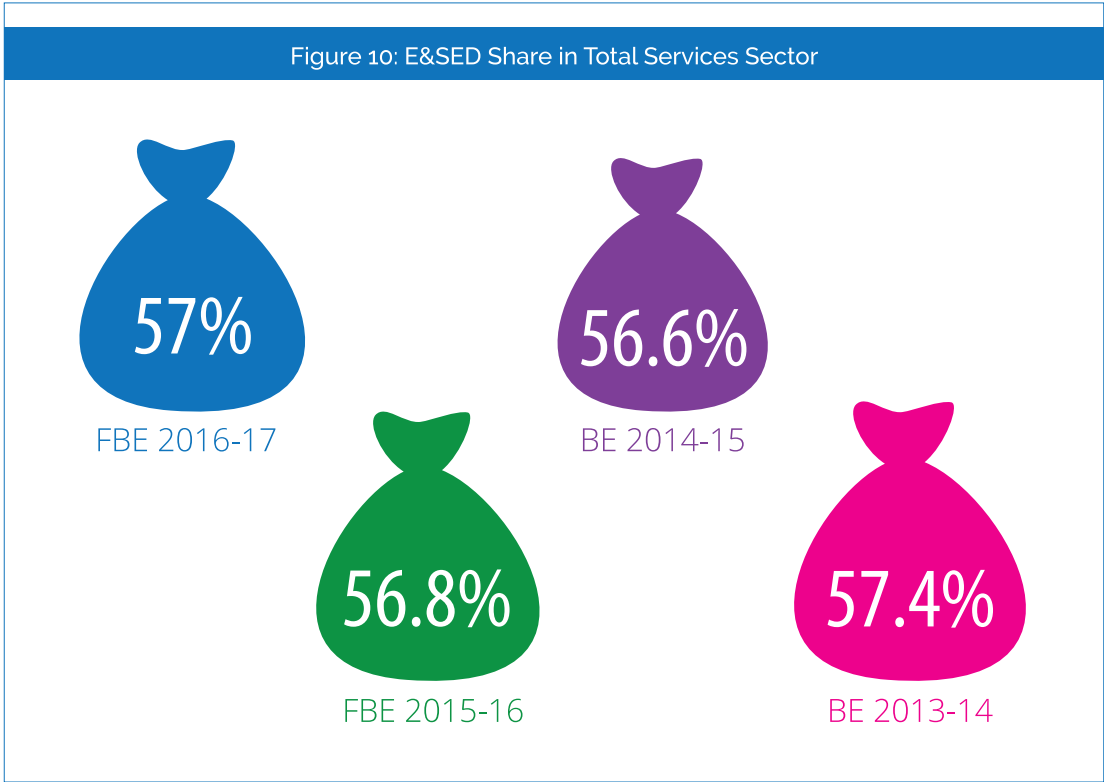
The Budget Estimates for Service Delivery 2014-17, also known as Output Based Budgeting (OBB), is basically based on medium term fiscal framework of KP. Contrary to the traditional by object classification of budget estimates, OBB reflects outcomes/outputs based budget classification for both current 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 56.8 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.

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

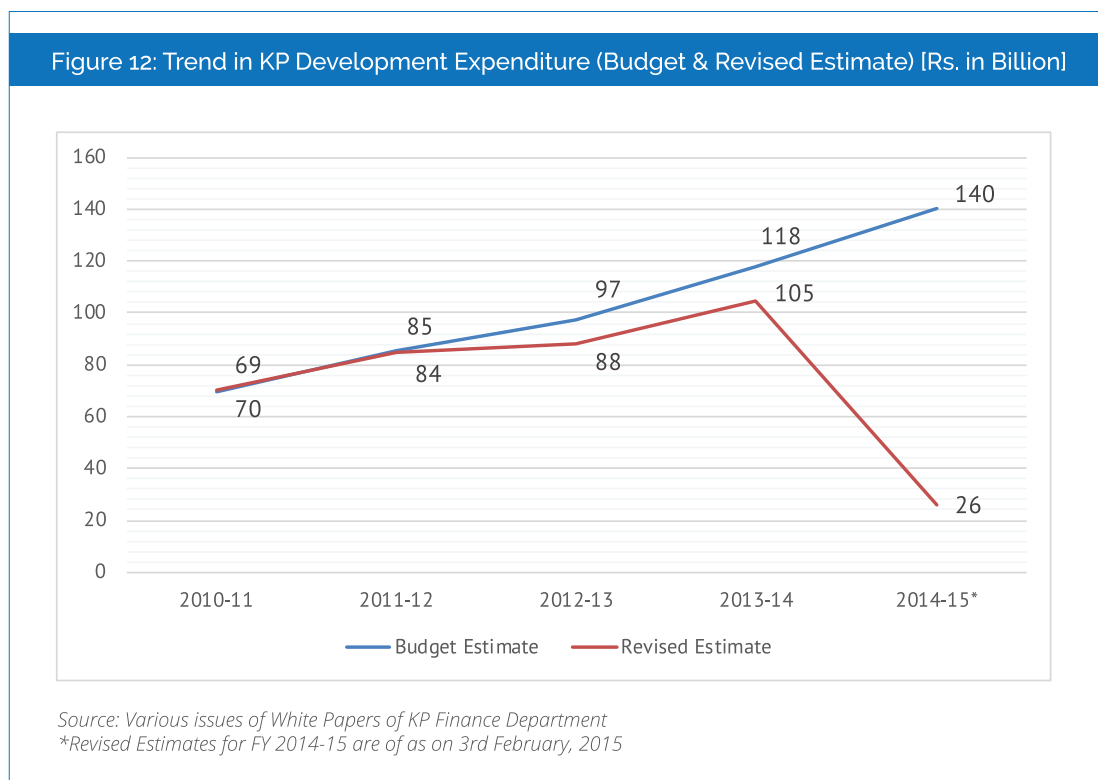
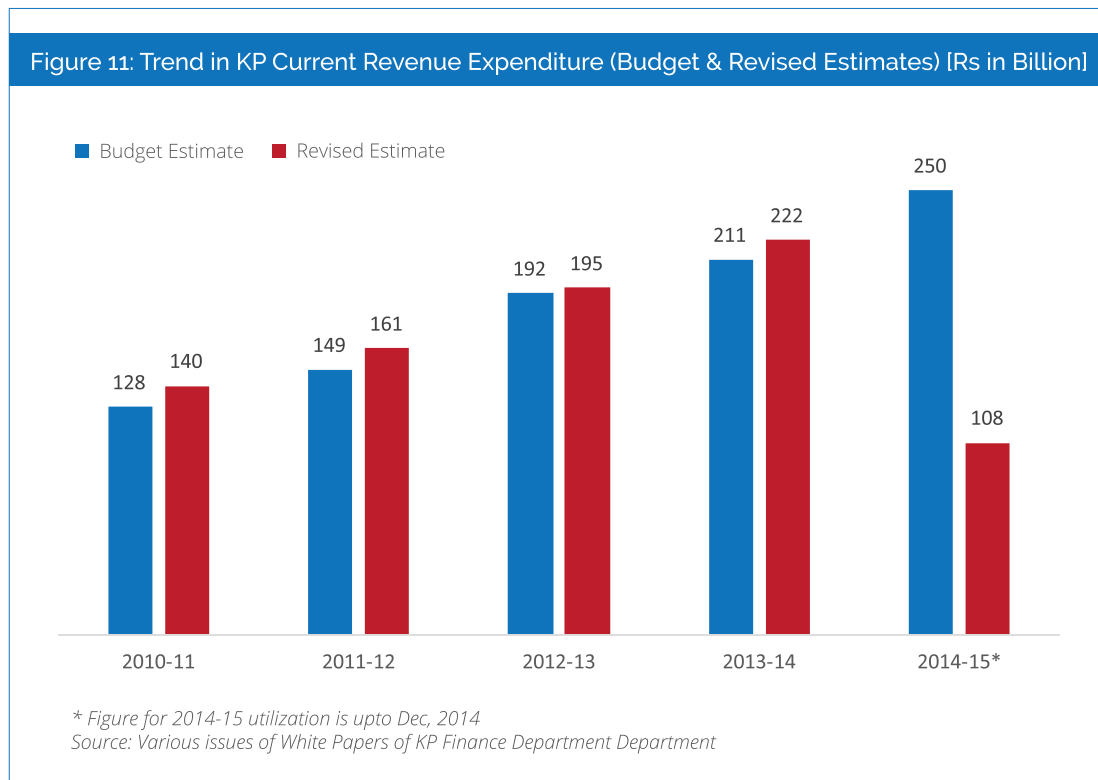
Adapted from the Government of the Khyber Pakhtunkhwa Finance Department’s Budget Estimates for Service Delivery 2014-17, the following illustration shows E&SED major KPIs against major outcomes:

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 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 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 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.

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

Table 13: Primary Education Current Budgets Trends in District Karak

	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 Karak District E&SE Budget	1,286,851,950	1,371,889,663	1,401,195,390	1,648,054,895	1,693,841,160	2,033,790,345	2,039,149,000	2,188,707,840	2,306,690,000	1,136,407,976
Primary	556,137,520	593,115,081	633,285,820	720,410,332	724,347,580	867,030,403	909,409,000	969,492,563	976,387,000	507,897,600
Primary-Female	203,814,880	212,377,510	218,525,080	260,265,100	271,568,950	315,008,226	322,814,000	358,005,542	352,728,000	187,151,335
EMPLOYEES RELATED EXPENSES.	202,967,780	210,941,791	217,277,980	259,532,249	270,251,850	314,141,008	320,857,000	357,005,880	351,012,000	186,790,965
OPERATING EXPENSES	847,100	1,435,719	1,247,100	732,851	1,317,100	867,218	1,915,000	999,662	1,716,000	360,370
EMPLOYEES' RETIREMENT BENEFITS										
GRANTS SUBSIDIES AND WRITE OFF LOANS							21,000			
PHYSICAL ASSETS							6,000			
REPAIRS AND MAINTENANCE							15,000			
Primary-Male	352,322,640	380,737,571	414,760,740	460,145,232	452,778,630	552,022,177	586,595,000	611,487,021	623,659,000	320,746,265
EMPLOYEES RELATED EXPENSES.	351,385,640	379,008,812	413,103,740	459,112,631	451,121,330	550,755,990	584,216,000	610,811,697	621,938,000	320,123,741
OPERATING EXPENSES	937,000	1,728,759	1,657,000	1,032,601	1,657,300	1,266,187	2,328,000	675,324	1,716,000	622,524
EMPLOYEES' RETIREMENT BENEFITS										
GRANTS SUBSIDIES AND WRITE OFF LOANS							30,000			
PHYSICAL ASSETS							6,000			
REPAIRS AND MAINTENANCE							15,000		5,000	
Administration	38,124,170	32,262,952	30,970,340	36,951,690	39,089,350	43,053,145	26,665,000	40,679,193	29,256,000	12,708,971
Administration-Female	15,999,040	12,519,299	13,835,440	15,779,656	17,438,150	18,070,867	12,830,000	18,689,063	14,610,000	6,361,420
EMPLOYEES RELATED EXPENSES.	7,603,340	5,745,367	7,258,340	8,982,605	10,562,050	10,853,967	11,896,000	11,657,621	13,313,000	5,972,004
OPERATING EXPENSES	4,128,600	2,592,947	2,550,000	2,575,251	2,559,000	2,863,418	728,000	6,867,412	1,101,000	326,676
GRANTS SUBSIDIES AND WRITE OFF LOANS							30,000			
PHYSICAL ASSETS										
REPAIRS AND MAINTENANCE	100	-	100	149,800	100	-	36,000	12,000	36,000	2,500
Administration-Male	22,125,130	19,743,653	17,134,900	21,172,034	21,651,200	24,982,278	13,835,000	21,990,130	14,646,000	6,347,551
EMPLOYEES RELATED EXPENSES.	10,122,130	8,035,889	6,765,500	10,093,316	10,560,000	12,834,589	12,868,000	10,825,768	13,367,000	5,963,861
OPERATING EXPENSES	5,012,700	4,802,764	3,619,100	4,252,758	3,796,200	4,441,269	741,000	10,933,362	1,130,000	273,510

	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										
PHYSICAL ASSETS	10,200	10,000	10,200	10,200	10,000	10,000	36,000	17,000	36,000	5,000
REPAIRS AND MAINTENANCE	6,980,100	6,895,000	6,740,100	6,815,760	7,285,000	7,696,420	160,000	214,000	113,000	105,180



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