

Education Budget Analysis

2010-11 to 2014-15

DISTRICT

HARIPUR

Khyber Pakhtunkhwa





EDUCATION BUDGET ANALYSIS

(2010-11 to 2014-15)

DISTRICT HARIPUR

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 in District Haripur 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 Haripur elementary and secondary education budgets over last the 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 Haripur's share in the total elementary and secondary education budget is around 4.6 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 98.5 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 same across all districts including district of Haripur. This is despite the fact that one sixth of the total sanctioned posts of teachers in district Haripur are vacant.

Moreover, most of the current education budget in the district and in the province goes to secondary education sector despite the stated policy objective of the government to focus on the primary education. While almost 80 percent of the total education infrastructure consists of primary schools, the sector has received only 45 percent of the actual budget over the last 5 years, on average. This is the reason that most of the primary schools are short of teachers and thus a bigger proportion of primary schools are run by 2 or less teachers affecting quality of education at the elementary level. A per student expenditure analysis in Haripur 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 62 percent of the funds go to the boys' schools in district Haripur 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.

The study found that a sum of Rs 133.691 million were spent in district Haripur to construct additional class rooms and provide other missing facilities to focused primary schools. In our analysis of conditional grant in district Haripur, we found that school infrastructure has improved remarkably in focused primary schools. Additional rooms and other missing facilities were provided to government schools on need basis, identified from the EMIS data of the E&SE department. Community-led PTCs, which need to be strengthen further, were entrusted with the responsibility to spend the budget in a transparent &

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

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

On the development budget side, the actual expenditure on elementary and secondary education fall short of the allocated budget amounts for all the last five years in the province. In district Haripur, 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 Haripur goes to secondary schools. Strikingly, the development budget in district Haripur is gender insensitive and one cannot disintegrate the budget into girls' schools vs boys' schools. To actively monitor the policy focus on female schooling, the government needs to clearly identify the projects for boys and girls. Also major chunk of the development budget is financed through grants from international donors (especially DFID) and thus very few local sources go to the development side. In case there is a shortage of foreign grants, government would be unable to finance its development budget on education. Special focus is needed to collect enough local resources to finance education in the district and in the province so the state fulfills its constitutional commitment to provide free and compulsory education to all.

Introduction

Objectives of the Study

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

Methodology

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

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

At macro level comparative trend analysis, both current and development budget of education sector in KP and at the district under consideration for the last few years, including current financial year, have been assessed. Current budget of E&SE at provincial level and for district under consideration have been analyzed, based on various by object and other budget classification with a gender lens. Moreover, development budget of primary education vis-à-vis secondary education, both at provincial and concerned district level, has been comparatively analyzed with the help of various indicators.

Primary Education Budget Analysis of Haripur District

Analysis of E&SE Current Budget in District Haripur

As in the case of rise in overall expenditure in KP over the last five years [see Annexure 6], expenditure on both current and development side of E&SE also significantly increased, in Haripur District. The total E&SE current budget in the province increased from Rs 33.93 billion in 2010-11 to Rs 73.68 billion in 2014-15. Similarly, District Haripur E&SE current budget has also increased from Rs 1.96 billion in 2010-11 to Rs 3.01 billion in 2014-15¹. Share of Haripur district E&SE budget in overall KP budgets stands at 4.6%. Compare to the 3.9 percent population share of district Haripur in overall population of the province (per 1998 census), the district is receiving slightly more funds on current side in education sector. Similarly according to the latest Annual School Census (ASC) Report of KP, Haripur district share in total school infrastructure is around 4.4% while its share in total working teacher is 4.65%. As most of the current budget goes to the salaries & allowances of teaching staff, the ratio of working teachers corresponds to the total spending on current expenditure on Elementary & Secondary Education.

Table 1: Share of District Haripur in E&SE Budget (Rs in Million)

Year	Budget Estimates			Actual Expenditure		
	Total Budget on E&SE in KP	E&SE Budget Haripur	Share of Haripur in Total	Total Budget on E&SE in KP	E&SE Budget Haripur	Share of Haripur in Total
2010-11	33,934.25	1,965.68	5.8%	36,767.98	1,706.20	4.6%
2011-12	37,230.28	1,748.09	4.7%	45,419.67	2,115.43	4.7%
2012-13	46,601.67	2,164.21	4.6%	55,044.67	2,557.73	4.6%
2013-14	60,552.94	2,562.58	4.2%	60,818.65	2,795.89	4.6%
2014-15*	73,684.44	3,018.50	4.1%	31,886.92	1,495.21	4.7%

* 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

Expenditure on Salary Vs Non-Salary on Primary Education

Haripur district have a working strength of teachers of 5,525 while the sanctioned strength is around 6,580 thus falling short by more than a thousand teachers. Despite shortfall in the number of sanctioned teachers, 99.6% current budgets of female primary education in Haripur district goes to salaries while 96.69% of male primary education budgets goes to salaries. The salary budget includes both teaching and non-teaching staff. However, while salary related spending is shown in district education budgets, PTCs fund, which is about Rs22.6 million for District Haripur are not depicted in the district budgets. For example, there is no budget for repair and maintenance for girl schools in 2013-14 and 2014-15 in the district education budgets. The schools meet such expenses from PTC funds.

Administration budget for both male and female primary education is mainly focused on employees' related expenses. There have been great variations in allocation and actual utilization of operating expenses under the administration male and administration female heads. For example, total budget utilized by administration female in 2013-14 was Rs8.9 million under operating expenses, however in 2014-15 only Rs0.53 million has been allocated. Similarly, Rs13.9 million was utilized under male

¹ This does not include PTCs funds and Conditional grants figures

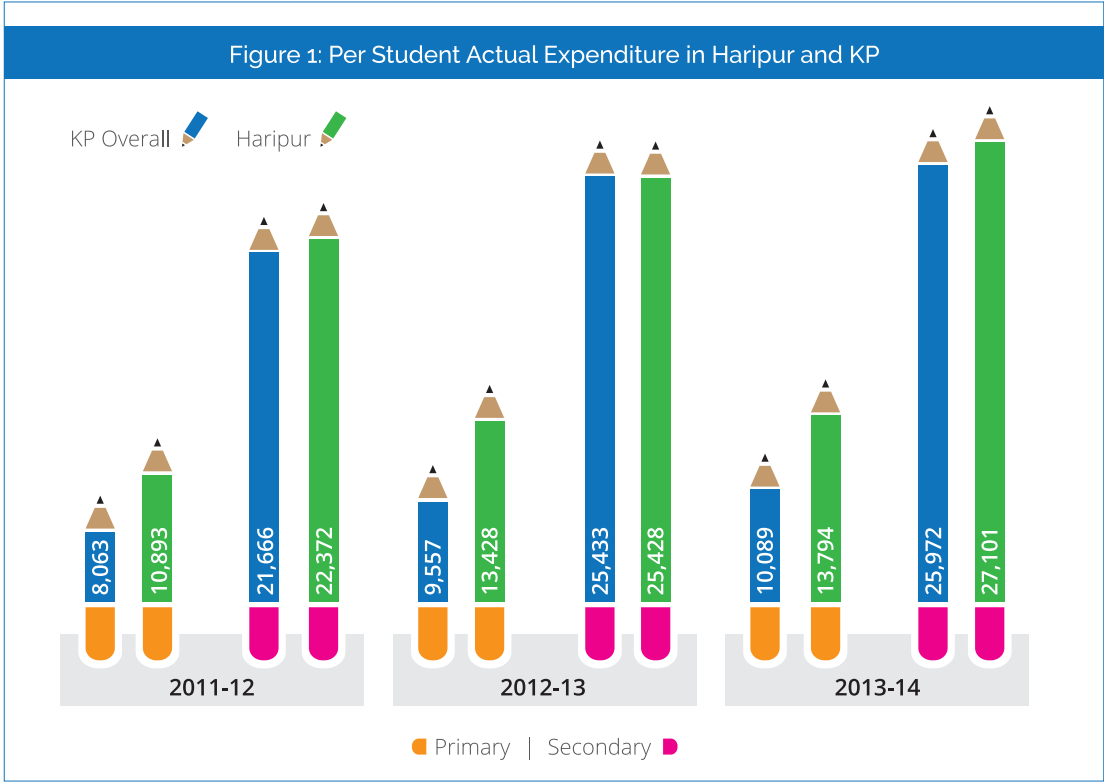
administration under operating expenses for primary education while only Rs0.45 million has been allocated in 2014-15. The lower allocation for operating expenses to DOEs greatly hamper the ability of district administration to visit schools and provide the much needed coordination in district. Under this head, the travel and communication charges of the management staff which include DOEs, SDOEs, ASDOs are covered.

Table 2: Current Primary Education Budgets Analysis of District Haripur					
	2010-11	1011-12	2012-13	2013-14	Till Dec. 2014
Main Heads	Spending	Spending	Spending	Spending	Spending
Haripur E&SE Budget	1,706,201,416	2,115,429,092	2,557,729,587	2,795,885,601	1,495,206,122
Haripur Primary Budget	319,576,076	942,181,353	1,161,782,343	1,223,299,773	664,935,461
Primary-Female	125,662,083	371,444,928	488,187,252	495,744,697	261,086,087
Employees Related Expenses	124,492,829	365,188,597	439,657,252	495,416,215	260,286,087
Operating Expenses	169,254	2,368,331	2,292,000	128,482	-
Grants subsidies and Write off loans	1,000,000	600,000	42,950,000	200,000	800,000
Repair and Maintenance		3,288,000	3,288,000	-	-
Primary-Male	193,913,993	570,736,425	673,595,091	727,555,076	403,849,374
Employees Related Expenses	191,125,911	555,279,487	658,129,185	727,495,982	390,500,724
Operating Expenses	88,082	3,654,938	3,563,906	59,094	3,828,650
Grants subsidies and Write off loans	2,700,000	1,400,000	1,500,000	-	
Repair and Maintenance		10,402,000	10,402,000	-	9,520,000
Administration	9,751,825	12,187,553	14,904,444	37,231,815	8,209,845
Administration-Female	9,751,825	12,187,553	14,904,444	15,084,799	3,627,580
Employees Related Expenses	9,287,971	11,301,789	13,362,134	6,020,024	3,482,996
Operating Expenses	423,867	826,103	1,502,310	8,977,275	128,004
Physical Assets				17,500	5,000
Repair and Maintenance	39,987	59,661	40,000	70,000	11,580
Administration-Male				22,147,016	4,582,265
Employees Related Expenses				8,142,712	4,414,999
Operating Expenses				13,961,534	158,266
Physical Assets				13,200	1,700
Repair and Maintenance				29,570	7,300
Others	8,349,704	10,513,776	1,861,184	14,167,505	5,770,156
Others-Male	8,349,704	10,513,776	1,861,184	14,167,505	5,770,156
Employees Related Expenses	7,929,899	10,266,776	1,861,184	13,874,976	5,642,270
Operating expenses	215,575	242,000	-	282,529	121,886
Grants Subsidies and Write Off Loans	200,000				
Repair and Maintenance	4,230	5,000	-	10,000	6,000

Per Student Expenditure Primary and Secondary Level

The following Figure 1 gives a comparison of per student actual expenditure of primary and secondary sector over the last 3 years. Spending on a student in a primary school is half to that of spending on a secondary school student. This is despite the fact that KP’s main policy document regarding Elementary & Secondary Education, Education Sector Plan (ESP), gives priority status to achieve Universal Primary Education as MDGs and target. It is important to underscore that district Haripur is following the overall trend in KP where per student expenditure on secondary schooling is more than double to that of primary schooling. Similarly, it is worth mentioning too that KP is the province where spending on primary education in comparison to secondary education is the lowest among all four provinces.

Conditions of secondary schools are much better than those of the primary schools in district Haripur. Secondary schools are provided with much larger amounts of repair and maintenance funds while the primary schools were offered with only miniscule funds to maintain the existing infrastructure in good conditions [See Annexure 1].



Expenditure on Girls Vs Boys Schools

Removal of gender disparities in schooling across KP is top government priority as per the Education Sector Plan of the government [for detail, please see Annexure 2]. However there exist huge gaps in the number of schools available for girls and boys. Due to this bias towards boys’ schools, fewer schools are available for girls and thus less expenditure on girls schooling. Table 3 gives the trend of spending on girls schools in comparison to boys’ schools over the last 5 years. Data for Haripur district shows that the disparity is less sharp in the district as compared to the overall province. As the data shows, that

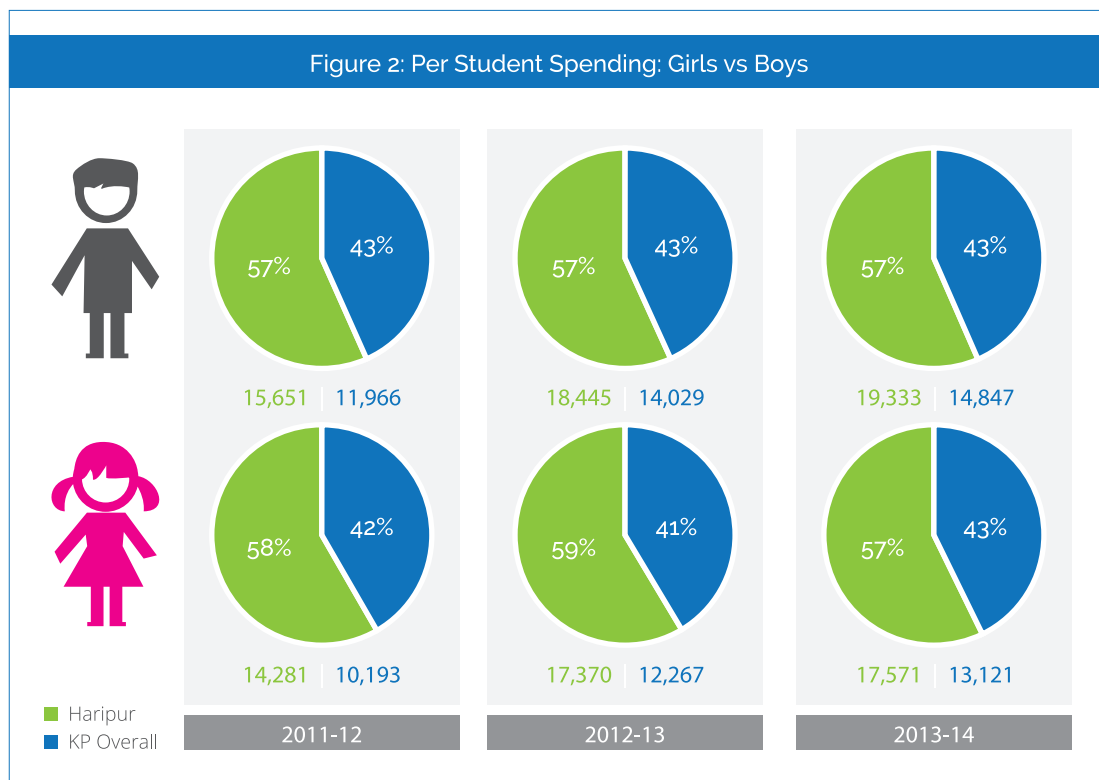
Table 3: Boys Vs girls Schools current expenditure (Rs in Million)

Year	Boys Vs Girls Schools	Actual Expenditure			
		KP Overall	Share in Total (%)	Haripur	Share in Total (%)
2010-11	Boys	24,655.36	69.1	1,119.79	65.6
	Girls	11,035.51	30.9	586.41	34.4
2011-12	Boys	30,089.09	68.5	1,324.51	62.6
	Girls	13,831.88	31.5	790.92	37.4
2012-13	Boys	35,778.26	67.9	1,561.48	61.0
	Girls	16,924.71	32.1	996.25	39.0
2013-14	Boys	39,716.27	67.1	1,692.65	61.2
	Girls	19,515.47	32.9	1,071.58	38.8
2014-15*	Boys	21,020.13	67.0	913.71	61.7
	Girls	10,355.17	33.0	566.46	38.3

* 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

around 62 percent of the current spending goes to boys' education while the remaining 38 percent goes to the girl's education in district Haripur. Unlike Haripur district, this ratio is much higher for the rest of province and almost 70 percent of the total current spending on education goes to boys' education. Over the years, more focus is given to the school infrastructure for boys as compared to that of girls. In addition, the already enrolled girls in schools receive less money per capita as against boys who are enrolled in schools. Figure 2 shows per student spending for girls and boys who are already enrolled in government schools. Both in district Haripur and in other districts across KP, per capita expenditure on girls is dismally lower than that of per capita expenditure on boys. Main contributor to this lower per capita spending on girls' schools is low number of teachers in girls' schools compared to boys' schools. However an encouraging in district Haripur is that more girls are enrolled in boys schools compared to boys' enrollment in girls' schools.



PTC Funds for Primary Schools in District Haripur

Parent Teachers Councils (PTCs) have been established in all government schools in district Haripur but some of them are non-functional. EMIS data for the year 2013-14 shows that of 976 primary schools in district Haripur, some 72 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. Government allocates funds to schools through PTCs. 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). Table 4 depicts PTCs fund analysis in district Haripur:

	Total Schools	Rooms	PTC Funds in PKR	Enrolment	Per Student PTC Fund Per Year in PKR
Boy Primary Schools	621	1799	1,25,93,000	53,835	233.9
Girls Primary Schools	357	1,189	83,23,000	35160	236.7
Total	976	3,229	2,09,16,000	88,995	235

The above table does not include un-enrolled children of pre-school (Kachi) class.

Overall, only Rs 235 is being spent per student per year at primary level under the PTC fund in District Haripur. The PTC fund needs to be drastically increased, because this amount can't cater for quality education of students.

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. At the circle level, the number of students per classroom varies from 27 to 34. However, number of students and number of classrooms has great variations when we look at the school level. For example, GPS Hall Jada has one room and GGPS Hall Jadal has two rooms (Union Council Ladar Mang) and total enrollment is 119 and 116 respectively. But GGPS Kachi in Union Council Beer has seven rooms and total enrollment in the school is 56. This mean that 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.

Circles	Rooms	Enrolment in 2013-14	Working Teachers	Sanctioned Teachers Posts	Student Per Room	Student Per Working Teacher
Ghazi	508	13,960	441	541	27	31.6
Haripur	401	12,521	423	434	31	31.2
Khanpur	513	15,949	492	556	31	31
Kot Najibulah	433	14,845	454	474	34	34
Pharrala	608	17,142	563	630	28	28
Sarai Saleh	495	14,533	511	560	29	29
Total	2,958	88,970	2,884	3,195	30	30.8

Conditional Grants & Its Impact in District Haripur

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 Haripur 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 133.66 million rupees of the conditional grants (phase 1 & 2) have successfully completed in Haripur District. In Phase I, Rs 84.7 million was utilized through PTCs for provision of missing facilities and construction of new rooms in 96 government girls' primary schools. In Phase II, Rs 48.96 million have been utilized through PTCs for provision of missing facilities and construction of new rooms in 43 government girls' primary schools. The following table 6 shows detail of the Conditional Grant utilization in District Haripur. Data shows that 75% of the funds were utilized on the construction of an additional class room in the girl's primary school, while the remaining 25% were spent on provision of other missing facilities.

Table 6: Status of Conditional Grant Utilization in District Haripur						
	Add Room	Electrification	Boundary Wall	Water Supply	Group Latrine	Solar Panel
Phase 1 [96 Government Girls Primary Schools]						
Numbers	75	30	22	36	30	16
Unit Cost	800,000	110,000	300,000	200,000	160,000	175,000
T.Expenditure	60,000,000	3,300,000	6,600,000	7,200,000	4,800,000	2,800,000
Phase 2 [43 Government Girls Primary Schools]						
Numbers	51	4	10	6	22	0
Unit Cost	800,000	110,000	300,000	200,000	160,000	0
T.Expenditure	40,800,000	440,000	3,000,000	1,200,000	3,520,000	0

A preliminary impact assessment of the conditional grant program in girls primary schools show a respectable growth rate in enrolment in 2013-14 as compared to enrolment in 2012-13. These figures are after the first year of the program and it is expected that growth in enrolment will be more pronounced once data for the year 2014-15 is available. The rise in enrolment is more pronounced for the initial years of schooling and for those schools where new rooms were constructed. During our visits to schools in the district, we found that un-admitted children and children in Kachi & Pakki classes would set in the open due to non-availability of rooms. Once new rooms were constructed through conditional grants in schools, more children were sent to schools. The following table 7 shows impact assessment of conditional grants on enrolment in girl's primary schools in district Haripur.

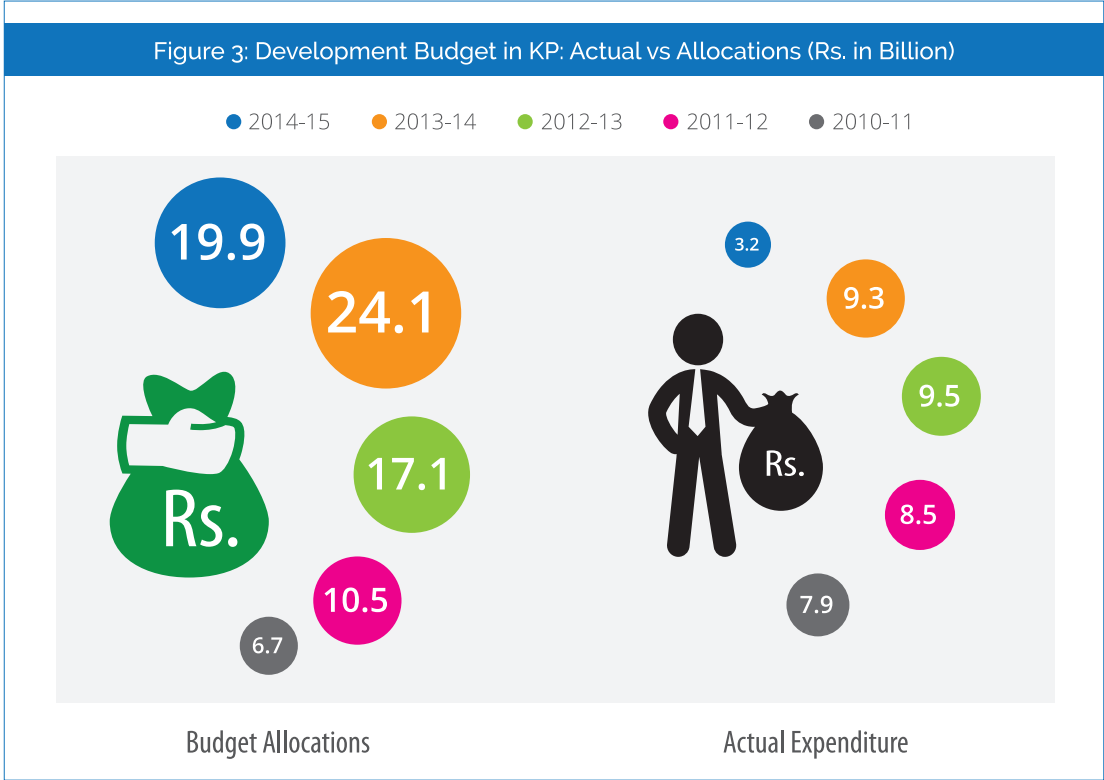
Table 7: 2-year Comparison of Enrolment in Schools with and without Conditional Grants								
	Unadmitted	Kachi	Pakki	Class2	Class3	Class4	Class5	Totals
CG Schools (All Interventions)								
2013-14	1,842	4,045	2,248	1,917	1,886	1,845	1,898	15,681
2012-13	1,000	3,009	2,073	1,939	1,866	1,963	1,829	13,679
Growth Rate (%)	84.2	34.4	8.4	-1.1	1.1	-6	3.8	14.6
Non-CG Schools								
2013-14	2,686	6,471	3,865	3,349	3,032	2,997	3,023	25,423
2012-13	1,716	5,065	3,447	3,217	2,978	3,151	3,023	22,597
Growth Rate (%)	56.5	27.8	12.1	4.1	1.8	-4.9	0	12.5
CG Schools (Only Additional Room Intervention)								
2013-14	1,592	2,938	1,691	1,432	1,433	1,360	1,409	11,855
2012-13	778	2,250	1,558	1,442	1,351	1,460	1,363	10,202
Growth Rate (%)	104.6	30.6	8.5	-0.7	6.1	-6.8	3.4	16.2

Figures in the above table shows that schools with conditional grants shows a 14.6 % rise in enrolment in 2013-14 over 2012-13 which is more than 12.5 % in Non-CG schools. The growth rate is more pronounced (16.2%) in those schools where an additional class room was built through conditional grants. Under the schools improvement plan, 125 more girls' primary schools and 4 middles schools will be provided with conditional grants to the tune of Rs 105.58 million in district Haripur. However, there is a need to improve governance structure as infrastructure improvement alone cannot guarantee improvement in enrolment and quality of schooling.

Development Budget Analysis of Haripur 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 2014-15, only 11 percent of the total development budget on education went to the primary education sector².

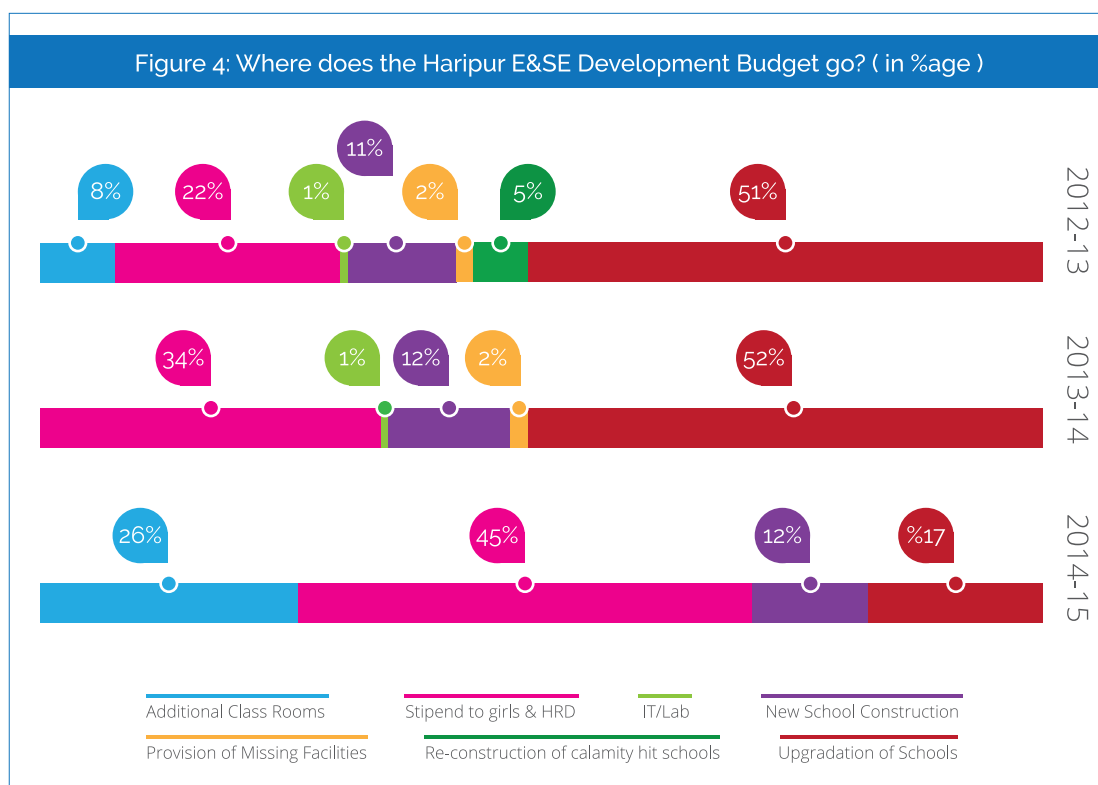
² As clear bifurcation needs to be done by E&SE Department, this study puts schools upgraded from primary to middle, high or higher

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

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

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

Figure 4 shows that major chunk of development budget on elementary and secondary education goes to construction of new schools, up-gradation of existing schools to higher level, stipends to girl students of secondary schools and other construction works. Very little or no funds are earmarked for the repair and rehabilitation of the already existing school infrastructure. The existing school infrastructure is in deplorable conditions and it needs repair and rehabilitation. As most of the current expenditure on



education is spent on salary related expenses, very little is left for repair of existing schools. Existing schools are in need for repair of existing classrooms and schools badly need missing facilities such as toilet, boundary walls, electricity, and water.

secondary schools into the category of expenditure on secondary education.

Figure 4 gives a summary position of where does the development budget in Haripur district goes. This shows that almost 85 % of the budget goes to reconstruction of damaged schools in calamities, up-gradation of schools to a higher level, construction of new schools, stipend to girls in secondary schools. There seems nothing specific for the repair and maintenance of the existing school infrastructure which if kept unnoticed for some more time will collapse. Provision of basic facilities, especially to government primary schools is not on the priority list of the provincial government as far as the budget allocations is concerned.

Haripur District Development Expenditure Analysis of E&SE

As figure 5 indicates, the overall outlay of KP development budget has increased over last five years at the rate of 19percent on average per annum. KP Development budget allocation rose from a Rs69 billion in FY 2010-11 to Rs140.2 billion in 2014-15 showing a more than double increase over the last 5 years. However, the revised estimates show that, on average, 7 percent of the development budget has not been 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.

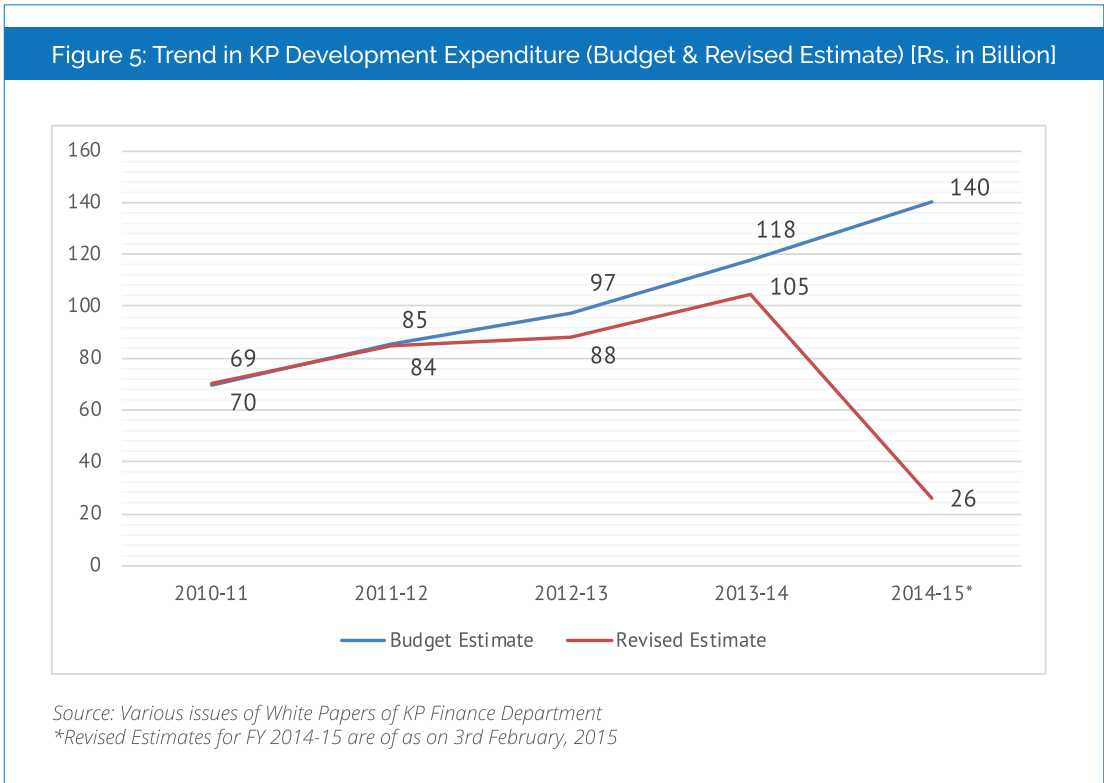
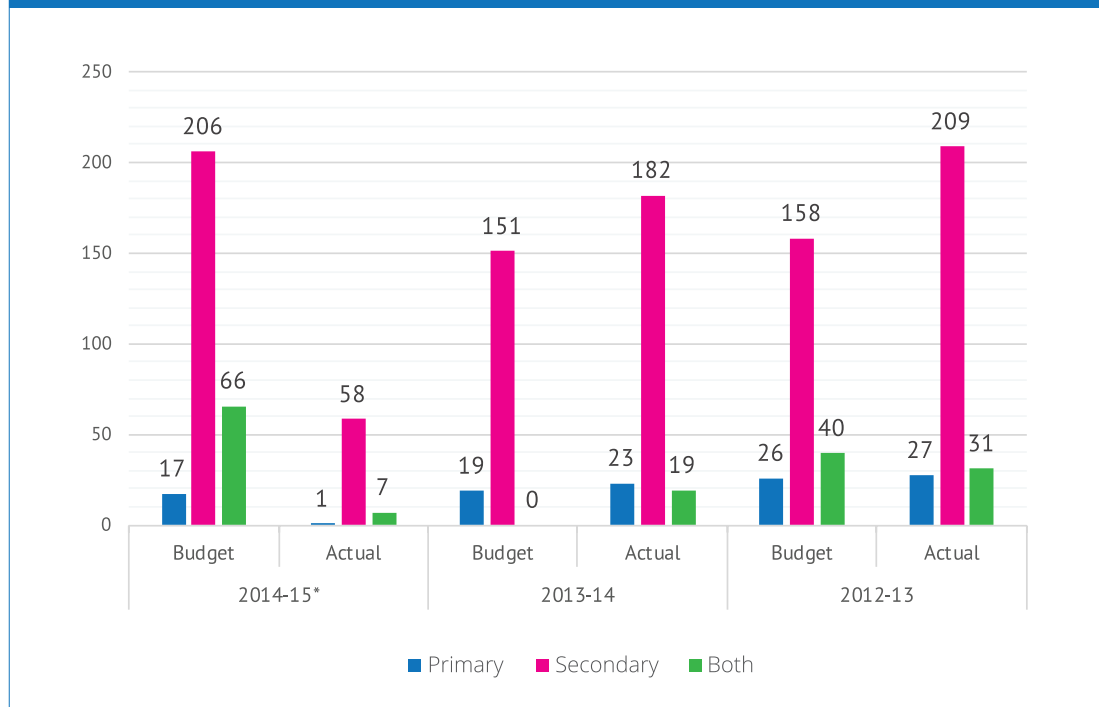


Figure 6 bifurcates development expenditure of district Haripur into primary and secondary sectors. The pattern of last 3 year shows most of the development budget (80 % on average) in the district goes to secondary education sector at the expense of primary education. It should be mentioned at the outset that the budgeted amount does not include the amount, which was not allocated to districts due to various reasons, and thus remain under the heads of 'provincial programs' in the budget

Figure 6: Haripur Development Expenditure (Primary vs Secondary) [Rs. in Million]



documents. Possible reasons for this may be 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 Haripur 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. Based on our calculations from the need assessment data given at the EMIS data surveys, district Haripur may need an extra Rs 719.3 million to repair and rehabilitate the existing rooms in the schools along with provision of missing facilities.

It was found during the field visit that no allocation is made for land purchase for construction of new 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 Haripur district and in the whole province, the sole big grant for education sector comes from DFID & EU (above 90% of total grants).

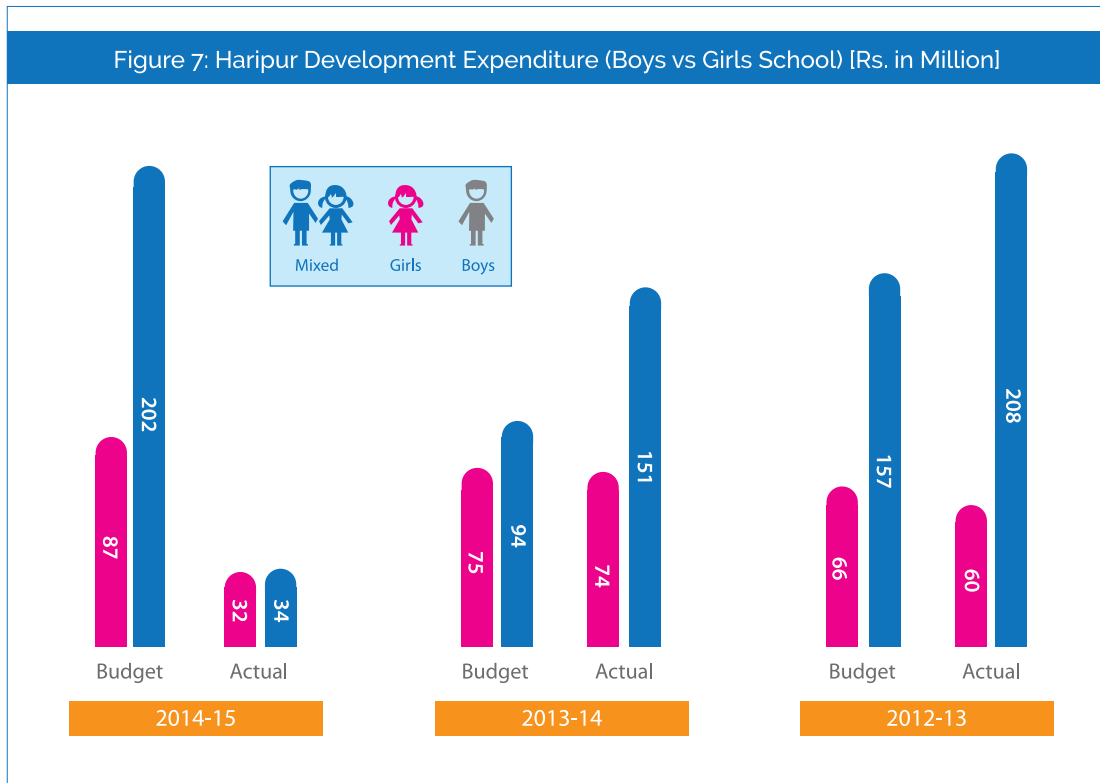
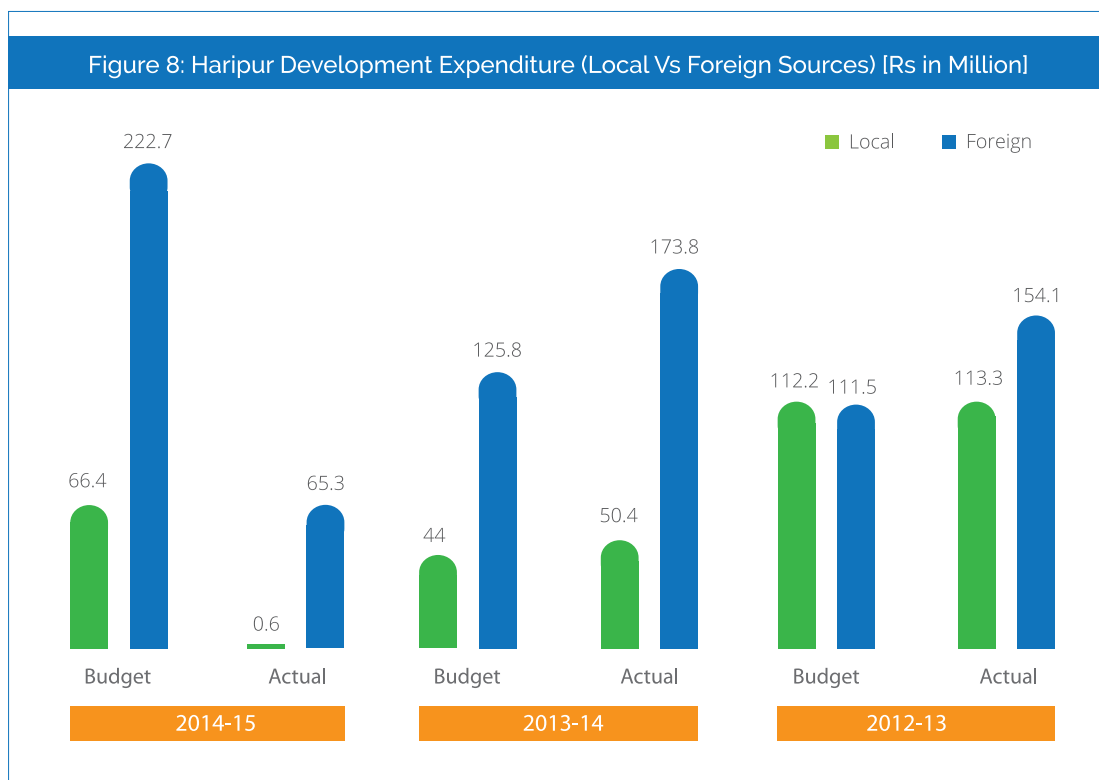


Figure 7 gives the bifurcation of development budget in Haripur districts into expenditures on boys and girls schooling. Except with stipends to girls' students of the secondary schools and a few other small interventions into girls' education, most of the development budget is not gender sensitive. 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 8 gives the bifurcation of sources of financing of the development budget in Haripur district into local and foreign finances. The data shows that more than 70 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 Haripur, 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 March 10, 2015, donations worth Rs 24.2 million being made which in turn will be spent through the existing PTCs. In Haripur district, some 30 schools were identified, including 10 primary schools and 20 secondary schools, to provide with basic missing facilities. However till the writing of this report, only one primary school got a donation of Rs 129,900 for the provision of drinking water the school and another school got Rs7,000. This is against the need of Rs 104 million for the 30 selected schools in district Haripur.

Findings and Recommendations

Following are the main findings of the study:

1. Collecting data for this study was a 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.
2. 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 Haripur. Due to lower budget allocation for this head, schools can't invest in provision of missing facilities and other repair and maintenance. The operating budget shall be increased at least 10% of total current budget.
3. As most of the budget goes 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 304 schools (277 primary, 26 middle and 1 high) in Haripur district where total enrolment is equal to or less than 40 students. Similarly, there are some 32 schools (22 middle, 9 primary, 1 high) 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 42 schools (mostly government primary schools) where there are more than 60 students per teacher. Also, there are some 30 primary schools where more than 100 students are enrolled but the teaching staff consists of 2 or less teachers.
4. The uniformed formula of providing Rs 7,000 under PTC funds, per classroom also needs to be reconsidered. The main assumption is that the more rooms the more the number of students, which is not true in many cases in district Haripur. There are many schools, which has more enrollment in one or two rooms than the five rooms schools. The PTC fund criteria should include total number of enrolment in a school as a factor for the allocation of funds.
5. PTCs members find it challenging to meet the requirements related to procurements and financial management. Proper rigorous training should be imparted to the members of PTC to effectively spend the PTC funds.
6. District Haripur depicts a success story in term of access to education for the rest of province. The Haripur experience shows that high girls' enrollment is possible even with low number of girls' schools. While social and cultural barriers may oppose co-education in some areas of KP even at primary level, the government shall encourage and promote co-education at primary level. In fact, most of the private schools have already ended this distinction of girls and boys primary schools.
7. 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.

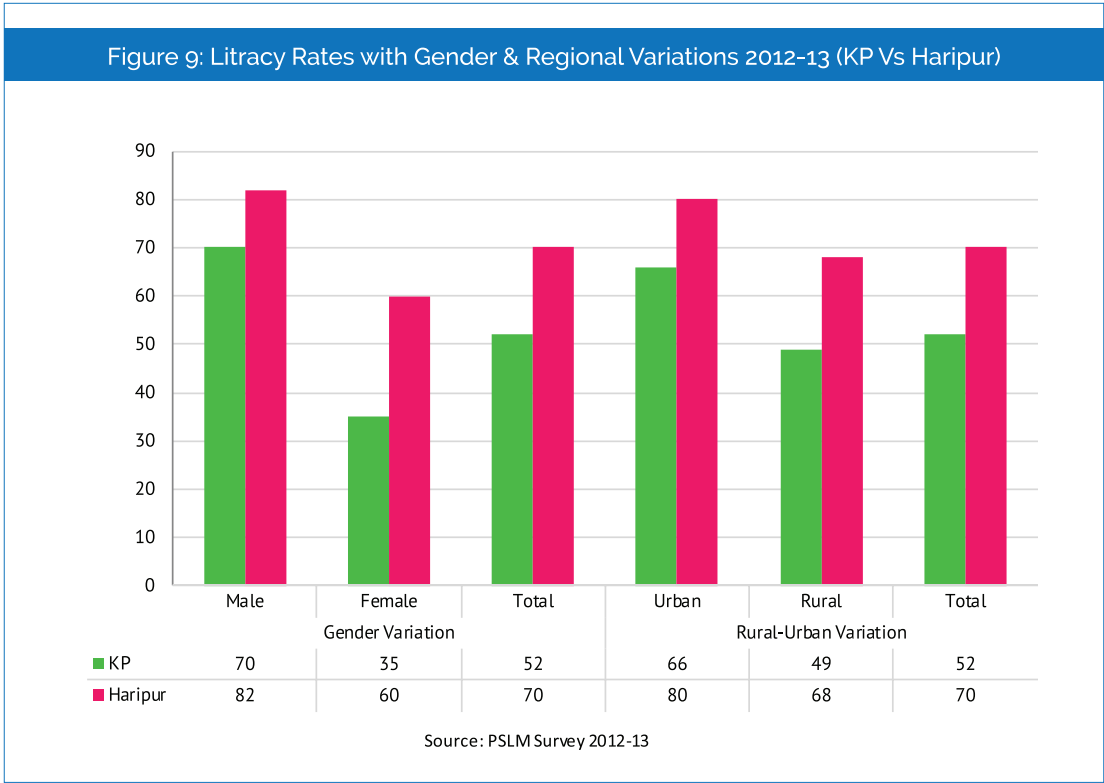
8. Both on the current and development spending sides, more focus shall be given to primary education to achieve universal primary education.
9. Like overall province, the budget disparity for boys and girls schools is glaring. Boys' primary schools get more than 60% of total primary education budget. The gap needs to be reduced.
10. 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 resource availability in the district and in the province.
11. 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.
12. 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. This needs a paradigm shift in the policy outlook of education department, to meet the constitutional obligations as per Article 25-A.
13. The success of conditional grants demands more investment on PTCs. The role of PTCs needs to be further strengthened. Similarly, Tamer-e-School Programme may have faced difficulties in collecting the 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.
14. More than access, quality of education has been the major issue in District Haripur. Government shall focus more on improving education quality.

Annexures

Annex 1: Overview of Primary & Secondary Education in District Haripur

Literacy Rates in District Haripur

Based on overall literacy rate (10 years & above) benchmark, district Haripur ranks 2nd district Abbottabad being the first, among all districts of KP according to the latest data release by Pakistan Bureau of Statistics (PBS)³. At 70 percent literacy rate, Haripur stands out as one of the top ten districts in the country as well. Its gender and rural-urban parity is much higher than the overall average for the province. However, the gender and rural-urban disparities are significant within Haripur district as well. While Haripur is a predominantly rural district with more than 80 percent of its population living in rural areas, gender disparity is particularly significant in rural areas (Figure 9).



More than access, quality of education seems to be the prime issue of district Haripur. Literacy rate may have placed Haripur district in the top 10 educated districts of Pakistan, the recent district rankings by Alif Ailaan⁴ has ranked Haripur 34th at the national level, though it retains Haripur as the top ranked district within Khyber Pakhtunkhwa (KP).

³ Pakistan Social And Living Standards Measurement Survey (PSLM) 2012-13 Provincial / District

⁴ Alif Ailaan 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.

Education Indicators for District Haripur

Table 8 gives some education indicators for district Haripur in comparison to that of the overall province. GER⁵ comparison, both for boys and particularly girls' enrolment, places Haripur in a far better compared with an average district in KP.

Similarly, overall NER, both for boys and girls, in district Haripur is better than an average district of KP reflecting higher enrolments in the primary schools compared to KP. However, in-depth analysis shows that NER of government primary schools in district Haripur is poorer than an average district of KP. On the other hand, NER of private schools in the district is far higher than an average district of KP reflecting better enrollment in private schools in Haripur. This suggests high satisfaction level on private schools over public schools.

Literacy Indicators	School Level	Haripur			KP		
		Boys	Girls	Total	Boys	Girls	Total
GER	Primary	107%	100%	104%	100%	77%	89%
	Secondary	61%	52%	57%	51%	29%	41%
NER	Primary	81%	73%	77%	80%	60%	70%
	Secondary	43%	36%	40%	39%	22%	31%
GPI	Primary	0.93			0.75		
	Secondary	0.85			0.57		
Survival Rate to Grade 5		64%	66%	66%	60%	49%	49%

The trend analysis of students' enrollment in government primary schools in district Haripur has improved over years, except a dip in 2013. Significant improvement in enrollment is also evident in 2013-14, more so in case of girls, which might have resulted from government enrollment campaign.

In terms of gender parity, despite low number of schools for girls, district Haripur is far better placed compared to an average district of KP. In fact the Gender Parity Index (GPI) in district Haripur has improved over the previous year due to steeper enrollment for girls in 2013-14. The GPI for the private schools remain lower at 0.81 compared to government institutions in Haripur, however this is significantly higher if compared with the KP's GPI of 0.53 for private schools. The higher GPI despite very low number of girls' schools is due to the fact that a significant number of girls (14,551) go to boys' schools i.e. around 36percent of the total girls enrolled in primary schools.

In addition, survival rate of students to grade 5 of primary education is of particular interest as 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. district Haripur is far better than an average district of KP in terms of survival rates. In other words, this implies that Haripur has low incidence of drop-outs. It is interesting to note that girls in Haripur have a better survival rate compared to boys. This is incongruous to the general trend in KP.

⁵ GER is calculated by dividing total number of students enrolled in primary school divided by the population of children aged 5-9 years. GER can be more than 100% due to possible presence of class repeaters and children above the age of 9 years. NER, on the other hand is calculated by dividing the number of students of age group 5-9 years divided by the population of children in that age group.

School Infrastructure in District Haripur

District Haripur has total of 1,231 Government schools (Table 9). In line with population share, most of the schools are located in rural areas. The number of schools for girls is disproportionately low given the relative gender parity of school-going age population. Girls' schools in Haripur constitute only 37.6 percent of the total government school infrastructure in district. This gender disparity is wider in primary school infrastructure (36 percent of total) as compared with secondary schools (43 percent of total). However, there are girls who are enrolled, in much larger percentage (26 percent), in boys primary schools as opposed to boys who are enrolled in girls' primary schools (15 percent) thus somehow compensating for lower school infrastructure for girls. Over the last year, primary school infrastructure witnessed a decline of 1 percent in Haripur districts. This decline for the province as a whole was much sharper at around 5 percent over the previous year. The reason may be the up gradation of primary schools into middle schools.

Table 9: School Infrastructure in Haripur & KP 2013-14

School Level	Khyber Pakhtunkhwa			Haripur		
	Boys	Girls	Total	Boys	Girls	Total
Primary	14,670	8,222	22,892	621	355	976
Middle	1,540	1,072	2,612	71	57	128
High	1,351	676	2,027	65	46	111
Higher	241	120	361	10	6	16

Source: Annual Statistical Report of E&SE, KP

Besides government schools, there exists some 382 private schools in district Haripur mainly in urban parts of the district. One third of these schools are primary while the remaining are middle, high and higher secondary level schools. Most of these schools are offering co-education.

Condition of Schools' Infrastructure in District Haripur

Research suggests that differences in students' well-being (affecting learning outcomes) can be linked to the quality of the infrastructure of the schools they attend⁶. While Haripur is better off compared to rest of the KP in terms of education indicators, in terms of school infrastructure and facilities Haripur is not far well. The District rankings of 2014 by Alif Ailaan place Haripur at 55th at the national level, in terms of school infrastructure and facilities. According to this ranking, 79% of the schools in Haripur are in satisfactory condition while 21% are not in satisfactory condition.

Tables 10 & 11 provide the data on the conditions of schools where rooms need repair and rehabilitation along with missing facilities at school in the Haripur district. Conditions of primary schools are very deplorable where some 50 percent of classrooms need some kind of repair & rehabilitation. Repair requirements range from minor repair to complete rehabilitation.

⁶ Katrien Cuyvers et al. (2011), "Well-being at school: Does infrastructure matter?" Accessible at <http://www.oecd.org/edu/innovation-education/centreforeffectivelearningenvironmentscele/49167628.pdf>

Table 10: Rooms in Need of Repair & Rehabilitation in Haripur District

School Level	Total Rooms		Rooms Need Major Repair		Rooms Need Minor Repair		Rooms Need Rehabilitation	
	Boys School	Girls School	Boys School	Girls School	Boys School	Girls School	Boys School	Girls School
Primary	1,952	1,277	340	117	567	296	169	52
Middle	330	251	44	2	93	44	26	1
High	828	567	180	35	151	76	78	68
Higher	249	146	7	-	35	30	25	11
Total	3,359	2,241	571	154	846	446	298	132

Source: Annual Statistical Report, E&SE Department KP

Table 11: Missing Facilities in School in Haripur District

School Level	Boundary Wall		Water		Electricity		Toilet	
	Boys School	Girls School	Boys School	Girls School	Boys School	Girls School	Boys School	Girls School
Primary	162	7	179	114	204	126	110	18
Middle	24	2	18	15	17	16	7	6
High	16	-	6	1	7	1	5	-
Higher	2	-	-	-	-	-	-	-
Total	204	9	203	130	228	143	122	24

Source: Annual Statistical Report, E&SE Department KP

Moreover, 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 Ranking for 2014 by Alif Ailaan places Haripur at 14th position in KP in terms of schools' infrastructure. Table 11 illustrates an overview of this situation. It is particularly noticeable that a great number of boys' schools (most of them primary schools) are missing such basic facilities. It is also worth noting that there are 50 government primary schools (48 of these are boys' schools) in Haripur lacking all the basic facilities.

Furthermore, it is important to underscore that needs assessment is essential for better future planning and development. Need assessment is the understanding about "what is" and "what should be". While it is a procedure/analysis for finding the issues and their underlying causes, it also helps in setting out priorities for future plan of action. The fact is that there is never enough money to address all the needs, therefore needs assessment helps in assigning priorities for efficient budgetary allocation. 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. Prioritization is possible and practical. 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, the boundary walls naturally come at first priority now. Boundary walls also become first priority for girls schools, where cultural barriers restrict girls to be in schools without boundary walls.

Based on the cost estimates of the Tameer-e-School program of the Government of KP, the budget required for repair and rehabilitation of the existing classrooms in all schools in the district Haripur can be calculated. Under the Tameer-e-School program, the funds are utilized through Parent Teacher Councils (PTCs) and local community, therefore the cost is very low. According to the estimates, the government would need a sum of Rs719.3 million to completely rehabilitate the existing school infrastructure and provide with missing facilities in government schools in Haripur. Further bifurcating the cost estimates, Rs179.2 million are needed to provide for the missing facilities in the government schools while Rs540.1 million are needed to repair and rehabilitate the existing rooms in the government schools. However, this cost does not include the need for additional classrooms in a number of schools having high enrollments while having 2 or less classrooms. There are 115 schools where, on average, where only one room is available for more than 60 children. There are 277 schools in the districts are such that where one room is available for more than 40 or less than 60 students. The government policy is to have 1 room for each 40 students. These room-deficient schools need to be identified in the EMIS data, and the budget shall be allocated accordingly. The incumbent government took a good step to construct 6-classrooms schools only in future. However, the current practice of constructing schools mostly on political basis need to be arrested, and the actual needs must be identified for new schools for optimal utilization of schools buildings.

Delivery & Quality of Education Services

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

- i. Only 50% of the class 5th students can read a story in Urdu textbook of class 2.
- ii. Only 38% of the class 5th students can read a sentence in English textbook of class 2.
- iii. Only 31% of the class 5th 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. 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.

Annex 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 development⁷.

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

⁷ IDS 2014-18

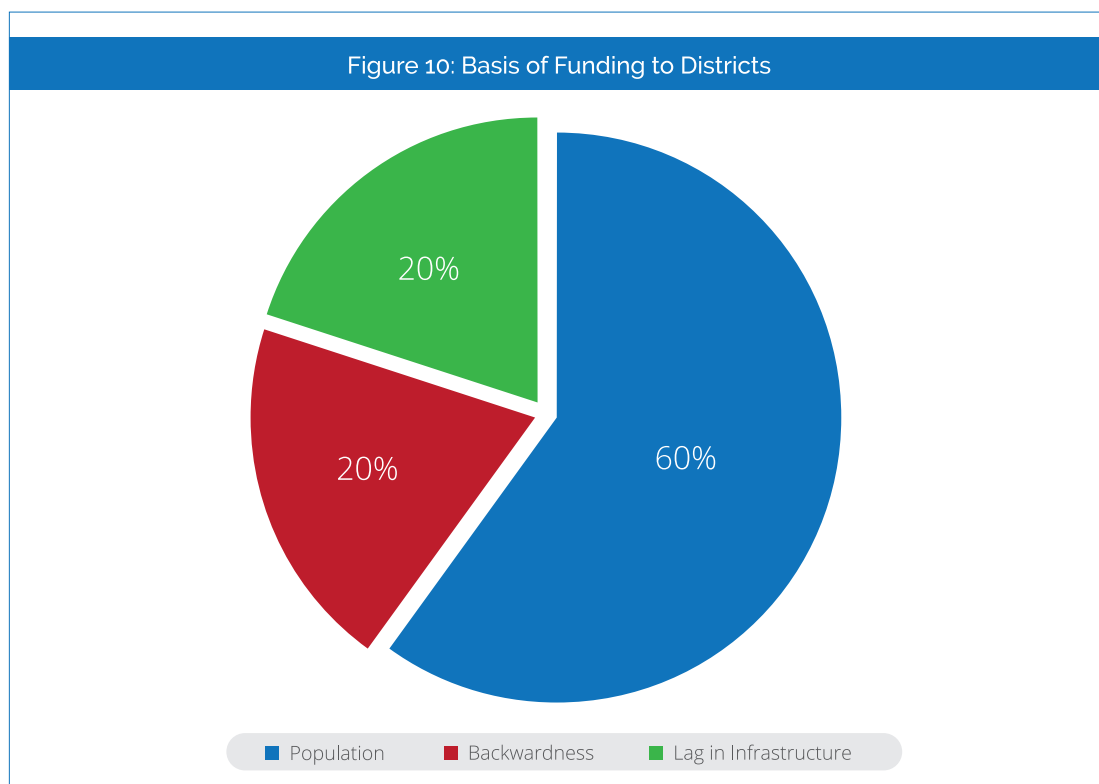
has not yet been materialized. The purpose of DSP was to incorporate local strategy with the help of local community and stakeholders to promote citizen participation in the budget making process and strategy formulation.

Annex 3: Budget Making Process at 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 10, 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 survey⁸, 89percent of the district department (including education) does not conduct pre-budget consultation sessions at the district level. All this needs 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.

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

Annex 4: District Haripur Primary Education Current Budgets Trends

Table 12: Primary Education Current Budgets Trends in District Haripur

Budget Heads	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget	Actual Utilization	Budget	Actual Utilization	Budget	Actual Utilization	Budget	Actual Utilization	Budget	Actual Utilization as on Dec. 31, 2014
District Haripur Total E&SE Education Budgets	1,965,682,026	1,706,201,416	1,748,092,752	2,115,429,092	2,164,207,740	2,557,729,587	2,562,581,000	2,795,885,601	3,018,499,000	1,495,206,122
1. District Haripur Total Primary Education Budgets	631,875,900	319,576,076	666,517,974	942,181,353	866,143,080	1,161,782,343	1,053,673,000	1,223,299,773	1,254,191,000	664,935,461
Primary-Female	251,321,610	125,662,083	266,208,584	371,444,928	313,391,320	488,187,252	370,775,000	495,744,697	465,539,000	261,086,087
Employees Related Expenses	251,141,610	124,492,829	265,978,580	365,188,597	313,195,320	439,657,252	370,436,000	495,416,215	465,225,000	260,286,087
Operating Expenses	180,000	169,254	230,004	2,368,331	196,000	2,292,000	317,000	128,482	314,000	-
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	1,000,000	-	600,000	-	42,950,000	10,000	200,000	-	800,000
PHYSICAL ASSETS							2,000	-		
REPAIRS AND MAINTENANCE				3,288,000		3,288,000	10,000	-		
Primary-Male	380,554,290	193,913,993	400,309,390	570,736,425	552,751,760	673,595,091	682,898,000	727,555,076	788,652,000	403,849,374
EMPLOYEES RELATED EXPENSES.	380,434,290	191,125,911	400,099,390	555,279,487	552,561,760	658,129,185	682,605,000	727,495,982	788,482,000	390,500,724
OPERATING EXPENSES	120,000	88,082	210,000	3,654,938	190,000	3,563,906	271,000	59,094	170,000	3,828,650
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	2,700,000	-	1,400,000	-	1,500,000	10,000	-		
PHYSICAL ASSETS							2,000	-		
REPAIRS AND MAINTENANCE				10,402,000		10,402,000	10,000	-		9,520,000
Administration	9,762,260	9,751,825	11,004,630	12,187,553	13,490,840	14,904,444	8,680,000	37,231,815	12,721,000	8,209,845
Administration-Female	9,762,260	9,751,825	11,004,630	12,187,553	13,490,840	14,904,444	4,004,000	15,084,799	5,539,000	3,627,580
EMPLOYEES RELATED EXPENSES.	9,467,260	9,287,971	10,313,630	11,301,789	12,600,840	13,362,134	3,673,000	6,020,024	4,933,000	3,482,996
OPERATING EXPENSES	275,000	423,867	661,000	826,103	850,000	1,502,310	249,000	8,977,275	537,000	128,004
GRANTS SUBSIDIES AND WRITE OFF LOANS							10,000	-		
PHYSICAL ASSETS							12,000	17,500	9,000	5,000
REPAIRS AND MAINTENANCE	20,000	39,987	30,000	59,661	40,000	40,000	60,000	70,000	60,000	11,580
Administration-Male							4,676,000	22,147,016	7,182,000	4,582,265
EMPLOYEES RELATED EXPENSES.							4,355,000	8,142,712	6,660,000	4,414,999
OPERATING EXPENSES							239,000	13,961,534	450,000	158,266

Budget Heads	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget	Actual Utilization	Budget	Actual Utilization	Budget	Actual Utilization	Budget	Actual Utilization	Budget	Actual Utilization as on Dec. 31, 2014
GRANTS SUBSIDIES AND WRITE OFF LOANS							10,000	-		
PHYSICAL ASSETS							12,000	13,200	12,000	1,700
REPAIRS AND MAINTENANCE							60,000	29,570	60,000	7,300
Others	7,604,000	8,349,704	10,176,000	10,513,776	9,904,000	1,861,184	14,556,000	14,167,505	15,854,000	5,770,156
Others-Male	7,604,000	8,349,704	10,176,000	10,513,776	9,904,000	1,861,184	14,556,000	14,167,505	15,854,000	5,770,156
EMPLOYEES RELATED EXPENSES.	7,285,000	7,929,899	9,997,000	10,266,776	9,712,000	1,861,184	14,349,000	13,874,976	15,623,000	5,642,270
OPERATING EXPENSES	314,300	215,575	173,800	242,000	186,000	-	201,000	282,529	225,000	121,886
GRANTS SUBSIDIES AND WRITE OFF LOANS	-	200,000								
REPAIRS AND MAINTENANCE	4,700	4,230	5,200	5,000	6,000	-	6,000	10,000	6,000	6,000

Annex 5: Budget Estimates for Service Delivery 2014-17

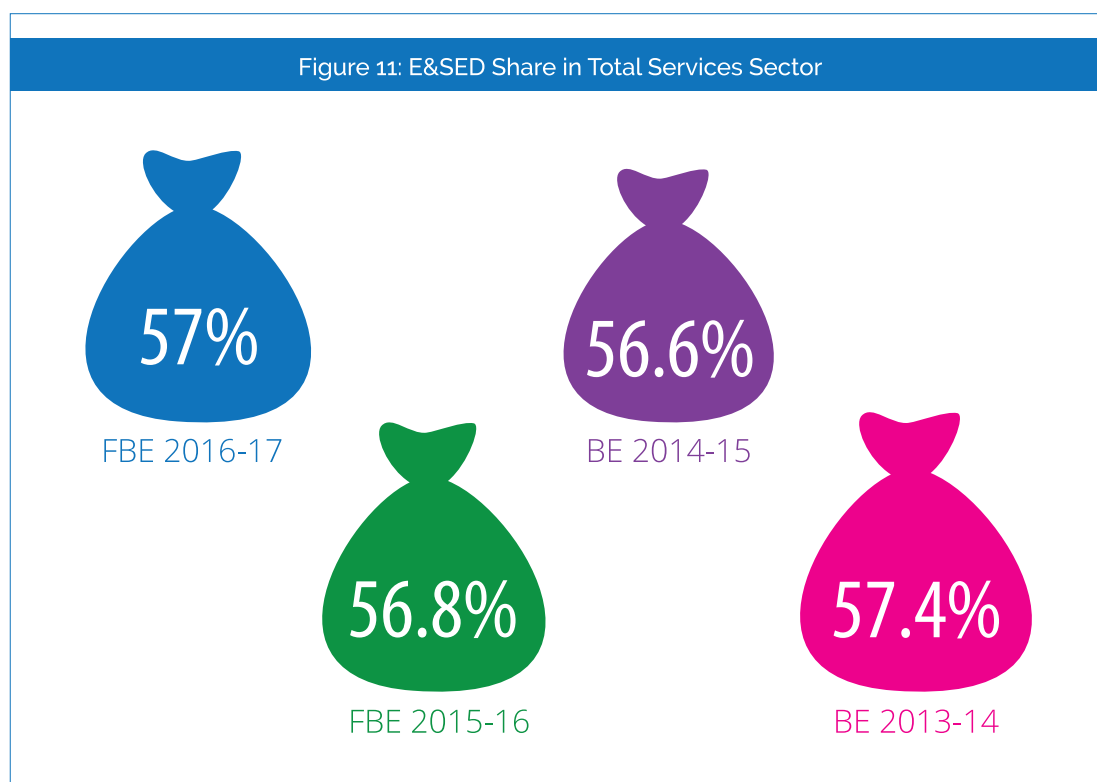
The Budget Estimates for Service Delivery 2014-17, also known as Output Based Budgeting (OBB), is basically based on medium term fiscal framework of KP. Contrary to the traditional by object classification of budget estimates, OBB reflects outcomes/outputs based budget classification for both current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

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 [Table 13 & Figure 11]:

	BE 2013-14	BE 2014-15	FBE 2015-16	FBE 2016-17
Salary	56,440.6	65,770.7	76,294.0	88,501.0
Non-Salary	4,112.4	7,913.8	9,100.8	10,446.0
Development/ Capital	24,076.7	19,926.6	22,635.5	25,272.9
Sub-Total	84,629.6	93,611.0	108,030.3	124,239.9
Grand Total Social Services Sector	147,369.7	165,331.4	190,223.7	217,867.4
E&SED Share in Total Services Sector	57.4%	56.6%	56.8%	57.0%

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



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

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

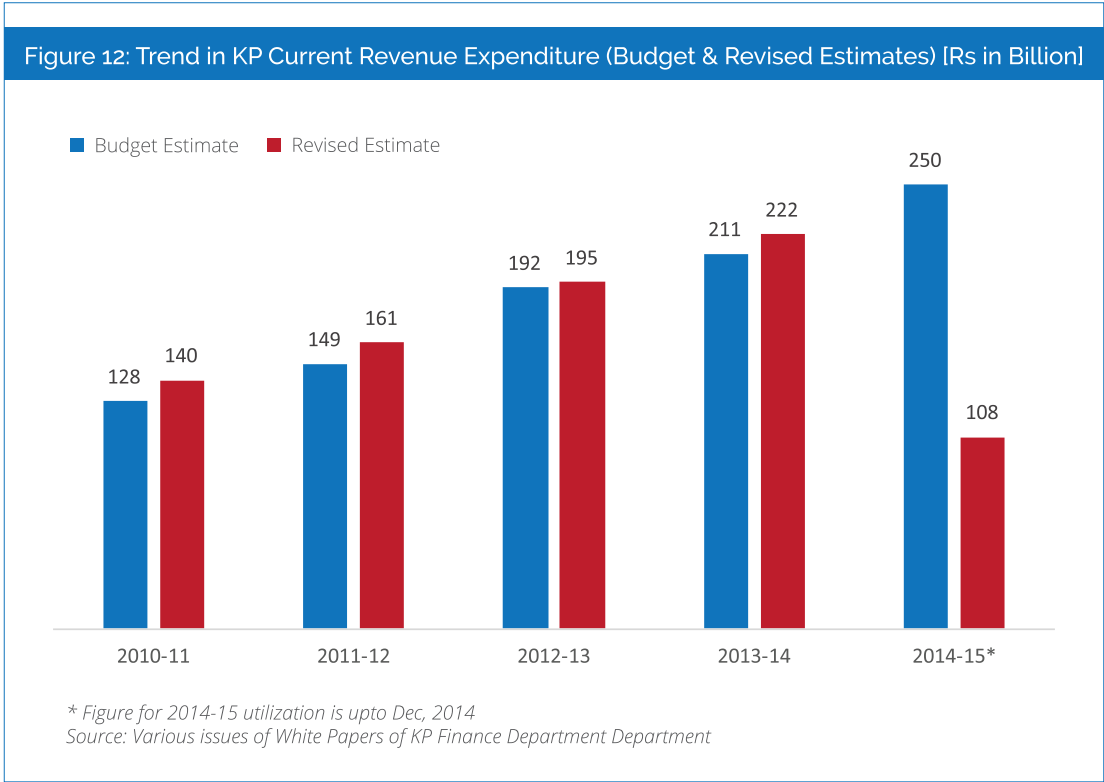
Adapted from the Government of the Khyber Pakhtunkhwa Finance Department’s Budget Estimates for Service Delivery 2014-17, the following illustration shows E&SED major KPIs against major outcomes:

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 6: Trend Analysis of KP Budget

As the figure 12 depicts, 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 6 show the trend of overall current revenue expenditure where budget estimates rose from Rs 128 billion in FY 2010-11 to Rs 250 billion in the current FY of 2014-15, almost doubled in nominal terms over the period. The revised estimates of current revenue expenditure, however, show that a 6percent more were actually spent as against the budget estimates.



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: 14). 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 (50.5percent) in the province have 2 or less teachers. Similarly some 54percent 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 15 gives Elementary and Secondary Education share in the total development budget over the last five years. As figures of the budget estimates show, around 15 percent of the development budget is dedicated for E&SE Sector. Though the budget allocation to E&SE rose from a meager Rs7.9 billion to Rs19.9 billion over the last five years, revised estimates show that most of the budget allocation could not be utilized. Most of this is due to non-utilization of foreign grants as either the international commitment to this sector were not entertained or there exists some rigidities at the department level which cannot utilize these commitments. Or it may be a combination of both. Last 5 years data shows that while almost all allocation from local sources were utilized by the government on Education, they were only able to utilize up to 60 percent of the foreign commitments in the education sector, on average.

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



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