

Education Budget Analysis

2010-11 to 2014-15

DISTRICT

LAKKI MARWAT

Khyber Pakhtunkhwa





EDUCATION BUDGET ANALYSIS

(2010-11 to 2014-15)

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LAKKI MARWAT

KHYBER PAKHTUNKHWA

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Abbreviations

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

Executive Summary

This report aims to demystify primary education budgets in District Lakki Marwat 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 Lakki Marwat 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 Lakki Marwat's share in the total elementary and secondary education budget is around 3.5 percent of the total current budget, on average, over the last 5 years which is more than their population share of 2.8 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 97 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 Lakki Marwat. This is despite the fact that one tenth of the total sanctioned posts of teachers in district Lakki Marwat 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 48 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 Lakki Marwat 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 75 percent of the funds go to the boys' schools in district Lakki Marwat over the last 5 years despite the fact that the district population census show equal distribution of population between male and female. The gender gap in Lakki Marwat district is even higher than the provincial gap which necessitate serious efforts on the part of provincial government to bring in gender parity. 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 123.04 million were spent in district Lakki Marwat to construct additional class rooms and provide other missing facilities to focused primary schools. In our analysis of conditional grant in district Lakki Marwat, 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 strengthened 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 always low or higher than the allocated budget amounts for all the last five years in the province. In district Lakki Marwat, most of the emphasis in development budget is on the 'New' while the existing infrastructure is kept almost unattended except in fiscal year 2012-13. 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 Lakki Marwat goes to secondary schools. Strikingly, the development budget in district Lakki Marwat is gender insensitive and one cannot disintegrate the budget into spending on girls schooling vs boys schooling. To actively monitor the policy focus on female schooling, government needs to clearly identify the projects for boys and girls. Also major chunk of the development budget is financed through grants from international donors (especially DFID) and thus very few local sources go to the development side. In case there is a shortage of foreign grants, government would be unable to finance its development budget on education. Special focus is needed to collect enough local resources to finance education in the district and the province so 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 Lakki Marwat 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 and secondary education financing in Lakki Marwat 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. 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 at the district level, analysis of budgetary allocations to the primary and secondary education sectors in the district under consideration. 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 Lakki Marwat

Overall Elementary and Secondary Education Budgets of Lakki Marwat

For the current financial year 2014-15, total budget allocation for E&SE in district Lakki is Rs.2.2 billion, with an annual growth of 15.9 percent (real growth 7.9 percent) and a share of 3 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 23 percent during the last two fiscal years. Similarly the share of district Lakki in overall E&SE budget estimates during 2014-15 is less than the last two years; however, the district's average share has been 3.2 percent on average during the last few years. Moreover, as against 2.8 percent share of district Lakki in total E&SE budget estimates in 2010-11, currently the district's share stood at 3 percent, higher by few basis points. However, the change in the district's share over the last few years is not consistently unidirectional. On the other hand, the share of district Lakki in total actual expenditure of E&SE remained stagnated on average at 3.5 percent and showing negligible change each year.

Year	Budget Estimates			Actual Expenditure		
	Total E&SE KP	Total E&SE Lakki	Share of Lakki in Total	Total E&SE KP	Total E&SE Lakki	Share of Lakki in Total
2010-11	33,934.2	963.8	2.80%	36,768.0	1,271.2	3.50%
2011-12	37,230.3	1,288.1	3.50%	45,419.7	1,560.4	3.40%
2012-13	46,601.7	1,613.8	3.50%	55,044.7	1,944.6	3.50%
2013-14	60,552.9	1,935.1	3.20%	60,818.6	2,071.4	3.40%
2014-15*	73,684.4	2,242.8	3.00%	31,886.9	1,102.3	3.50%

* 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 Lakki has been uneven too. The change in actual expenditure at the district level seems to be in line with the change in at E&SE KP budget, however the rate of change has not been similar and in one instances the change is not in same direction. For example, in 2011-12, total actual expenditure of E&SE KP increased by 24 percent per annum, followed by annual growth of 21 percent. Despite a decline in actual expenditure at KP level during 2012-13, actual expenditure for district Lakki during the same fiscal year increased 25 percent as against 23 percent during the preceding fiscal year. Similarly, in 2013-14 the growth in actual expenditure at KP level drastically declined but remained in the double digit (10 percent per annum, from previous level of 21 percent), however in case of district Lakki, actual expenditure plummeted to a single digit growth per annum (7 percent per annum, as against 25 percent last year). The single digit real growth in actual expenditure became negative by incorporating 8.20 percent annual inflation by end of 2013-14. Such a decline might be prompted by a decline in the decline of overall resource pool available with the provincial government, however, uneven distribution of decrease among district might had affected the financial appropriations at the district level including Lakki where annual growth in actual expenditure fell to mere 7 percent per annum during 2013-14. Moreover, it is important to note, that such a drastic decline in 2013-14 seemed to be in contrary to what was planned in the budget estimates for the same year, as indicated by double digit nominal growth in budget estimates for next fiscal year, usually estimated under traditional incremental budget making process. 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, mainly taking into account the inflation target, without no or little attention to the actual expenditure during any particular preceding year. As the data shows, the share of district Lakki in total actual expenditure was 3.4 percent during 2013-14 while in the following year budget estimates, the district share was fixed at 3 percent, though the budget allocations for 2014-15 in absolute amount is more than the actual expenditure last year. But such an increase in absolute amount may be nullified by lesser district's share in total or by incorporating the prevailing rate of annual inflation.

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 seem to be used for estimating the level of actual expenditure at the district level. As per ASC 2013-14, total enrollment including primary, middle, high and high secondary in district Lakki was 2.9 percent of total enrollment at KP level. Similarly, the district's share in existing schools' infrastructure equal to 4 percent while its share in total working teaching and non-teaching staff in all district stood at 3.5 percent and 3.9 percent, respectively. it is important to note, that district Lakki's share in total E&SE actual expenditure for the last five years remained on average at 3.5 percent per annum. Building such a relationship may be arbitrary, but it is important to highlight that the needs of the district, current and for future, 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 during the course of any fiscal year.

Expenditure on Salary Vs Non-Salary on E&SE in District Lakki Marwat

The current budget of any public entity may be classified into salary and non-salary current budget. Table 2 provides data on E&SE actual budget at KP and district Lakki levels.

Year	Salary vs Non-Salary	Actual Expenditure			
		KP Overall	Share in Total (%)	Lakki	Share in Total (%)
2010-11	Salary	35,575.5	96.8	1,222.4	96.2
	Non-Salary	1,192.5	3.2	48.8	3.8
2011-12	Salary	43,754.0	96.3	1,511.3	96.9
	Non-Salary	1,665.6	3.7	49.1	3.1
2012-13	Salary	52,168.6	94.8	1,856.7	95.5
	Non-Salary	2,876.1	5.2	87.9	4.5
2013-14	Salary	58,486.7	96.2	2,018.0	97.4
	Non-Salary	2,332.0	3.8	53.4	2.6
2014-15*	Salary	31,442.3	98.6	1,083.1	98.3
	Non-Salary	444.6	1.4	19.2	1.7

* 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

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 96.8 percent of actual expenditure in E&SE in district Lakki Marwat 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 4,098 working teachers (85 percent of sanctioned staff) and 1,678 non-teaching staff (99.7 percent of sanctioned staff) in E&SE Lakki Marwat. The ratio of working teaching staff to non-teaching staff in the district is 2.44 to 1. Thus, filling the vacant teaching staff in the district (total 730 vacant posts of teachers) would put further drain on already dwindling non-salary actual expenditure (has a share of 3.2 percent on average for the last five years) of the E&SE in district Lakki Marwat.

It is 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. 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. This needs sensible planning and management which may require mapping 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 able 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 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, there are functional 948 primary schools, 99 middle, 74 high and 10 higher secondary schools in district Lakki Marwat. The average students-working teacher ratio for primary

Table 3: Primary vs Secondary current Expenditure (Rs. in Million)

Year	Primary vs Secondary	Overall	Actual Expenditure		
			Share in Total (%)	Lakki	Share in Total (%)
2011-12	Primary	22,889.4	50.6	758.2	48.6
	Secondary	22,375.0	49.4	802.2	51.4
2012-13	Primary	27,168.2	49.6	925.5	47.6
	Secondary	27,651.2	50.4	1,019.1	52.0
2013-14	Primary	30,395.0	50.4	1,015.4	49.0
	Secondary	29,864.1	49.6	1,056.0	51.0
2014-15*	Primary	15,871.0	50.1	541.7	49.1
	Secondary	15,838.4	49.9	560.6	50.9

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

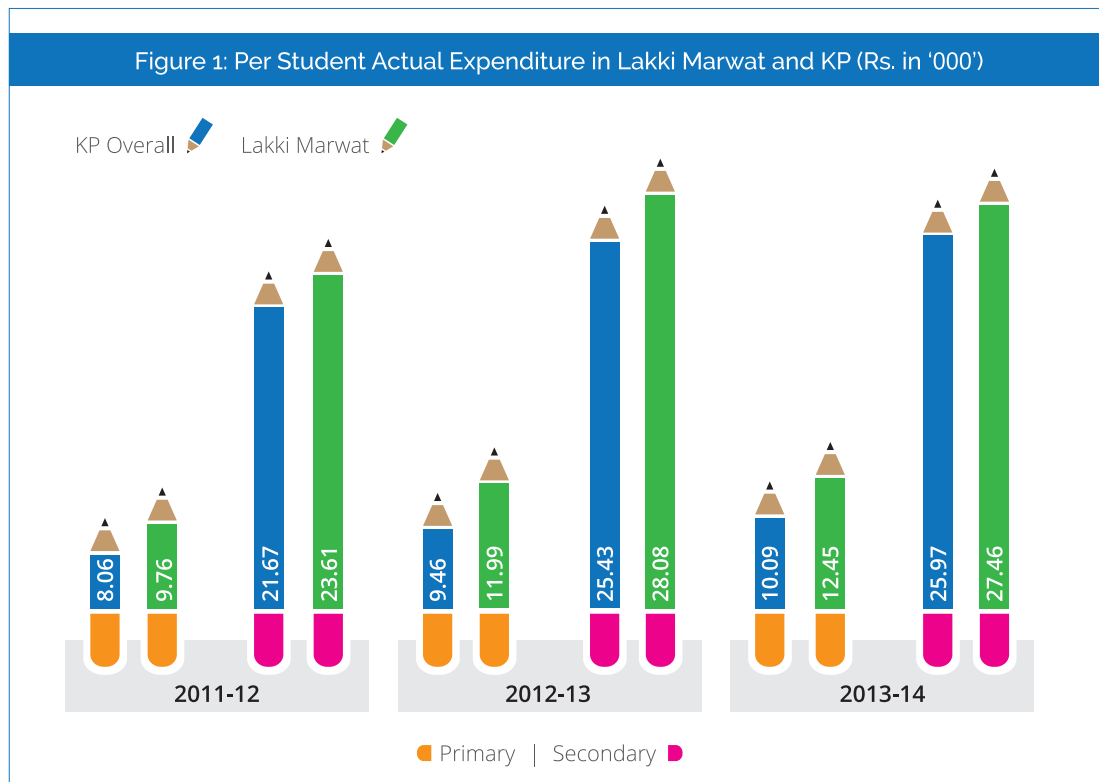
Source: Various Issues of White Papers of KP Finance Department & Data Provided by KP's Finance Department

schools equals to 34.38 students, 15.33 for middle schools, 25.34 for high schools and 26.47 for higher secondary schools in the district. The average students working teachers ratio for district Lakki Marwat seem good, below the standard average of 40 students, but there are multiple isolated primary schools cases where the students working teacher ratio is much higher. For example, in district Lakki Marwat, there is primary school with total enrollment of 236 students with only two teachers; another primary school has 124 enrollments with just one teacher. There are several other schools with student teacher ratio above 50 in district Lakki Marwat. There are multiple girls' primary school having higher students teachers ratios therefore such a inter-district situation may not satisfactory even though the overall district position with respect to students teacher ratio seem reasonable. In nutshell, 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 Lakki Marwat. 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 Lakki Marwat

The acknowledged proposition 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 Lakki Marwat, the required financial adjustment towards primary education sector is missing. The classification of E&SE actual expenditure in primary and secondary sectors for district Lakki Marwat 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, 48.6 percent of total actual expenditure during the last few years, goes to the primary education while the remaining, 51.4 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 did increased modestly but still needs to be consistent in the rest of six months as well.

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 Lakki Marwat, the current share of primary sector in total budget expenditure is not fully justified and thus need to be increased. 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, 84 percent are primary schools while the remaining 16 percent are secondary schools. The ratio of primary schools' enrollment to the secondary schools (middle, high and higher secondary schools) for district Lakki Marwat equals to 2.12 to 1 (68 percent of total students enrolled in Lakki Marwat are in primary schools). Similarly, as per ASC 2013-14, the ratio of total working teaching staff in primary schools (85 percent of sanctioned workforce) to working teaching staff of secondary schools (79 percent



of sanctioned workforce) in district Lakki Marwat equals 1.38 to 1 (58 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 Lakki Marwat is estimated at 1.14 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 Lakki Marwat 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, as this would put further drain on current actual expenditure, without taking into account the required enhancement in the quality of education. Besides, bring 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 Lakki Marwat. The per capita actual expenditure for secondary schools is more than double as that of primary schools in KP as well as in district Lakki Marwat. Moreover, the ratio of per capital expenditure in primary education to secondary education in district Lakki Marwat, on average remained at 0.43 to 1 during the last few years. However, it is important to highlight that the same ratio did increased though gradually in 2012-13 and 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 Lakki Marwat in order to move forward in attaining Universal Primary Education MDG in the district under consideration.

Expenditure on Girls Vs Boys Schools in District Lakki Marwat

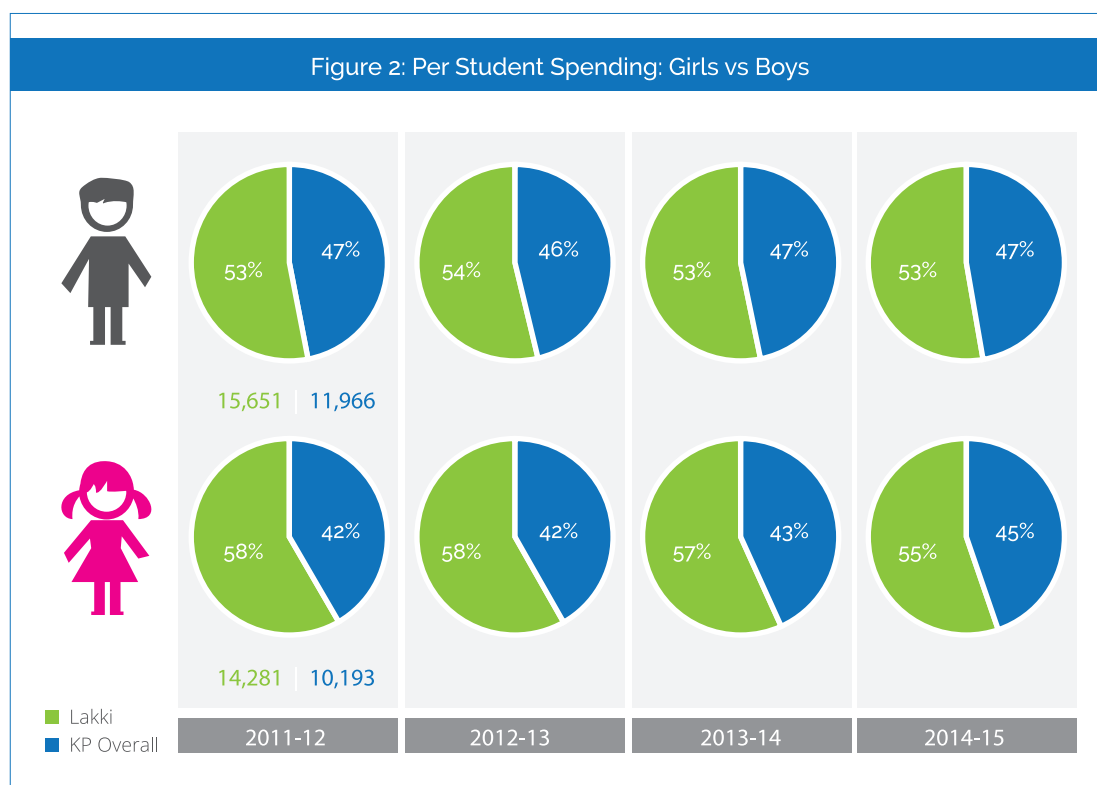
In order to address the issue of gender disparities across districts is one of the key milestone of the education sector policy in KP. The shares of actual expenditure on boys' schools as against girls' schools in district Lakki during the last few years show negligible signs of improvement. The share of girls' schools in district education actual expenditure increased to 27.3 percent in 2014-15 as against 24.5 percent in 2010-11. Through the share of girls' schools in actual expenditure on education in the district did increase however the rate of change still needs to be enhanced. As Table 4 shows the actual expenditure on boys' schools in district Lakki Marwat is 3 times more than actual expenditure on girls' schools. Similarly, the ratio of expenditure on boys' schools to girls' schools decreased from 3.08:1 in 2010-11 to 2.67:1 in 2014-15, however the first six months of actual expenditure during the current fiscal year, shows on commendable sign of change over the preceding year. It is commendable that in case of district Lakki Marwat, that ratio of expenditure on boys schools to girls' schools did gradually declined, however to address the issue of gender disparities, government needs to focus more on existing as well as increasing the number of newly constructed girls schools vis-à-vis required adjustment, financial or other, with respect to boys' schools infrastructure in district Lakki Marwat. This in turn would need good budget planning and its execution at the district level.

Year	Boys vs Girls	Actual Expenditure			
		KP Overall	Share in Total (%)	Lakki	Share in Total (%)
2010-11	Boys	24,655.4	69.1	941.9	75.5
	Girls	11,035.5	30.9	305.3	24.5
2011-12	Boys	30,089.1	68.5	1,144.4	74.7
	Girls	13,831.9	31.5	386.7	25.3
2012-13	Boys	35,788.3	67.9	1,383.3	73.8
	Girls	16,924.7	32.1	491.4	26.2
2013-14	Boys	39,716.3	67.1	1,484.9	72.8
	Girls	19,515.5	32.9	555.2	27.2
2014-15*	Boys	21,020.1	67.0	794.0	72.7
	Girls	10,355.2	33.0	297.9	27.3

* 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 Lakki Marwat 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 Lakki Marwat is opposite. In district Lakki Marwat, the per capita actual expenditure on boys has been lower than that of girls during the last few years except 2014-15. The underlying reason may be the low level of girls' enrollment in the district. As per ASC 2013-14, the ratio of boys' enrollment to that of girls' in primary schools equals 2.57 to 1. The same ratio was 3.09 to 1 in 2011-12. At secondary level the ratio of boys to girls' enrollment in district level is currently at 3.09 to 1 in 2013-14 as against the ratio of 3.21 to 1 in 2010-11. Though the rate of annual growth in girls' primary enrollment in district Lakki Marwat is more than that of boys', however the absolute number of boys enrolled is still higher and therefore resulting in high per capita actual expenditure for girls. 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.



Similarly, low number of existing girls schools in district Lakki Marwat also ended up with high per capita expenditure in girls' schools. Lower number of girls' school translates into less working teaching and non-teaching staff. If supplemented by low level of enrollment has to give a higher level of per capita actual expenditure. Therefore, in case of district Lakki Marwat, it would be too early to feel contented with respect to high per capita actual expenditure of girls' school due to reasons discussed above.

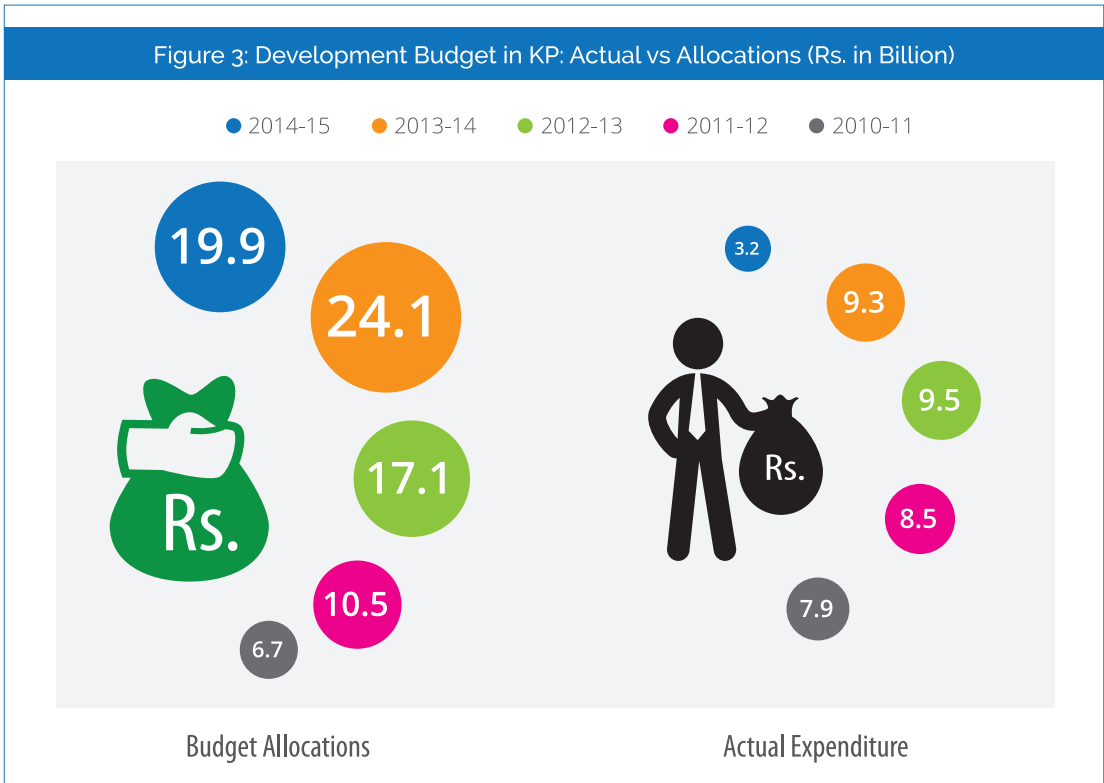
Conditional Grants & PTC Funds Utilization in District Lakki Marwat

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, including Lakki Marwat district. 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 123.04 million rupees of the conditional grants (phase 1 & 2) have successfully completed in Lakki Marwat. Funds were utilized through PTCs for provision of missing facilities and construction of new rooms in 243 government girls' primary schools. The following table shows detail of the Conditional Grant utilization in District Lakki Marwat. Data shows that 59% of the funds were utilized on the construction of an additional class room in the girl's primary school.

Table 5: Status of Conditional Grant Utilization in District Lakki Marwat							
	Add Room	Electification	Boundary Wall	Water Supply	Group Latrine	Solar Panel	Total
Phase 1 (96 Government Girls Primary Schools)							
Numbers	90	56	19	145	63	1	
Unit Cost	800,000	110,000	300,000	200,000	160,000	110,000	
T.Expenditure	72,000,000	6,150,000	5,700,000	2,900,000	10,080,000	110,000	123,040,000

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 Lakki Marwat but some of them are non-functional. EMIS data for the year 2013-14 shows that of 947 primary schools in district Lakki, some 71 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.



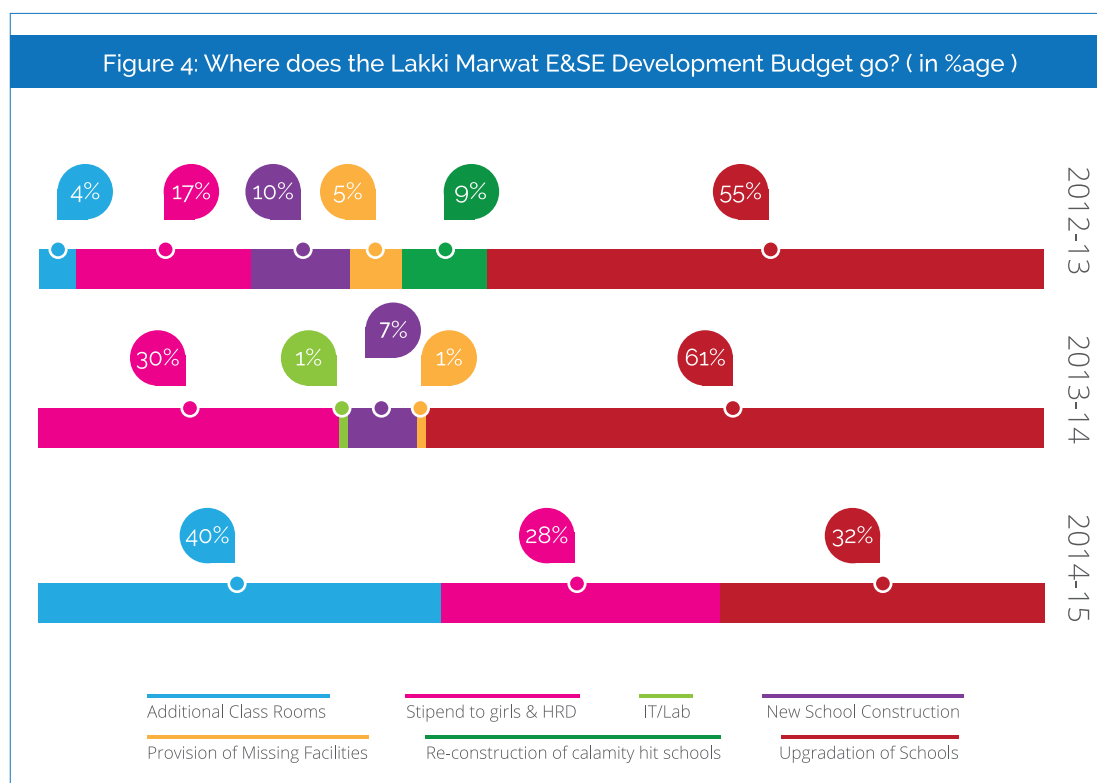
Development Budget Analysis of Lakki Marwat District

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.

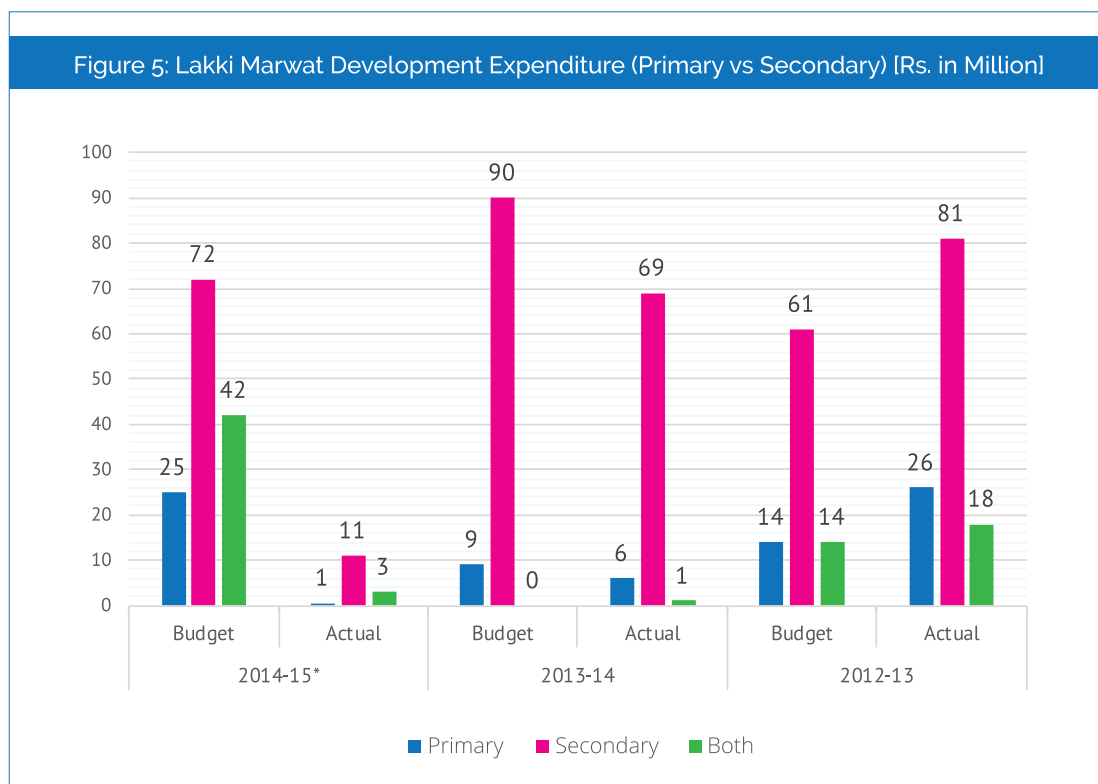


¹ As clear bifurcation needs to be done by E&SE Department, this study puts schools upgraded from primary to middle, high or higher secondary schools into the category of expenditure on secondary education.

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. Figure 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.

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

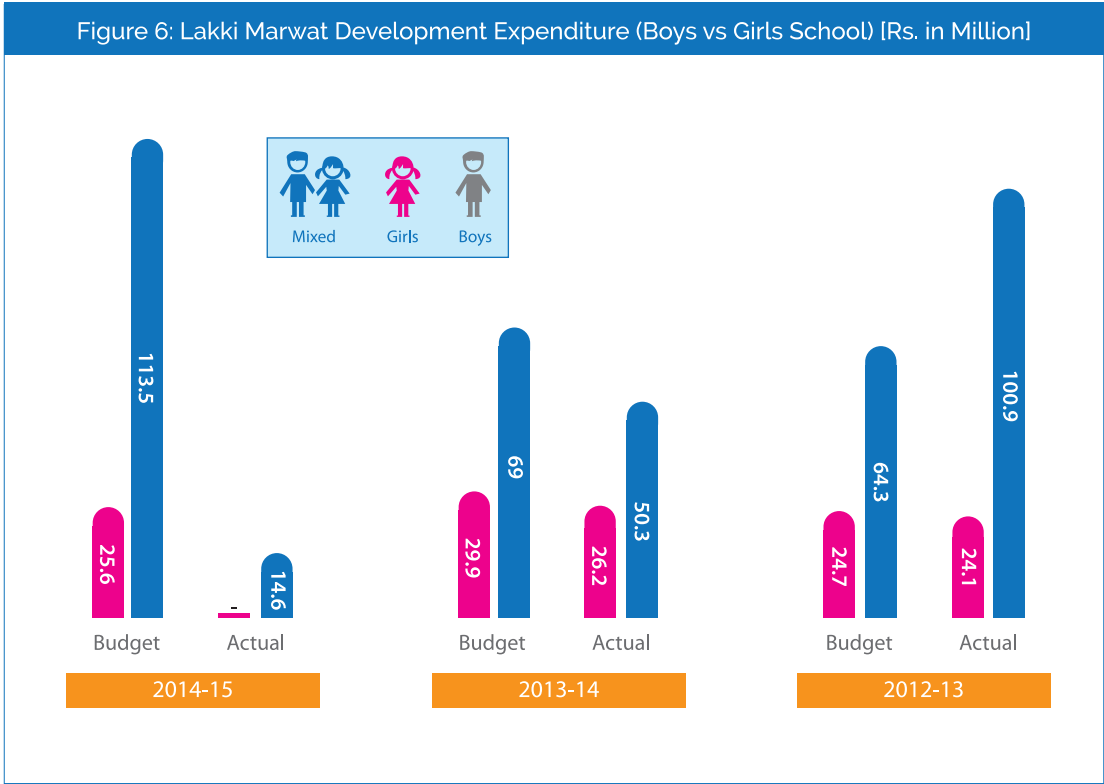
Figure 4 gives a summary position of where does the development budget in Lakki Marwat district goes. This shows that almost 84.5 % of the budget goes to reconstruction of damaged schools in calamities, up-gradation of schools to a higher level, construction of new schools, stipend to girls in secondary schools. There seems nothing specific for the repair and maintenance of the existing school infrastructure which if kept unnoticed for some more time will collapse. Provision of basic facilities, especially to government primary schools is not on the priority list of the provincial government as for as the budget allocations is concerned.



Lakki Marwat District Development Expenditure Analysis of E&SE

Figure 5 bifurcates development expenditure of district Lakki Marwat into primary and secondary sectors. The pattern of last 3 year shows most of the development budget (76 % 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 Lakki Marwat is receiving an actual expenditure on development side of E&SE, which is much lower (around 1% of total district development budget) than its population share in the province (which is around 2.8% of the total population of 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 Lakki Marwat may need an extra Rs 700 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 Lakki Marwat Marwat 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 Lakki Marwat 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.

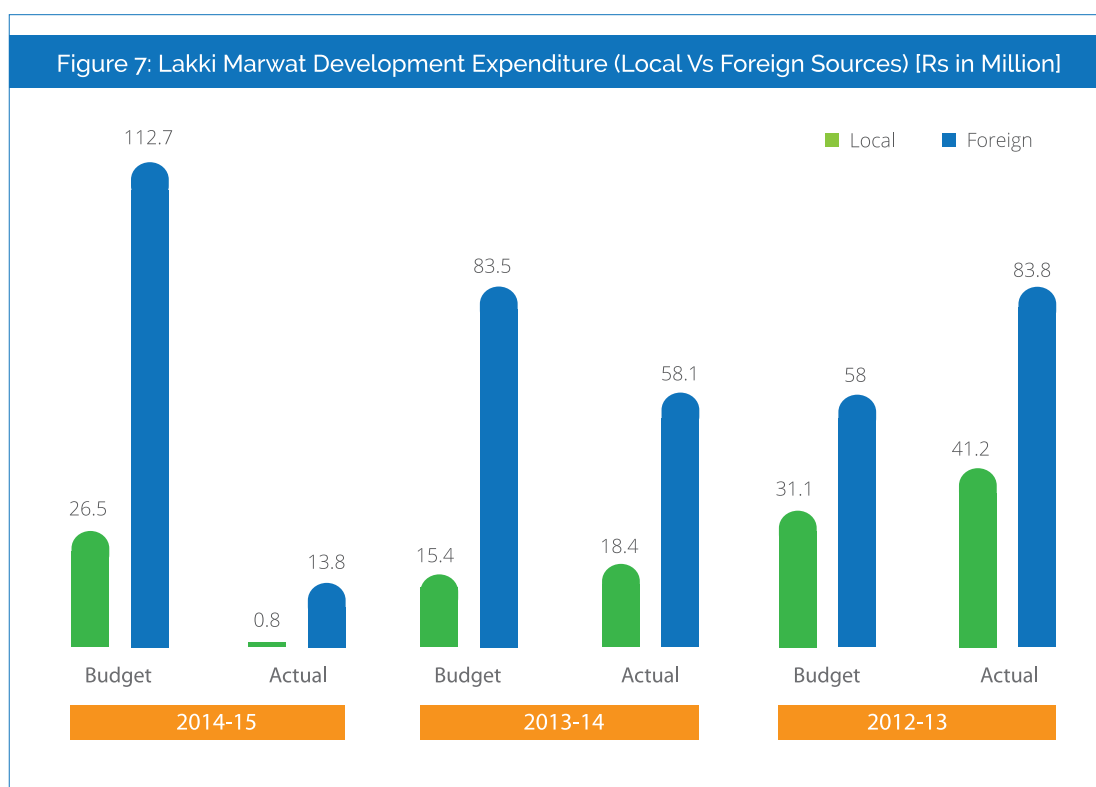


Figure 7 gives the bifurcation of sources of financing of the development budget in Lakki Marwat district into local and foreign finances. The data shows that more than 78 percent of the development budget of education in the district is financed through the foreign grants majority of which comes from the DFID, UK. This shows how district Lakki Marwat, 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 24.2 million being made which in turn will be spent through the existing PTCs. In Lakki Marwat district, some 45 schools were identified, including 30 primary schools and 15 secondary schools, to provide with basic missing facilities. However till the writing of this report, a total of only Rs 60,000 donations were received against the need of Rs 144.4 million for the 45 selected schools in district Lakki Marwat.

Findings and Recommendations:

1. The operation, maintenance, and operating costs are the most compromised budget heads of the primary education budgets. Overall, for girl primary schools it is less than 0.5% of total girls' primary education budget of district Lakki Marwat. Due to low budgets on this head, the schools can't invest on providing facilities for co-curriculum activities. The operating budget shall be increased at least 10% of total current budget.
2. Development budget on elementary and secondary education should be gender-sensitive to monitor the budget allocation, actual utilization and the differentials with regards to boys and girls allocations.
3. Development planning shall be improved for education sector. Allocations under umbrella projects/ block allocations for education sector shall immediately be abolished. This reflects lack of planning as well.
4. District Lakki Marwat data depicts a dismal picture regarding girls' education. While social and cultural barriers may oppose co-education in district Lakki Marwat, even at primary level, the government shall encourage and promote co-education at primary level.
5. There are many schools in district Lakki Marwat 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 overburdened schools can solve the problem without any additional cost to the government exchequer.
6. Similarly with most of the budget going to employees' related expenses, there is a strong need to get maximum value of the scarce education resources. For example, special attention shall be paid to schools which are underutilized and are under-enrolled. As per EMIS data, there are some 346 schools (326 primary and 205 middle) in Lakki Marwat district where total enrolment is equal to or less than 40 students. Similarly, there are some 20 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 86 schools (mostly government primary schools) where there are more than 60 students per teacher. Also, there are some 8 schools where more than 100 students have only one teacher.
7. Maintenance of the existing education infrastructure is the most neglected part in education financing in KP. Very little is 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 improve 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 the future will need more money than now.
8. PTC funds (Rs 7,000 per room) alone are inadequate to cater for the operation and maintenance of rooms in the schools. Similarly while conditional grant program is useful in provision of missing facilities to girls' primary schools, boys' primary schools were left out from the program.

in its phase 1 & 2. It is good that government is considering including boys primary schools under the conditional grants as it was noted in the analysis that the infrastructure of boys school is in more bad shape that those of girls schools.

9. This analysis shows that while provision of missing facilities is the necessary condition to bring out of school children to schools, it is not a sufficient condition. Major governance related reforms are needed which can improve school management with the help of inclusion of citizen voices in school management. PTCs needs to be strengthened, properly trained and should be actively involved in the management of schools.
10. There is a need to focus on these 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.
11. 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.
12. 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.
13. 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.
14. 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 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.

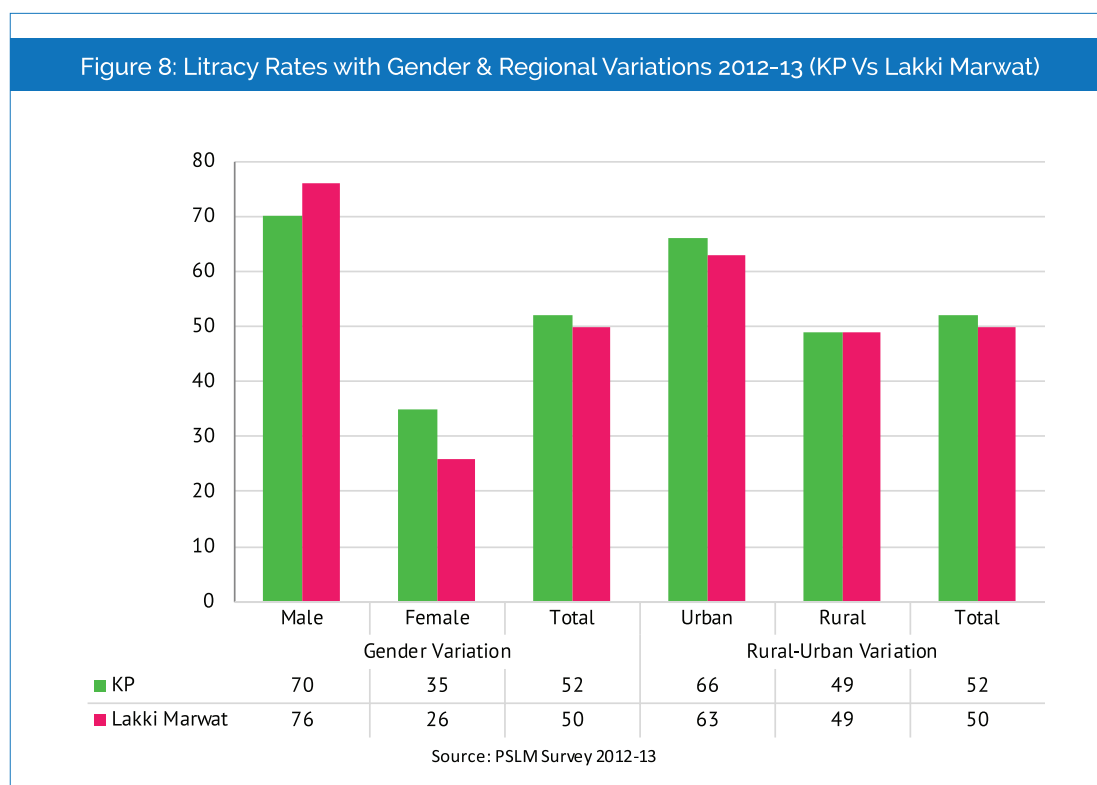
15. District government shall have a detailed website to post detailed district development and current budgets for each department, including education with details of schools and budgets for each school.
16. The standing committees on education at district level, to be constituted under Khyber Pakhtunkhwa local government Act 2013 shall be fully functional to hold the education service providers accountable.
17. Collecting data for this study was gigantic task. The study team has to consult different sources and offices. Considering the efforts to get education data, the government shall provide easy access to education budgets data through citizens budgeting where current, development, PTCs funds, and conditional grants can be easily traceable for each school. The district budgets books shall be available on the KP elementary and secondary education website, with detailed data set in excel sheets. 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.

Annexures

Annexure 1: Overview of Primary & Secondary Education in District Lakki Marwat

Literacy Rates in District Lakki Marwat

Based on overall literacy rates (10 years and older population), District Lakki Marwat is ranked at No 13 among all the districts of KP, according to latest data released by Pakistan Bureau of Statistics (PBS). At 50% literacy rate, the district is ranked 32 at national level. The gender and rural-urban disparities are significant within Lakki Marwat. Predominantly rural district with more than 90% of its population living



in rural areas, gender disparity is more prominent in rural areas. By virtue of its definition, literacy rate does not reflect various important facets of education such as quality and learning outcomes. The recent district rankings by Alif Ailaan² reflect a worrisome picture. These rankings place Lakki Marwat at 101 at the national level in terms of education score which is based on a comprehensive set of indicators.

Education Indicators for District Lakki Marwat

Table 6 gives a picture of the Lakki Marwat Marwat's education indicators in comparison with the provincial averages. GER comparison, both for boys and girls enrolment, places Lakki Marwat in a far worse position compared to an average district in KP. Girls' enrollment is particularly worse off compared to rest of the KP. Lakki Marwat is faring worse not only in overall terms, but also in terms of

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.

enrolment 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. Again, enrollment of girls is even lower than 50%. This implies that of the primary school age-girls population, more than 50% girls do not go to school. Over the last few years, enrollment at the primary level shows an increasing trend except a dip in 2012-13. The girls' enrollment registered a marked improvement in 2013-14 with 12% growth over the previous year.

Indicators	School Level	Lakki Marwat			KP		
		Boys	Girls	Total	Boys	Girls	Total
GER	Primary	88%	54%	72%	100%	77%	89%
	Secondary	64%	23%	45%	51%	29%	41%
NER	Primary	72%	41%	57%	80%	60%	70%
	Secondary	51%	17%	55%	39%	22%	31%
GPI	Primary	0.61			0.75		
	Secondary	0.36			0.57		
Survival Rate to Grade 5		67%	43%	57%	60%	49%	49%

Source: ASC Report 2013-14

At secondary level of education, the enrollment rate of girls is lower than average for KP implying poorer upward movement of girls in higher tiers of education. The Gender Parity Index (GPI) at primary as well as secondary level is significantly worse off compared to average for the KP. GPI in Lakki Marwat 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 boys is better than KP's average, however in case of girls, Lakki Marwat is not doing better.

School Infrastructure in District Lakki Marwat

There are 1130 government schools (primary & secondary) in the district. The number of schools for girls is disproportionately low despite the fact that girls make up 48% of school-going age population. Girls' schools constitute only 34% of the total government schools.

School Level	Khyber Pakhtunkhwa			Lakki Marwat		
	Boys	Girls	Total	Boys	Girls	Total
Primary	14,670	8,222	22,892	620	327	947
Middle	1,540	1,072	2,612	54	45	99
High	1,351	676	2,027	55	19	74
Higher	241	120	361	9	1	10
Total	17,802	10,090	27,892	738	392	1,130

Source: Annual Statistical Report of E&SE, KP

In addition to the Government sector, private schools and Deeni Madaris in Lakki Marwat are also providing educational services to the student population. Private primary schools in Lakki Marwat provide educational access to around 17% of primary level students though lower than the provincial average of 27%.

Condition of Schools' Infrastructure in District Lakki Marwat

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 Lakki Marwat at 45 in the national rankings and at No 10 in the KP districts; in terms of school infrastructure and facilities. According to these rankings around 82% of the schools are in satisfactory condition while 12% are not.

Table 7 illustrates the condition of school infrastructure in district Lakki Marwat Marwat. Data shows that 61% of the classrooms in government schools require some form of repair. These repair requirements range from minor repair to rehabilitation. Among these, 23% of the classrooms are in dilapidated conditions and require major repair or complete rehabilitation.

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 at Lakki Marwat at No 15 in the KP in terms of schools infrastructure. Table 8 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 65 government primary schools (mostly boys' schools with enrollment at around 3000 students) in Lakki Marwat Mawat which lack all the facilities discussed here.

Table 8: Room in Need of Repair & Rehabilitation in Lakki Marwat

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	1,922	854	308	103	813	249	257	114
Middle	290	232	13	16	143	93	16	8
High	729	230	55	20	251	61	47	23
Higher	235	12	32	3	73	2	24	4
Total	3,176	1,328	408	142	1,280	405	344	149

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.

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

Based on findings regarding education in Lakki Marwat, 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.

School Level	Boundary Wall		Water		Electricity		Toilet	
	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools	Boys Schools	Girls Schools
Primary	140	-	244	89	159	91	142	11
Middle	11	-	16	9	10	14	5	-
High	2	-	7	2	4	1	1	-
Higher	-	-	1	-	-	-	-	-
Total	153	-	268	100	173	106	148	11

Source: Annual Statistical Report, E&SE Department KP

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. 700 million to rehabilitate the infrastructure as well as provide basic facilities to all the government schools in Lakki Marwat Marwat. Further bifurcating the cost estimates, Rs 155 million are needed to provide for the missing facilities in the government schools while Rs 545 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. Given the increasing enrollment trend, SCR may go up further than the current 41. 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 9 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 opener's and reveal that in primary schools of Lakki Marwat:

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

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

The Pupil-Teacher ratio (PTR) should be an important factor to determine the need of hiring more teachers. The overall PTR for Lakki Marwat 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. Over the previous year, PTR for girl students has particularly worsened owing to two factors - the steeper increase in girls' enrollment during 2013-14 (13% growth) and the 4% decline in number of primary teachers in girls' schools.

Annexure 2: Education in KP: Strategic and Policy Perspective

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

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

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

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

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

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

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

4 IDS 2014-18

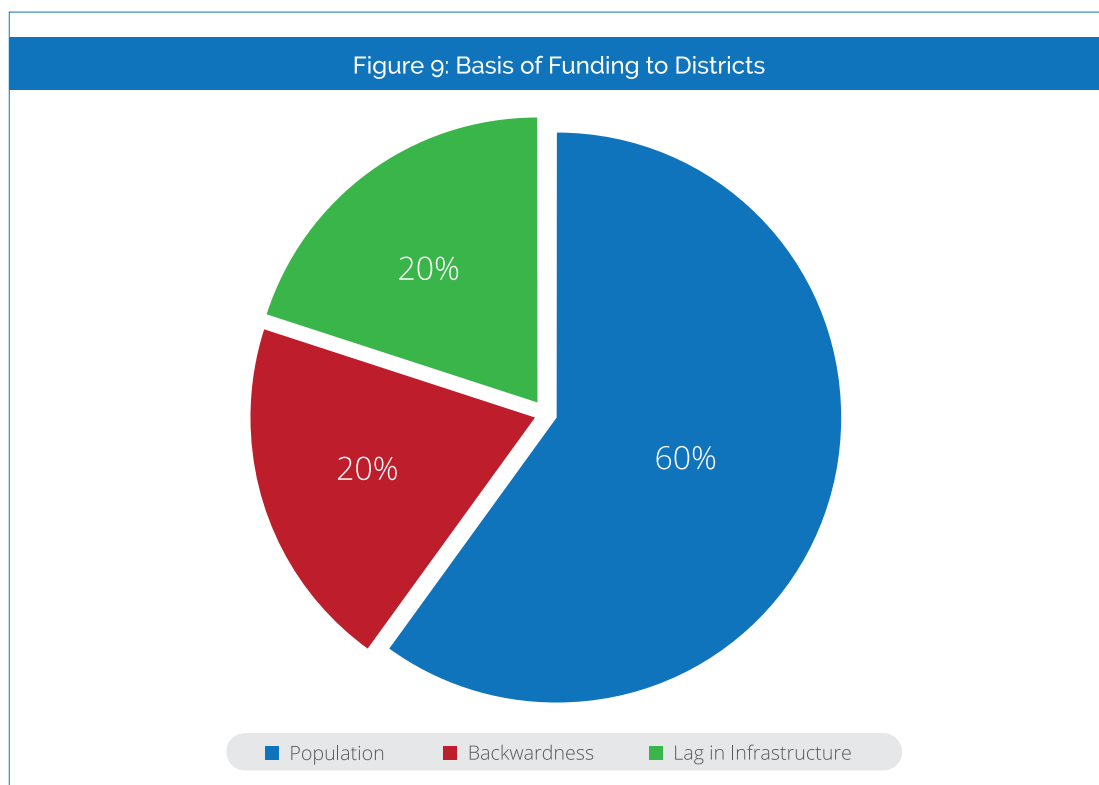
has not yet been materialized. The purpose of DSP was to incorporate local strategy with the help of local community and stakeholders to promote citizen participation in the budget making process and strategy formulation.

Annexure 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. However, this formulae applies only to district ADP which is only a small percentage of total development budget [In the year 2014-15, for example, total allocation to district ADP is Rs 1.67 billion in total ADP of Rs 140 billion]. 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 survey⁵, 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.

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

Annexure 4: Budget Estimates for Service Delivery 2014-17

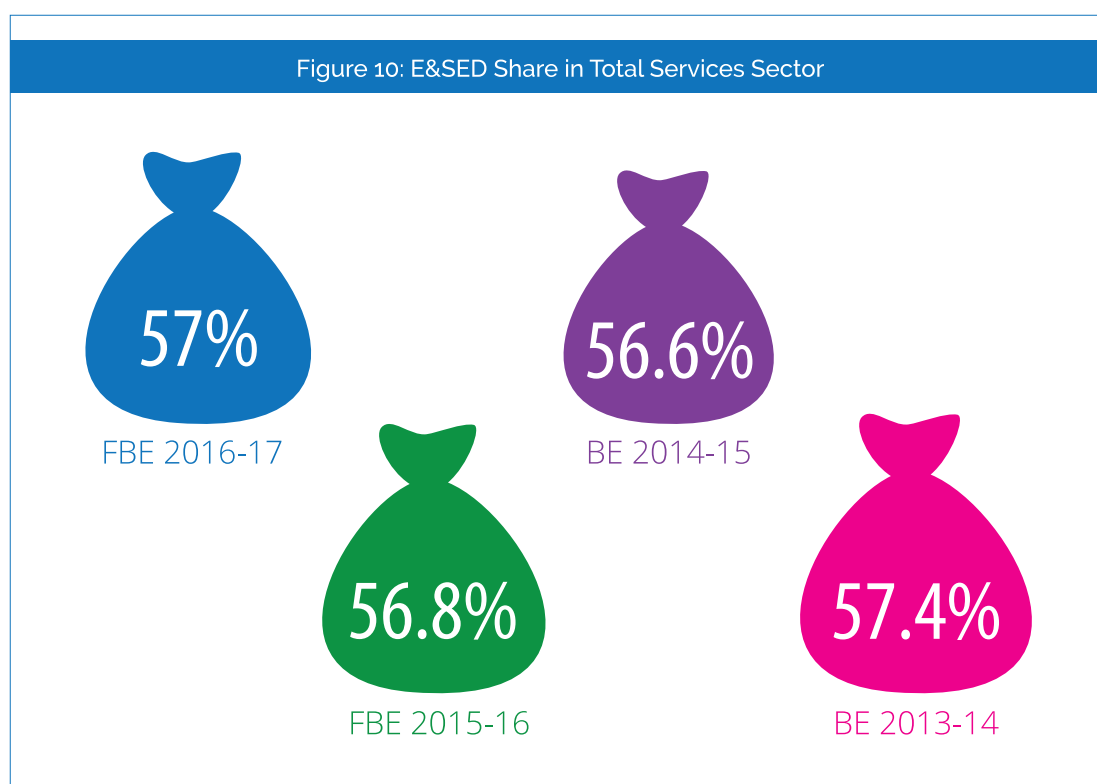
The Budget Estimates for Service Delivery 2014-17, also known as Output Based Budgeting (OBB), is basically based on medium term fiscal framework of KP. Contrary to the traditional by object classification of budget estimates, OBB reflects outcomes/outputs based budget classification for both current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

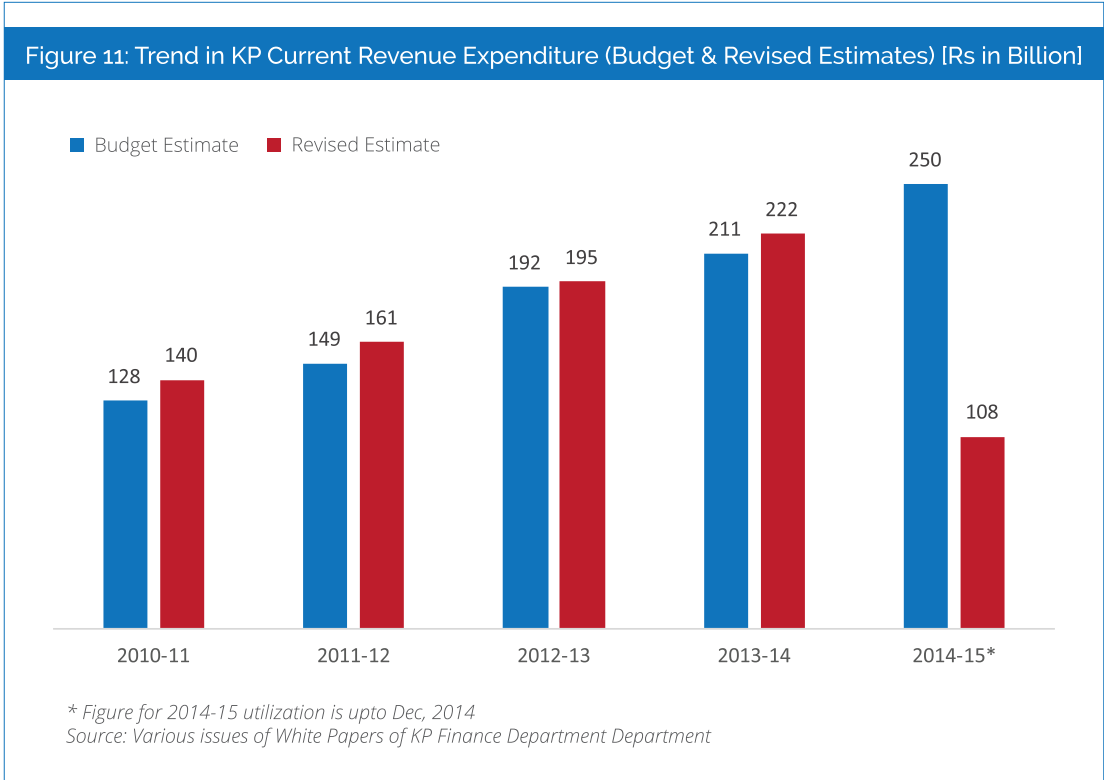
Improved Education Governance	To revise Provincial ESP and to prepare district ESPs
	To ensure implementation of performance and monitoring frameworks
	To ensure effectiveness and operationalization of EMIS system at District level
	schools’ PTCs orientation for 10 districts
	Awareness campaign in 25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

Annexure 5. Trend Analysis of Overall KP Budget

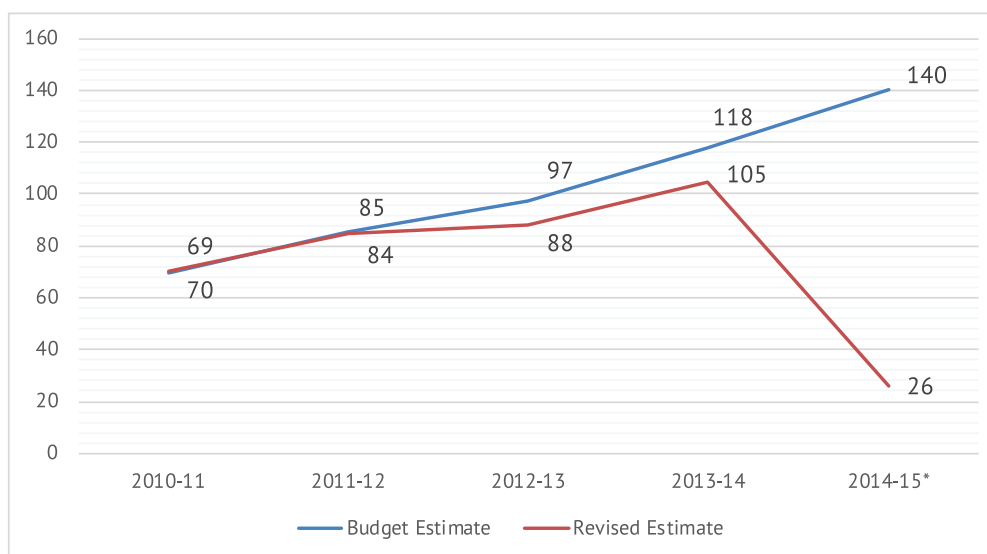
Trend Analysis of overall KP Budget

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 budgeted 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.

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



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

Trend Analysis of overall E&SE Budget

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

Table 11: E&SE Share in total Current Revenue Budget of KP (Rs. in Billion)

Year	Budget Estimates			Revised Estimates		
	Total KP Budget	E&SE Budget	Share of E&SE in Total	Budget Estimates	Revised	Share of E&SE in Total
2010-11	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 12 gives Elementary and Secondary Education share in the total development budget over the last five years. As figures of the budget estimates show, around 15 percent of the development budget is dedicated for E&SE Sector. Though the budget allocation to E&SE rose from a meager 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

Annex 4: District Lakki Marwat Detailed Primary Education Budgets Analysis (Current)

Table 13: Primary Education Current Budgets Trends in District Lakki Marwat

	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
Lakki Marwat E&SE Budget	963,791,944	1,271,216,578	1,288,128,075	1,560,395,046	1,613,806,950	1,944,552,043	1,935,056,000	2,071,369,188	2,242,819,000	1,102,273,178
Primary	462,278,100	610,036,581	606,424,100	747,943,985	754,374,950	913,691,490	904,056,000	982,552,362	1,038,512,000	534,476,894
Primary-Female	118,150,100	183,809,549	177,383,767	229,771,138	234,933,710	284,245,415	281,492,000	309,270,250	331,250,000	165,302,712
EMPLOYEES RELATED EXPENSES.	111,553,850	176,002,201	170,661,617	222,464,318	229,232,660	277,517,787	280,766,000	308,902,784	330,782,000	165,019,272
OPERATING EXPENSES	2,574,150	2,387,348	2,702,050	1,686,820	1,680,950	1,707,628	709,000	367,466	468,000	83,440
GRANTS SUBSIDIES AND WRITE OFF LOANS	2,100	1,400,000	100	1,600,000	100	1,000,000	10,000	-	-	200,000
PHYSICAL ASSETS							2,000	-		
REPAIRS AND MAINTENANCE	4,020,000	4,020,000	4,020,000	4,020,000	4,020,000	4,020,000	5,000	-	-	-
Primary-Male	344,128,000	426,227,032	429,040,333	518,172,847	519,441,240	629,446,075	622,564,000	673,282,112	707,262,000	369,174,182
EMPLOYEES RELATED EXPENSES.	331,000,900	410,587,821	415,330,333	504,568,153	507,250,340	614,653,209	621,702,000	672,384,739	706,542,000	355,797,085
OPERATING EXPENSES	4,690,000	5,104,211	4,875,000	3,169,694	3,755,800	3,757,866	840,000	497,373	720,000	3,087,097
GRANTS SUBSIDIES AND WRITE OFF LOANS	2,100	2,400,000	400,000	2,000,000	100	2,600,000	10,000	400,000	-	1,400,000
PHYSICAL ASSETS							2,000	-		
REPAIRS AND MAINTENANCE	8,435,000	8,135,000	8,435,000	8,435,000	8,435,000	8,435,000	10,000	-	-	8,890,000
Administration	8,515,080	8,916,442	12,085,020	10,298,767	10,259,840	11,783,211	7,562,000	32,835,627	11,382,000	7,237,077
Administration-Female	3,607,750	3,120,223	3,825,140	4,413,511	5,080,910	4,746,357	3,504,000	12,759,821	5,767,000	3,744,646
EMPLOYEES RELATED EXPENSES.	3,482,750	2,860,320	3,679,840	4,226,011	4,955,910	4,494,694	3,177,000	6,329,027	5,300,000	3,548,064
OPERATING EXPENSES	103,570	184,663	126,600	158,620	106,100	213,763	245,000	6,264,794	395,000	141,622
GRANTS SUBSIDIES AND WRITE OFF LOANS	2,100	-	100	-	100	-	10,000	-	-	
PHYSICAL ASSETS							12,000	100,000	12,000	2,500
REPAIRS AND MAINTENANCE	19,330	75,240	18,600	28,880	18,800	37,900	60,000	66,000	60,000	52,460
Administration-Male	4,907,330	5,796,219	8,259,880	5,885,256	5,178,930	7,036,854	4,058,000	20,075,806	5,615,000	3,492,431
EMPLOYEES RELATED EXPENSES.	4,669,230	5,187,323	7,924,780	5,250,842	4,926,550	6,344,664	3,731,000	5,810,644	5,155,000	3,339,431



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