

# Education Budgets Analysis

## Khyber Pakhtunkhwa Province (Pakistan)

From Fiscal Year 2011-2012 to Fiscal Year 2013-2014



**Centre for Governance and Public Accountability (CGPA)**

**May 2014**

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Centre for Governance and Public Accountability (CGPA) is not for profit, non-governmental, civil society organization. CGPA strives for inclusive development and promotion of peace through right based and governance focused approaches. CGPA is registered under Society Registration Act XXI of 1860.

**[Right to education. The State shall provide free and compulsory education to all children of the age of five to sixteen years in such manner as may be determined by law.]**

Article 25-A of the Constitution of Pakistan



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## Abbreviations

ADP	Annual Development Programme
CGPA	Centre for Governance and Public Accountability
CCB	Citizens Community Board
DCO	District Coordination Officer
DDO	Drawing and Disbursing Officer
DMO	District Monitoring Officer
EDO	Executive District Officer
EMIS	Education Management Information System
E&SE	Elementary and Secondary Education
ESRU	Education Sector Reforms Unit
ESR	Education Sector Reform
EST	Elementary School Teacher
FATA	Federally Administered Tribal Areas
F & P	Finance and Planning
GER	Gross Enrollment Rate
HEC	Higher Education Commission
ICT	Islamabad Capital Territory
IDPs	Internally Displaced People
KP	Khyber Pakhtunkhwa
LGO	Local Government Ordinance
MRC	Medical Reimbursement Charges
MDGs	Millennium Development Goals
PLMS	Pakistan Living Standard Measurement
KP	Khyber Pakhtunkhwa
KPLGA	KP Local Government Act
OSR	Own Source Revenue
OBB	Output Based Budgeting
PFC	Provincial Finance Commission
PST	Primary School Teacher
PSDP	Public Sector Development Programme
PTC	Parents Teachers Council
RBM	Result Based Management
SMCs	School Management Committees
SST	Secondary School Teacher
UNDP	United Nations Development Programme

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## Executive Summary

This study has been carried out on the Elementary & Secondary Education (E&SE) budgets of Khyber Pakhtunkhwa province by Centre for Governance and Public Accountability (CGPA). The study covers last three years (2011-12, 2012-13 & 2013-14) of provincial budgets of both the current expenditure and development expenditure. The basic purpose of the study is to analyze the preparation and implementation of the annual budgets for the E&SE sector in order to understand various trends in terms of budget allocations, priorities, utilization and citizens' participation. This report tries to analyze the comparable data which should help in informing various policy relevant analysis and discussions related to elementary and secondary education budgets.

Information and data used in the study is taken from both primary and secondary sources. The data on literacy indicators and situation analysis of the E&SE sector is taken from Pakistan Bureau of Statistics (PBS) and Education Management Information System (EMIS) of KP E&SE department. Latest available data of Pakistan Living Standard Measurement (PSLM) survey is used during the analysis. The data on current and development budgets is taken from the KP's Finance Department and their published reports are used as sources of this study. The policy documents related to budget preparation and education sector strategy were taken to link policy with the actual practice in the budget making process.

The findings of the study are revealing and unearth lack of connections between education policies/strategies and actual budget allocations for the E&SE sector. While the policy emphasizes output-based budgeting, the practice is still the traditional incremental budget making in the province. Education budgets were increased over the years but only enough to neutralize the negative impact of double digit inflation. Most of the current expenditure on E&SE sector goes to salary of the employees (up to the tune of 99%) thus leaving very little space for other important heads and leaves very little room for operation & maintenance. Despite the fact that the bulk of enrolment and school infrastructure in KP is in primary schools, primary sector receive less than proportionate share of budget. Due to this neglect, the literacy indicators at the primary level are almost stagnant. More than half of government primary schools have two or less rooms. Similarly, half of the schools are run by two or less teachers. The study also finds out that large intra district disparities in terms of allocation of resources.

On the development expenditure side, budget to the tune of 80 percent goes to the secondary education and thus neglecting the development of primary education sector in the province. This is totally against the stated policy focus on the primary education in all the policy documents of the provincial government. If government is serious on achieving the MDGs, it has to shift focus to primary education and make efforts to improve basic infrastructure to bring-in the out of school children to schools, especially girls.

## 1. Introduction

Khyber Pakhtunkhwa (KP) is located in far north side of Pakistan and has an area of 74,521 square kilometers which covers 9.4% of total Pakistan's land. As per 1998 census data<sup>1</sup>, the population of Khyber Pakhtunkhwa was recorded as 17.74 million (13.4% of total country's population) with population density of 238.1 persons/sq.kms as compared with national population density of 166.3 persons/sq.kms. Taking the population average annual growth rate of 2.82% between previous two censuses, the KP total estimated population by 2013 is projected to be about 27 million with population density of 361.4 persons/sq.kms. Around 83% of KP population is rural based with an average household members of 7.6 per household. Moreover, the population density in KP would be on higher side if we take into account the huge number of Internally Displaced People (IDPs) or other migrated population from adjacent Federal Administered Tribal Areas (FATA) to KP due to pervasive security instability in FATA. Presently KP has composed of 25 districts as Tor Ghar officially became the districts of KP on 28<sup>th</sup> January, 2011.

KP is one of the least-developed and crisis-prone province in Pakistan and due to its proximity to geo-political conflict in Afghanistan; the province has been prone to severe militancy. Along with on-going militancy in KP, the vagaries of floods and earthquake affecting the provincial infrastructure. This includes the blowing up of a large number of schools by the militants in KP province. According to a report published by Society for the Protection of the Rights of the Child in 2012<sup>2</sup>, a total of 710 schools had been destroyed or damaged by militants in Khyber Pakhtunkhwa. The report further documented that around 0.6 million children in Khyber Pakhtunkhwa have missed one or more years of education due to militancy. Similarly floods in 2010 have damaged a large number of schools located in KP. To offset these adverse conditions, the government of Khyber Pakhtunkhwa need massive spending in the education infrastructure to bring back children to schools.

For attaining the long term sustainable economic growth, productive human resource is an important factor and therefore quality education is a key to that in a highly integrated and skill based economies. Moreover in the chapter on Fundamental Rights, Pakistani constitution guarantees in section 25-A that The State shall provide free and compulsory education to all children of the age of five to sixteen years in such manner as may be determined by law. Pakistan has been comparatively on lower ranking when it comes to education indicators across regional and global world and Khyber Pakhtunkhwa province is not an exception too (A brief situation analysis of the education sector of KP will follow in the coming sections).

Pakistan is signatory to the Millennium Development Goals (MDGs) of the United Nation Development Programme (UNDP) and achieving education-related MDGs are high on priority of the federal and provincial governments. International multi-donor agencies also support provincial and federal governments in order to accelerate the achievement of MDGs targets by 2015. Six of the 34 indicators for which Pakistan track the progress concern about education. These 6 indicators include; universal primary education, 100 percent survival rate from grade 1 to 5, 88% literacy rate for the population age 10 years and above, and achieving parity across

<sup>1</sup> [http://www.pbs.gov.pk/sites/default/files/population\\_census/Administrative%20Units.pdf](http://www.pbs.gov.pk/sites/default/files/population_census/Administrative%20Units.pdf)

<sup>2</sup> <http://www.dawn.com/news/748685/militancy-keeps-600000-kp-children-out-of-school>



gender for primary & secondary education and gender parity on youth literacy. As education is a provincial subject, KP also report on the progress of these indicators and devise policies to achieve the targets by 2015.

## 2. An Overview of the Education Sector in Khyber Pakhtunkhwa

### 2.1. Some Selective Indicators of Literacy in KP

Education sector in Pakistan can be divided into four major levels i.e. primary, secondary, tertiary and higher level. The focus of current study is on the primary and secondary education in Khyber Pakhtunkhwa which is run by Elementary & Secondary Education department of the Pakhtunkhwa government and managed at the district level through District Education Officers (DEOs). All the education-related MDGs focus on the primary and secondary education for both girls and boys. According to Education Management Information System (EMIS) data set of 2012-13, a total of 3.93 million students are enrolled in government schools while some 287,361 children of primary school going age are out of school, mostly girls. The figures from the

Region / Province		2010-11			2012-13		
		Male	Female	Both	Male	Female	Both
Pakistan	Overall	69	46	58	71	48	60
	Urban	81	67	74	82	69	76
	Rural	63	35	49	64	37	51
KP	Overall	68	33	50	70	35	52
	Urban	77	50	63	78	52	66
	Rural	67	29	48	69	31	49

Source: PSLM 2010-11 & 2012-13, Pakistan Bureau of Statistics

report suggest a higher number of children out of school and place the total number at around 530,000 where 75% of them are girls. However independent researchers' finds out that these figures underestimate the enrolment figure as it is based on the school record collected by the education department itself. In the EMIS data set, for example, the Net Enrolment Rate (NER) at the primary level (age 5-9) in KP for 2012-13 is 68% while the PSLM data set give a lower figure of NER of 54%. This mean that out-of-school children in KP may be much higher than the one reported by EMIS data set. The latest and more reliable data available on education indicators is the 2012-13 round of Pakistan Social and Living Standard Measurement (PSLM) survey published by the Pakistan Bureau of Statistics in April, 2014. The data is representative for both rural and urban locations at district level. In 2012-13, the overall literacy rate in KP is 52% which is less than the national level of 60% and therefore lagging much behind the MDG target of 88% and provincial literacy target of 75% by 2015<sup>3</sup>. The literacy rate target for comparison to other national regions, KP has a higher level of literacy rate only in comparison to Balochistan and FATA. While the male literacy rate is close to the national average of literacy rate, female literacy rate is far below (35%) than the national average (48%). The main contributor to low female literacy rate is the rural locations where due to rampant poverty and

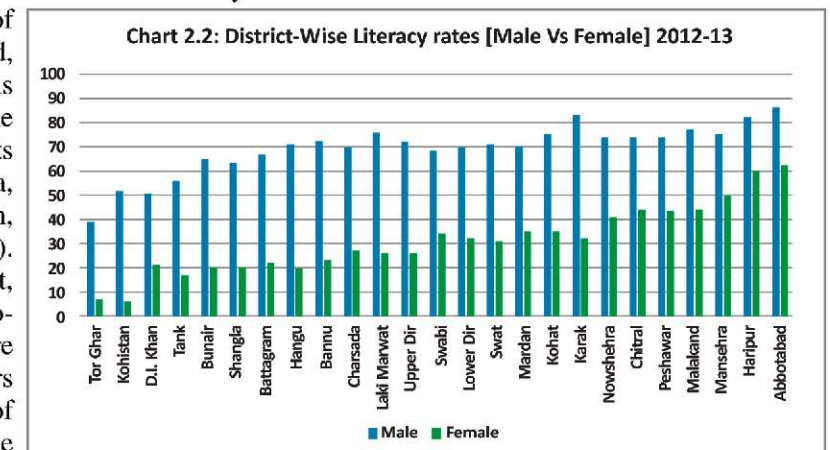
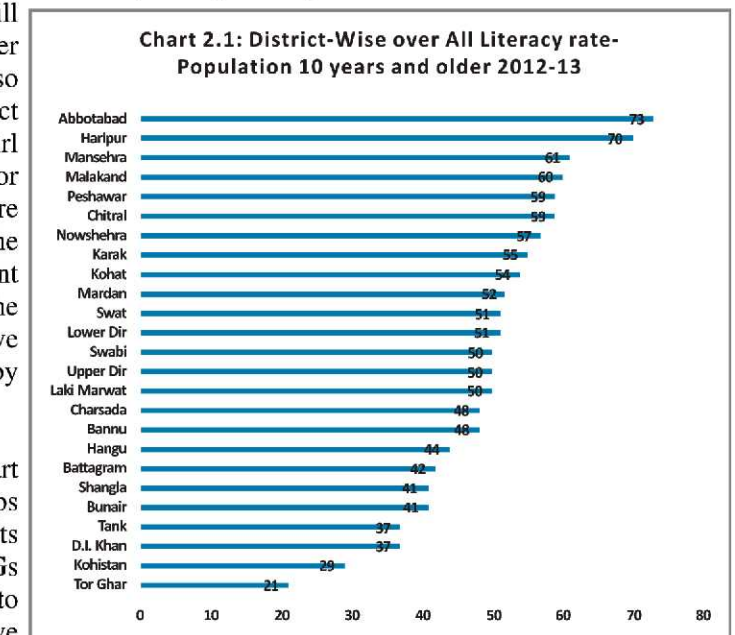
<sup>3</sup> KP MDGs Report, UNDP 2011.

cultural norms, most of the girls are out of school. Moreover the literacy rates only marginally improved (in the range of 1 to 2 percentage points) over the year 2011-12 data (see Table 2.1). As against achieving MDG target of 100% completion/survival rate at primary level education, KP carries an overall completion rate of 44% as compared with 51% at national level well below the target. The figures for girls are more depressing as only 29% of female students enrolled in primary schools survives till grade 5 throughout Khyber Pakhtunkhwa. There are also large disparities across district where the survival rates for girl students in Kohistan and Tor Ghar district, for example, are below 3 percent. Similarly the current Net Primary Enrolment rates in KP is just 54% and the target for the MDG is to achieve 100% net primary enrolment by 2015.

All this in turn entails on the part of the government to fill the gaps with holistic approach and efforts in order to attain the MDGs targets with the respect to education. Therefore efforts have been continuously made, though the pace and quality of efforts may be marked with a question mark. Resultantly, only modest rise have been seen with respect to education indicators in Khyber Pakhtunkhwa.

As mentioned earlier, large disparities exist in the literacy ratios across districts which are depicted in chart 2.1. The overall literacy rate in some districts of KP hovers around a

respectable figure of 70% (Abbottabad, Haripur), while it is lower than 40% for some other districts (Battagram, Shangla, Bunair, Tank, D.I.Khan, Kohistan and Tor Ghar). Government neglect, poverty and socio-political conditions are the possible contributors to lower attainment of education at these districts. An educational emergency in these districts which has the lowest literacy rates should

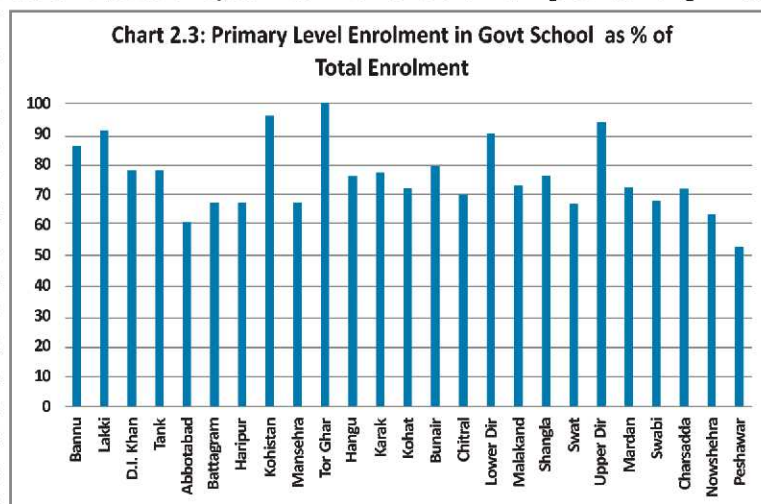




be imposed and more funds should be allocated to these districts in order to catch up with other part of the province. Similarly huge gender gap exists and that too with a large variations across the districts (See Chart 2.2. In districts of Tor Ghar and Kohistan only 7% and 6% of the total female population are literate while the remaining population is illiterate. Programs should be specifically design to focus on the female education in these low performing districts and rigorous campaign should be launched by the provincial government to get out of schools girls into schools. Civil society, faith-based organizations and local elders should be mobilized to convince them about the importance of female education. Programs likes stipend for female students should be accompanied with the provision of schools which should improve access to schools in the closest vicinity. The district wise Gender Parity Index<sup>4</sup> (GPI) for 2012-13, as measured by the ratio of females over males for primary and secondary level education shows inequality across the districts except Haripur for which the values for both primary and secondary level GPI is almost 1.

## 2.2. Situation Analysis of Public Sector School Provision in KP

Besides it limitations, public sector education system still remains the main provider of primary sector education in Khyber Pakhtunkhwa. According to PSLM 2012-13 data, overall net primary enrollment in KP (excluding Katchi class) as percent of total primary level enrolment stood at 72%. The same ratio, however, stood at 76% in 2010-11 showing a sharp decline of 4 percentage point in enrolment in government schools with in just two years. More than 28 % of the children go to private schools and this is ratio is more in urban localities where almost half of the children (48%) go to private schools in KP. Multiple factors are responsible for this shift of parents from government to private schools but the biggest may be the dissatisfaction of the parents on government-run schools. Lack of basic facilities, teacher absenteeism, low quality of schooling and high student-teacher ratios compel middle and upper middle class parents to shift to private schools. Increased incomes of parents and other socio-economic and geographical factors may also contribute to this shift.



<sup>4</sup> A GPI of less than 1 indicates that there are fewer females than males in the formal education system in proportion to the appropriate school-age population. A GPI of more than 1 means that there are proportionately more girls than boys attending school. A score of 1 reflects equal enrolment rates for boys and girls.

As per EMIS data for the year 2012-13, there are a total of 27,975 educational institutions of which 82.5 percent are primary schools while the remaining are secondary schools which consists of middle, high and higher secondary schools (See Table 2.2). There are some 397 non-functional schools in the province while another 100 schools are newly constructed which are yet to be made functional. Total schools in 2012-13 are 2.8 percent higher than those in 2010-2011.

Secondary schools infrastructure grew more than that of the primary schools in percentage terms. The gender-wise distribution of the school infrastructure shows that almost

**Table 2.2: Number of Funtional Government Schools in KP**

School Level	2010-11			2011-12			2012-13		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Primary	14,770	7,838	22,608	14,819	7,941	22,760	14,963	8,110	23,073
Secoundry	2,957	1,642	4,599	3,004	1,692	4,696	3,092	1,810	4,902
Total	17,727	9,480	27,207	17,823	9,633	27,456	18,055	9,920	27,975

Source: EMIS, E&SE Department, KP, 2012-13

65% of the total school infrastructure is for boys while the remaining 35% is for girls despite the fact that overall population is equally distributed between male and female. This obviously would not complement the policy of eliminating the gender disparity with respect to primary education in KP. Three of the MDGs indicators are related to the gender parity in education, and with this biasedness in the supply of schools, we are not going to achieve those targets anytime soon. Government need to heavily invest in girl's school in order to increase girl's enrolment in the province. However, over the period under discussion, girl's schools infrastructure (especially secondary schools) grew more rapidly than those of boys. Due to shortage of girls-only schools, around 314,614 girls went to boys' primary schools in 2012-13.

According to the same EMIS data set, around 54% of the total primary schools (11,020 out of 20,439) have either two or less rooms thus causing shortage of space for the already enrolled students (see Table 2.3).

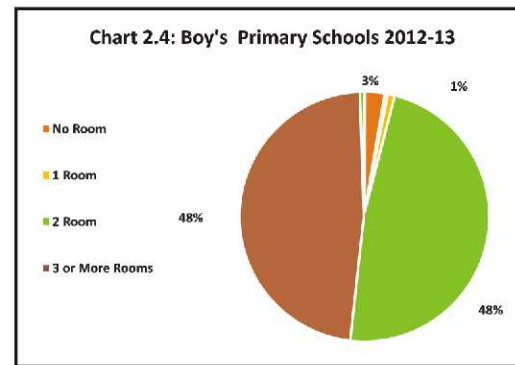
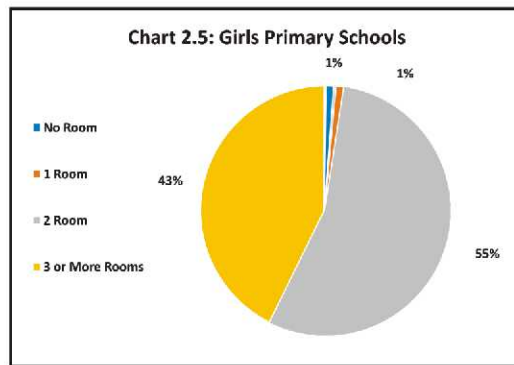
The situation is worst in school where 58% of primary schools are operating with two or less rooms (See Chart 2.3 & 2.4). If the government is serious about bringing in the out-of-school children to school, they have to

**Table 2.3: Govt Primary Schools Classroom:Enrolment ratio the girl's (excluding Maktab & Mosque schools)**

Class Rooms	No of Schools	Enrolment	No of Classrooms	Class:Student ratio
No Room	447	36,638	-	-
1 Room	255	18,097	255	71
2 Rooms	10,318	835,570	20,636	40
3 or More Rooms	9,419	1,853,658	46,240	40
<b>Total</b>	<b>20,439</b>	<b>2,743,963</b>	<b>67,131</b>	<b>41</b>

Source: EMIS, E&SE Department, KP, 2012-13





construct new rooms in the existing schools as in extreme conditions children enrolled in government schools suffer.

Currently, 18% of government primary schools either do not own its building or operating in rented building or having no building at all therefore operating in a tent. Out of total schools operating in in rented building or tents, 85% are boys' schools while the remaining are the girls' schools (See Table 2.4). Another dilemma facing by the KP education sector is the non-functioning of schools in different districts. As per UNDP, KP MDGs Report 2011, many of the non-functional schools in the province are located in areas affected by worse security situations such as Banu, Swat and Charsadda. But such non-functional schools are also present in peaceful districts of KP such as Abbottabad, which indicates towards the lack of governance and non-serious attitude of respective governments to the education sector. Besides that there are 2,677 schools running in mosques or maktab schools which need to be regularized.

With respect to basic facilities within public sector schools, out of total primary schools, 21% have no boundary walls, 33% lack safe drinking water facilities, 46% are without electricity and 17% possess no sanitation facilities<sup>5</sup>. Besides missing rooms and missing facilities, government primary schools in Khyber Pakhtunkhwa has shortages of teachers which has a great negative impact on the quality of schooling. Table 2.3 present the data of number of

<sup>5</sup> Source: EMIS 2012-13, E&SE Department, KP

**Table 2.4: Different indicators for Public Primary Schools 2010-11**

Indicators	Boys' School	Girls' School	Total
Number of Schools	14,770	7,838	22,608
Teaching Staff	45,412	25,591	71,003
Non-Teaching	11,905	8,581	20,486
Student Teachers Ratio	1:40	1:38	1:39
Schools in Govt. Buildings	11,357	7,213	18,570
Schools in Rented Buildings / Tents	3,413	625	4,038

Source: KP Education Plan 2011/12 - 2015/16.

**Table 2.3: Govt Primary Schools Classroom:Enrolment ratio (excluding Maktab & Mosque schools)**

No of Teachers	No of Schools	Percent of Total	Enrolment
<b>Boys Schools</b>			
1 Teacher	1,175	10%	67,665
2 Teacher	4,835	39%	349,903
3 or more teacher	6,302	51%	1,328,861
<b>Total</b>	<b>12,312</b>	<b>100%</b>	<b>1,746,429</b>
<b>Girls Schools</b>			
1 Teacher	1,450	18%	87,879
2 Teacher	3,367	42%	226,012
3 or more teacher	3,246	40%	322,813
<b>Total</b>	<b>8,063</b>	<b>100%</b>	<b>995,640</b>
<b>Boys &amp; Girls Schools</b>			
1 Teacher	2,625	13%	155,544
2 Teacher	8,202	40%	575,915
3 or more teacher	9,548	47%	1,651,674
<b>Total</b>	<b>20,375</b>	<b>100%</b>	<b>2,742,069</b>

Source: EMIS, E&SE Department, KP, 2012-13

teachers per primary schools in KP. The overall data shows that 53% of government primary schools are run by two or less teachers where 40 percent of the total children are enrolled. It means that a huge number of children going to government schools may be not getting quality education as it is humanly impossible for two teachers to reach all students from Katchi class to 5<sup>th</sup> class. The situation is worst in girls' schools where a total of 60% schools are run by two or less teachers. Moreover in girls' schools, 18% are such schools which are run by 1 teacher whereas the ratio for such schools is 10% with respect to boys' schools.

### 3. KP Medium Term Education Sector Policy<sup>6</sup>

As discussed above, the net enrollment at primary and secondary levels in KP have increased but with a very slow pace and the province is still lagging behind in achieving the MDGs targets with respect to education due to numerous challenges. According to National Plan of Action for Education<sup>7</sup>, the two key challenges for education sector in KP are to improve not only the access to education but also enhance the quality of education as well. Similarly lack of awareness on the part of the parents on education, in particularly female education, absence of basic facilities in schools, ill-trained teachers and their absenteeism, long distances to schools, poor governance and monitoring system and numerous other factors are adding to the low pace of net primary and secondary enrollment in the province.

Acknowledging the importance of achieving the milestones laid down under Millennium Development Goals (MDGs) and Action on Education for All (EFA), the Government of Khyber Pakhtunkhwa (KP) has approved a comprehensive medium term education sector development plan especially to achieve the targets with respect to primary and secondary education in the province.

The Education Sector Policy (ESP) is not limited to reinforcing the universal primary education for all only but also encompasses promoting gender equality in education, enhancing education quality, increase in adult literacy, introducing subsidized private schools for backward areas with special focus on female education and reducing rural-urban disparity in the education sector. The Directorate of Elementary & Secondary Education Department (DE&SED) is the prime body responsible for planning and executing the provincial education policy including administration, recruiting, promotions, transfers within and intra-district level and performance monitoring and evaluation. Moreover, the Department also play its role with respect to certain activities on the part of planning and development of projects in education sector especially elementary and secondary education.

Within DE&SED, the Khyber Pakhtunkhwa Education Sector Reforms Unit (ESRU) has been established an integral part of the Department in 2007. This relationship of ESRU and DE&SED remained discontinued since July 2010 onwards.

<sup>6</sup> Adapted from Education Sector Plan 2010-11 to 2015-16, By Elementary and Secondary Education Department, Government of KP, April 2012

<sup>7</sup> National Plan of Action to accelerate education related MDGs 2013-16, Ministry of Education, Training & Standards in Higher Education, Government of Pakistan, September 2013.



Besides that, an Elementary Education Foundation (EEF) was established to promote public-private partnership, streamlining of Madaris, and promoting female education with the assistance of community. EEF has to work as autonomous body under the chairmanship of the Chief Minister and has its own Board of Directors for its efficient functioning.

Current government has launched an Independent Monitoring Unit (IMU) to improve attendance and performance of teachers and education administrations in the province. The IMU has been established under a three-year project funded by the UK's Department of International Development. Initially some 475 IMU monitors were recruited to monitor selective schools under pilot project. Similarly another new initiative has been launched by the current government as Tameer-i-School Programme (TSP) aimed at providing basic facilities in government schools through the financial support of expatriate Pakistanis and well-off people in the country. The program design suggest that the funds will be spent through the existing Parent Teachers Councils (PTCs). The results of such initiatives is yet to be seen.

### 3.1 Education sector Policy's Milestones

ESP has been formulated in coordination of all the relevant stakeholders including donors and Standing Committees of the Provincial Assembly, civil society and private sector and formerly approved by the government of KP.

The ESP is based on an integrated medium term approach to improve the education service delivery and has been indigenously formulated by the E&SE Department. Besides this, District Strategy Plan (DSP) has to be envisaged under ESP to tackle inter and intra region socioeconomic and geographic disparities through efficient strategic planning at provincial and district level. Moreover, local strategy with the help of local community has to be adopted at the district level for the promotion of rural social sector development to its association with the education sector development. For all this to happen, efforts have to be made to raise the capacity building within the education sector therefore resources are of immense importance to be provided in order to fill the existing gaps with respect to education sector's capacity building and governance gaps.

The implementation strategy of the ESP has based on enhancing the enrollment and at the same time reducing the dropout rates as well. In order to achieve this, ESP gives full consideration to the quality improvement and an active role of the civil society and general public participation. The reasons for low enrollment in schools are multifaceted including but not limited to social causative factors such as unwillingness on the part of the parents along with the presence of persistent gender biasness skewed more towards male gender as compared with female. Lack of schools, geographic and climatic conditions constraining access to schools and financial constraints are other major factors limiting the enrollment process. The policy laid down emphasis on community mobilization, improving the quality of education, increasing the number of schools and teachers along with their capacity building to address the problem of low enrollment in schools. Some policy milestones are given below;

- To increase the primary schools enrollment from 3.77 million in 2010-11 to 5.11 million by 2014-15. The target by end of 2013-14 has been set at 4.46 million.
- Increasing the girl's enrollment ratio district wise.

- Ensuring that by 2015 all children with special emphasis on girls and children in difficult circumstances have access to and complete free and compulsory primary education of good quality.
- Equitable access to appropriate quality learning to all young and adults.
- To achieve 50% improvement in adult literacy by 2015, particularly of adult women.
- To achieve gender equality in education by 2015 with special focus on girls' equal access to quality education.
- Improving monitoring of education outcomes through measurable outputs and indicators.
- Addressing the problem of low female enrolments in certain areas through government sponsored private schools.
- Reducing rural urban disparities in the education sector.

Other important policy steps, to be taken in order to improve the overall education indicators in the KP province include;

- EFA plan has to be adopted and to be executed at provincial and districts level.
- Introduction and institutionalization of formal Early Childhood Education (ECE) at primary schools level.
- Implementation of Article 25-A which aims at compulsory and free primary education for all without any gender bias.
- Involving local communities to address issues pertaining to access to education, reducing dropout rates, improving facilities at schools etc.
- Introduction of providing free text books, stipends, voucher scheme, scholarships, hostel facilities to female teachers to enhance girls education.
- Strengthening teacher training institutions.
- Developing linkages between all levels of education and curriculum.
- Introduction of uniform centralized examination system at 8<sup>th</sup> and 5<sup>th</sup> class levels.
- Improving the schools monitoring system and process with the assistance of PTCs.
- Separation of teaching and management cadres in elementary and secondary education sector.
- Development and implementation of Spatial Decision Support System (SDSS) i.e. Web-based GIS enabled system for Planners/Researchers/Donors both at Provincial and District level.
- Use of Education Management Information System (EMIS) data in education planning and policy formulation and the development of Financial Management Information System (FMIS).

According to National Plan of Action 2013-16 to accelerate Education related MDGs, in KP, four-pronged strategy has to be implemented in order to achieve the MDGs education related targets in KP. The foremost strategy would be to enroll new students in existing students which would be around 50% of all new enrollments at the primary level in KP during 2013-16. Of these, public formal schools are expected to absorb 25% new enrollments, 5% in public non-formal and 10% each in deeni madaris and in private sector schools. This strategy would also involve awareness campaigns to promote the importance of education, community participation for supervision at local level and use of media etc for three years. The total cost of enrolling new students in existing school has been estimated at Rs. 4.6 billion for three years (2013-2016).



The second strategy would be to enroll new students in formal schools through provision of an additional room. This strategy would involve 10% of existing schools in the province. According to the plan, assuming 30 students per classroom, a total of 1,497 additional rooms and 1,497 additional teachers will be provided in 1,497 formal schools. The total estimated cost for the implementation of this strategy will be Rs. 3.2 billion over a period of three years. Out of total amount estimated cost, 30% of the cost would be spend on the quality enhancement, community participation and local supervision of the schools.

The third strategy would be to enroll up to 40% of all new enrollments in new schools. As per the National Plan of Action 2013-16, out of total 0.18 million new students enrollments, one half will be enrolled in new formal schools and the other half will be enrolled in new non-formal schools. The total estimated cost for the implementation of this strategy would be Rs.9.8 billion in three years.

The fourth strategy would be to provide targeted incentives for access and retention for disadvantaged groups and girls to the tune of 15% of all enrollments. In total, 1.5 million children (old and new enrolled) will be targeted under this strategy. Under this scheme, an incentive of Rs.3,000 per child per year will be provided at a cost of about Rs. 4.5 billion.

The expected increase in the education sector budget for the implementation of the above-discussed strategies would be Rs. 22.1 billion in three years of which an estimated increase of Rs. 5.1 billion is expected to take place during 2013-14, Rs. 7.5 billion in 2014-15 and Rs. 9.5 billion in 2015-16.

#### 4. Analysis of Public Expenditure on Primary and Secondary Education 2011-12 – 2013-14

##### 4.1 Budget Making Process

Budget is the most important policy tool through which government translate its policies and goals into action. It is a mechanism through which government aim at mobilizing the required financial resources and to ensure its efficient utilization for public service delivery. The modern budgeting is not limited to expenditure controls only but also gives immense importance to translating policy into actions through budget for implementation. The government has to maintain not only the fiscal discipline at sustainable level but should also ensure the efficient public services delivery.

The budget may be either prepare by inputs or by output methods or by both. The traditional budget making has been based on inputs. On the other hand, the modern budget making gives more importance to output based budgeting. It aims at medium term budgetary allocations based on forecasted financial resources and also encourages the harmonization of recurrent and development budgetary allocations in order to

##### Box 1: Budget by Inputs and Outputs

###### By Inputs:

- Pay and Allowances
- Operating Expenditure
- Physical Assets
- Repairs and Maintenance

###### By Outputs:

- Primary Education
- Secondary Education
- Higher Education
- Technical Education
- Tertiary Education

enhance the public service delivery as per the strategic policy planning. Similarly output based budgeting asks for delegation of financial authorities and strengthening of internal audit and control systems for greater transparency and holistic public participation.

It is pertinent to underscore that the existing budgeting system in the Khyber Pakhtunkhwa (KP) has been going through fundamental reforms process. Provincial budgets have been prepared as per modern budgeting system. But the traditional way of budgeting making is also prepared as the ongoing reforms process is in an infancy stage.

Traditionally, budget has been prepared on incremental basis with top down approach. Each year, the budget has to increase by a certain percentage, as decided by the Finance Department at provincial government level. It is important to note that in the traditional budget making process, recurrent and development expenditures are prepared separately and therefore are the responsibilities of two different departments. Finance department is responsible for compiling the recurrent budget while Planning and Development Department is responsible for preparing the development budget.

##### Box 2: Key Stakeholder in the Budgeting System:

- Finance, Planning and Development Departments
- Provincial Cabinet
- Provincial Assembly
- Drawing and Disbursing Officers (DDOs)
- Project Directors
- Auditor General
- Accounts Offices / Accountant General
- Executive Committee of the National Economic Council (ECNEC)
- Annual Plan Coordination Committee
- National Economic Council
- Revenue authorities
- Public and Civil Society

Since analysis of output based budget allocations is out of scope of this study, therefore the budget cycle and calendar of activities would confine to input based budgeting only.

##### 4.2 Budget Cycle and Budget Activities:

The major group of activities in a Budget cycle may be graphically presented as below;



As the above graph shows, the budget process starts at policy level. The relevant government policies are prepared along with the sector strategies at this level. Policies are then aligned with budget during the budget preparation process. At budget execution phase, revenues are collected and expenditure are incurred as per budgetary allocations. All the transactions are recorded at



spending unit level along with monitoring of the activities. The budget accountability has to be ensured through auditing, monitoring and reporting. Based on the given feedback, government takes the evaluation of the budget and accordingly brings the required changes in the policy during the evaluation and policy review. The new changes have to be incorporated in the new policy phase for the coming budget making cycle.

The budget process starts with the issuance of the Budget Call Circular (BCC) or Budget Call Letter to all line departments by the Finance Department. With this the budget process has to be initiated at each line department and their subordinate offices level. BCC usually consists of the following sections;

- a) Guidelines to administrative departments and their subordinate offices
- b) Budget preparation forms and formats
- c) Roles and responsibilities
- d) Indicative budget ceilings (IBCs)

Presently the BCC consists of two sections. The first section consists of forms, instructions and procedure pertaining to Output Based Budgeting (OBB) preparation while the second section aimed at for making traditional input based budget making at the line departments, spending units/DDOs levels. These forms ask for the revised budget of the current year as well as the budget estimates for the next year's budget from all the line departments as per the Charts of Accounts.

The BCC includes forms for DDOs and Projects / Schemes called 'Budget Manual forms (BM forms)'. These forms include;

- a) BM Form 1: Estimates of 'input' based budget or budget by Charts of Accounts.
- b) BM Form 2: Estimates of 'input' based budget including that of personnel, actual expenditure of previous year and revised estimates for the current year.
- c) BM Form 6: Details of estimated basic pay and allowances (i.e Payroll Register)
- d) BM Form 9: Schedule of New Expenditure (SNE)

The BM forms required three types of information from the account offices as existing PIFRA coding system. These include Fund Centre Codes for DDOs and Project / Scheme, object codes for both receipts and expenditure as per detailed Chart of Accounts and employee codes.

Besides that each DDO has required to fill the annual development (ADP) form for each project / scheme under the guidelines issued by the Planning and Development Department.

Once the above forms are filled by each DDOs, the department's technical working group undertake a detailed review of these forms before approving it. Once approved the department forward one copy of its budget to Finance Department and one to Planning and Development Department and at the same time retaining the one copy at its own office.

On the side of the preparation of ADP, the planning and Development department undertakes a detailed review of the projects / schemes to understand their current status, approved processes, their budget allocations, status of unimproved projects, and foreign and domestic funding status. The final list of projects are presented before the Provincial Cabinet for approval before taking it to Annual Plan Coordination Committee (APCC) and National Economic Council (NEC).

Once the NEC approved the provincial development budgets, the provincial line departments send the revised budget forms to the Finance Department and its Computerization Wing. The latter is responsible for making budget entries as per PIFRA system. Once the entries are made, different versions of budgets are prepared such as Annual Budget Statement (ABS), Demand for Grants and Appropriations for recurrent and development budgets separately and Finance Bill etc. Once books are ready and the Provincial Cabinet approved the budget, the provincial Finance Minister has to make the Budget Speech and present the Provincial Budget before the Provincial Assembly for detailed discussion and approval. As per the Constitution, the Governor signs the Finance Bill while the Chief Minister approves the 'Schedule of Authorized Expenditure (Expenditure Budget by Demands for Grants)' after the vote of approval by the Provincial Assembly.

It is important to underscore, that even though the participation of the civil society in budget making process has been taken as an important phase, nevertheless the budget making process does not specifically incorporate the same in a specific manner. The whole process of budget making has been internalized and only public office holders are involved in the budget making from top to bottom. This of course is a deviation from the ideal process of budget making which give an enormous importance to civil society participation in the process from the point of adopting participatory approach in the budgeting making process for making it more transparent, accountable and more inclusive. .3 Public Education Expenditure in Primary & Secondary Education in KP

#### 4.3: Brief Budget Overview<sup>8</sup>

KP expenditure on education has been growing around 11% per annum in real terms during the last ten years. Education as percent of total provincial current expenditure is hovering around 26% which is comparable to 27% ratio for Punjab – the best performer in the country. But the intra-education expenditure shows the primary sector has been losing its share, where KP has a lowest ratio in the country. On the other hand expenditure on secondary education is gaining weights as KP expenditure on secondary education is the highest in the country.

Moreover, KP's total expenditure (current and development) per student on public primary schools is the lowest in the country- Rs.6,495 per student. On the other hand total expenditure per student on public secondary schools is the highest in the country – Rs.23,184 per student.

The detailed analysis of current expenditure on primary education shows that over 98% of the budget has been allocated or spent is employ related followed by operating expenses. The last few year's data shows that secondary non-salary fund is bigger than that of primary but that too is declining. Therefore, the allocation for other than pay is not sufficient to meet the rising needs of the primary and secondary education sector.

During the recent years, on average, education sector has been absorbing around 68% percent of the current budget of all the KP's district. Similarly on district level, the employ related expenses are even higher than at the provincial level. Much of the spending at district level is non-discretionary notwithstanding that the devolution plan in 2011 granted all administration and development planning in primary and secondary education to districts.

<sup>8</sup> Adapted from KP Public Expenditure Review 2012 by World Bank



#### 4.4: Analysis of budget allocations for education for 2011-12 to 2013-14

##### 4.4.1: An Overview of the Overall Provincial Budget

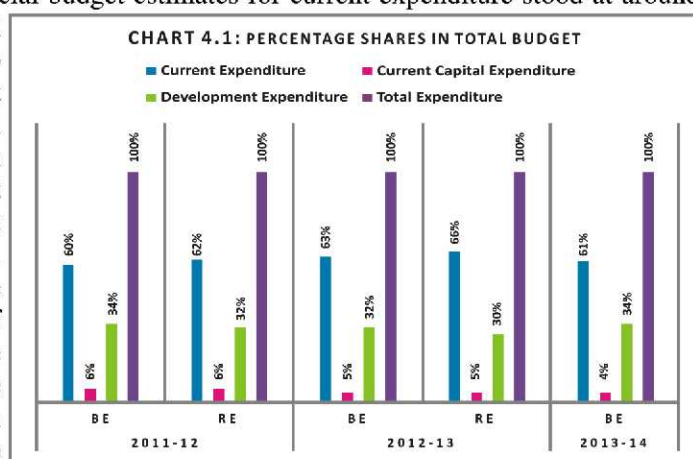
Table 4.1 gives the total government budget outlays for the last 3 financial years which comprises of total current, capital and development expenditure. The table shows that the total provincial budget outlays for the current financial year have been estimated at Rs.344 billion, higher by 14% over budget estimates and 16% over revised estimates of the preceding financial year. Over the last two financial years, the total provincial government expenditure in the current year increased on average by 18%.

Provincial Budget	2011-12		2012-13		2013-14
	BE	RE	BE	RE	BE
Current Expenditure	149,000	161,000	191,600	195,000	211,000
Current Capital Expenditure	15,010	14,669	13,942	13,942	15,000
Development Expenditure	85,141	84,474	97,458	88,131	118,000
<b>Total Expenditure</b>	<b>249,151</b>	<b>260,143</b>	<b>303,000</b>	<b>297,073</b>	<b>344,000</b>

Source: Finance Department Khyber Pakhtunkhwa

The provincial government's total current expenditure stood at Rs.211 billion in FY 2013-14, which is higher by 42% when compared with budget estimates of 2011-12 and 10% higher when compared with budget estimates of the preceding year's current expenditure. During the last few financial years, the share of provincial budget estimates for current expenditure stood at around 61%, on average, of the total budget outlays. It is important to mention that the current expenditure are non-developmental expenditure consumes mainly on salaries of provincial & district employees and operation & maintenance of government assets. Usually governments has very little space to change the composition of this budget head as most of the funds goes to salaries of the employees. What governments can and should try is to get the maximum value from this spending through good governance and accountability.

Current capital expenditure as mainly the payments of interest and principle account on the accumulated government debts, both local and foreign. The above table shows that expenditure on this head is constant over the years and stood at Rs 15 billion, on average.



The most important head of any government budget is that of development spending which contributes, on the one hand, towards the growth of the economy and on the other hand have a strong positive impact on poverty reduction and social sector improvement. It consists mainly of the annual development plans for the whole year devised into different projects in different sectors such as infrastructure, energy and social sectors. Over the last few years, especially after 2008-09, development spending saw a tremendous growth and the budgeted figure stood at Rs 118 billion in 2013-14 as compared to Rs 41.5 billion in 2008-09. The annual growth in total budgeted allocations for development expenditure in 2012-13 was 14% over 2011-12. However, in terms of actual allocations in the revised estimates, the growth was only 4.3% as the revised budget for 2012-13 was Rs 88.1 billion as compared to Rs 84.5 billion in 2011-12. Moreover, difference between the budget estimates and revised estimates widen during 2012-13 as compared to 2011-12. This financial year ending in June, 2014, the budget estimates for development expenditure stood at Rs 118 billion which is 21% more than the budget estimates of 2012-13. However, it has yet to be seen that how much of the development budget is going to be materialize this year.

Moreover, the share of development expenditure in total budget estimates stood at around 32.5% on average during the last three years. Moreover, it may be observed that during the current financial year, the estimated annualized growth in development expenditure has exceeded that for the current expenditure, however any unexpected change in the government budget often ended with government inability not to adjust the current expenditure downward. In such situations, the usual casualty is the cut on development spending. Development budget also largely depends, on the one hand, on the capacity of government to utilize the allocated budgets and on the other hand depends on the commitment of the foreign donors to fulfil their promises of project aids.

##### 4.4.2: Share of Elementary & Secondary Education in Total Budget

Table 4.2 gives an overview of Elementary & Secondary Education (E&SE) department budget for the last three years in comparison to the overall current and development expenditure. Over the period under study, almost one-fourth of the total current

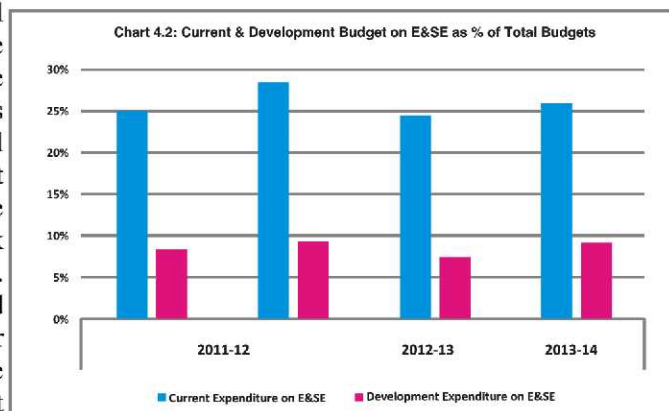
Elementary & Secondary Education Budget	2011-12		2012-13		2013-14
	BE	RE	BE	RE	BE
<b>Current Expenditure (Total)</b>	<b>149,000</b>	<b>161,000</b>	<b>191,600</b>	<b>195,000</b>	<b>211,000</b>
<i>Of which</i>					
Elementary & Secondary Education Budget	37,207	45,710	46,484	945	54,465
Provincial Budget	545	564	681	945	882
District Budget	36,662	45,146	45,802	NA	53,583
<b>Development Expenditure (Total)</b>	<b>85,141</b>	<b>84,474</b>	<b>97,458</b>	<b>88,131</b>	<b>118,000</b>
<i>Of which</i>					
Elementary & Secondary Education Budget	7,115	7,989	7,116	8,251	8,107

Source: Finance Department, Khyber Pakhtunkhwa

the period under study, almost one-fourth of the total current expenditure goes to elementary and secondary education department of Khyber Pakhtunkhwa. The point to be noted here is that Elementary & Secondary Education department is the largest employment department of the Khyber Pakhtunkhwa provincial and district governments and almost half of the employed persons in the KP are from E&SE department. In 2012-13, around 1,83,000 people are working in the education sector (Province & District) as against the total employment



strength of 3,86,630 in the province<sup>9</sup>. As noted in the subsequent section of this report, as most of the current spending in the E&SE goes to the district salaries thus eating a big pie of current spending of the provincial government. Further, the above table shows that major portion of the E&SE budget goes to districts. This is due to the fact that at the provincial level only curriculum development and teachers training are the prime responsibility while the major chunk of employment is at the district level. It should be noted that the revised budget estimates for the last fiscal for district budget are not available in the budget documents due to the fact they were shown in the provincial budget.



In the bottom panel of the Table 4.2, the share of development spending on E&SE is given against the total development spending. An average of 8.3 % is allocated to the E&SE out total Annual Development Projects (ADP) over the years. Most recently in 2013-14, the share of E&SE have fallen to 6.9% of total development spending as against the revised estimates of 9.5% in 2011-12.

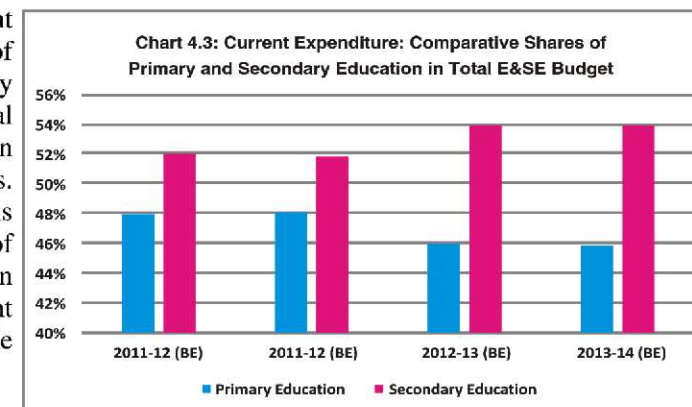
**4.4.3: Trends in Sectoral Shares in Elementary & Secondary Education Budget Allocations**

The annual current budget allocations for the district level Elementary & Secondary Education department can mainly be divided into primary and secondary education. Primary education allocations mainly consists of allocation to primary schools and the administration which run these primary schools through its offices. Students from Katchi class till grade 5 are enrolled in such primary schools. Secondary schools budget allocations consists of middle, high and higher secondary schools and the administration at district level which control these schools.

School Level	2011-12 (BE)	2011-12 (RE)	2012-13 (BE)	2012-13 (RE)	2013-14 (BE)
<b>Current Expenditure</b>					
Primary	17,578.5	21,729.8	21,095.5	NA	24,623.1
Secondary	19,083.3	23,416.0	24,707.0	NA	28,959.7
<b>Total</b>	<b>36,661.8</b>	<b>45,145.8</b>	<b>45,802.5</b>	<b>NA</b>	<b>53,582.8</b>
<b>Development Expenditure</b>					
Primary	1,108.7	1,375.6	1,829.0	1,596.7	1,743.4
Secondary	6,001.3	6,608.4	5,286.8	6,649.4	6,078.5
<b>Total</b>	<b>7,110.0</b>	<b>7,984.0</b>	<b>7,115.8</b>	<b>8,246.1</b>	<b>7,822.0</b>

Source: Finance Department Khyber Pakhtunkhwa

Similarly, the development budget allocation is share of elementary and secondary education projects in the total Annual Development Plan (ADP) over the last 3 years. Given that the primary schools accounts for around Shares of primary and secondary education current and development expenditure is given in Table 4.3.

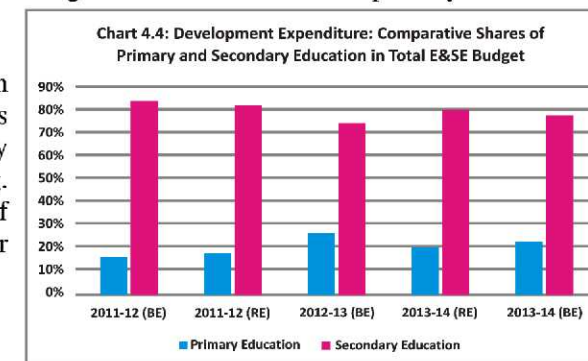


Over the period under study, an average of 47 percent of total E&SE current budget is allocated to the primary school level while 53 percent is allocated to the secondary school level. Given that primary school accounts for around 82.5 percent of the total school infrastructure and 72.3% of the total student's enrollment in the government schools in the province, this amount is insufficient as compared to the secondary schools. Due to insufficient funds for primary schools, half of government primary schools are run with two or less teachers. Similarly, primary-level school infrastructure is deteriorating by each year and half of the primary schools are with two or less rooms.

School-Level	2011-12 BE	2011-12 RE	2012-13 BE	2012-13 RE	2013-14 RE
<b>Primary</b>					
Current	6,192	7,655	7,421	NA	8,649
Development	391	485	643	562	612
<b>Total</b>	<b>6,583</b>	<b>8,139</b>	<b>8,064</b>	<b>562</b>	<b>9,262</b>
<b>Secondary</b>					
Current	18,478	22,674	22,724	NA	25,274
Development	5,811	6,399	4,863	6,116	5,305
<b>Total</b>	<b>24,290</b>	<b>29,073</b>	<b>27,587</b>	<b>6,116</b>	<b>30,578</b>

The disparity is more evident in the allocations of development funds to primary and secondary school level. Second panel of table 4.3 gives data for the development expenditure over the two level of education for the last three years. On average over the years, 20 percent of the development budget is allocated to the projects in primary schools while the remaining 80 percent of the budget goes to secondary education. Budget estimates in 2011-12, around 15 percent of the total E&SE development budget was allocated to the primary sector which recently rose to 22.3 in 2013-14.

Table 4.4 gives an idea of the disparity in clearer terms where the table compares the per student expenditure on primary schooling viz-a-viz secondary schooling. According to the budget estimates of 2011-12, the total current spending per



<sup>9</sup> Annexure-XIII, White Paper 2012-13, Finance Department, KP.



annum per student is only Rs 6,192 while in the same year government allocated Rs 18,478 per student to secondary schooling. This disparity more widens while development allocations were made in the same year. Only Rs 391 is budgeted for primary education development per student as against Rs 5,811 for a student enrolled in secondary school. A World Bank study suggests that Khyber Pakhtunkhwa's expenditure per student on public primary schools is lowest in the country when compared to other provinces in the year 2011<sup>10</sup>. If KP has to achieve the MDGs which are mostly related to the primary schooling, it has to increase both the current and development spending on the primary education in the province. Increase in development spending is needed to improve the existing infrastructure of the primary schools as secondary schools are comparatively well off. According to the EMIS annual statistical report for the year 2012-13, 54% of Government primary schools in Khyber Pakhtunkhwa has 2 or less class rooms thus greatly affecting the conditions of children studying in such schools. Schools are being shut in extreme cold and hot conditions as children of younger age cannot face such extreme conditions. Similarly more teachers are needed to be hired for the primary level schools as according to EMIS data, in 2012-13, 53% of government primary schools are run by two or less teachers this greatly affecting the quality of education. The overall allocation for the education sector should be increased so that the allocations for primary education can be increased without affecting budget allocations to secondary education.

Similarly, more development funds needed to be allocated to provide the missing facilities as over 20 percent of the functional public schools in KP still have no boundary walls, 30 percent no water supply, 42 percent no electricity and 16 percent no toilets facilities. Most of these missing facilities are those of primary schools as mentioned earlier during the situation analysis of the education sector in the province.

Table 4.5 gives the bifurcation of district education budget of Khyber Pakhtunkhwa's Elementary & Secondary Education department salary and non-salary budget of the elementary and secondary education

Fiscal Year	School Level	Rupees in Million			In percent Share		
		Salary	Non-Salary	Total	Salary	Non-Salary	Total
BE 2011-12	Primary	17,259	319	17,579	98%	2%	100%
	Secondary	18,276	807	19,083	96%	4%	100%
RE 2011-12	Primary	21,186	544	21,730	97%	3%	100%
	Secondary	22,310	1,106	23,416	95%	5%	100%
BE 2012-13	Primary	20,747	348	21,095	98%	2%	100%
	Secondary	23,791	916	24,707	96%	4%	100%
BE 2013-14	Primary	24,487	136	24,623	99%	1%	100%
	Secondary	28,647	313	28,960	99%	1%	100%

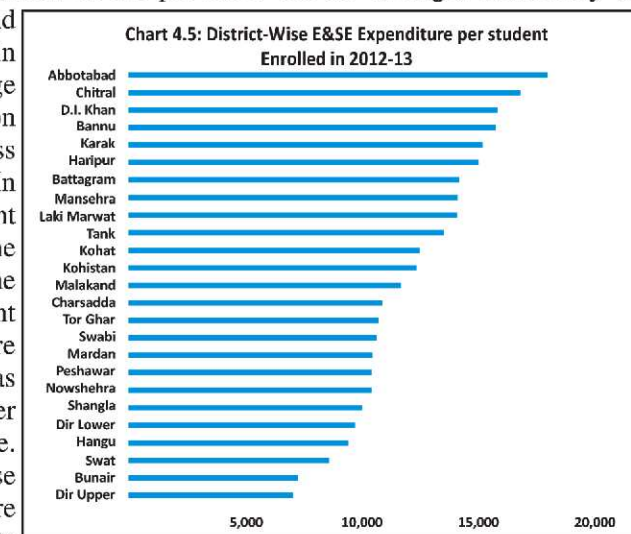
Source: Finance Department Khyber Pakhtunkhwa

department for the period under study. The budget data shows that 96 to 99% of the current education budget of the E&SE department of KP goes to the salaries of the employees including teachers and other administrative staff. The budget estimates of the on-going fiscal year 2013-14 shows that salary related expenditure, both at the primary and secondary level, rose to 99% of the total current budget. The non-salary expenses which constitutes various sub-heads essential for the operation and maintenance of the existing school infrastructure. It includes vital utilities like electricity, purchase of equipment and furniture. Many schools in the province, especially the

<sup>10</sup> World Bank, 2012, KP's Public Expenditure Review

primary schools, lack electricity due to the non-payment of bills by the E&SE department for the respective schools. In hot summers in the province, lack of this important utility is a major hindrance and stop parents to send their children to schools. These lower budget allocations over the last three years are insufficient to cater for the running of primary and secondary schools which are badly affecting the enrolment in government school and also have a negative impact on the quality of schooling.

Graph 4.5 shows district-wise distribution of current expenditure per student enrolled in government primary and secondary schools in the province. On the average, elementary and secondary education department spend around Rs 12,203 per student enrolled in the province. However, there are large intra-district disparities in the allocation of funds as there exists disparities across districts in the supply of education. In half of the districts, per student current budget allocation falls below the average allocation. In the more extreme case, a student enrolled in a government school at Abbottabad district cost more government funds (Rs 17,959) as compared to a student enrolled in Upper Dir District (Rs 7,050) of the province. It should be however noted that these expenditures excludes children who are either out of school or going to private schools and are not utilizing the government educational facility.



## 5. Findings & Recommendations

This current study brings out key findings from the trend analysis of the budget on Elementary & Secondary Education (E&SE) department of Khyber Pakhtunkhwa province and will suggest some policy recommendations to the relevant stakeholders. The study main focus is on primary and secondary education as most of the provincial educational budgets go to this sector. Moreover, education related MDGs are all related to primary and secondary education sector. Some of the key findings with recommendations are presented below;

- KP government shall improve the draft Right to Education Bill through consultation with stakeholders, and shall enact the bill to fulfill the constitutional obligation
- The overall spending on the primary and secondary education sector needs to be increased
- On linkages between the policy and the practice, the study finds no links between the two. While the stated policy focus is to have increased spending on primary education, the actual practice is that most of the development and non-development funds go to the secondary education.
- The situation analysis of the E&SE sector shows that there exist huge genders gaps across in the province. While female is half of the total population of the province, educational facilities meant for girls is in the range of 35 to 40 percent. This resultantly led to lower



level of educational attainment for girls due to unavailability of educational facility near their homes.

- Due to ongoing militancy in the province coupled with more recent floods and earthquake in the province, the existing school infrastructure is badly affected. This requires tremendous flow of resources to the E&SE sector in order to rehabilitate the damaged infrastructure in the districts which are mainly affected.
- Though the overall educational budget has been increased over the period under study but the increased budget is only sufficient to cater for the double digit inflation. The funds allocated to the E&SE sector are neither adequate nor utilized efficiently.
- E&SE sector is the top most employer of the provincial government and the current budget allocated to this sector goes mainly to employees' salaries and pensions. 96 to 99 percent of the current E&SE budget goes to the salaries of teachers and staff thus leaving little room for other important expenditures like operation and maintenance, utilities and furniture and other infrastructure expenses. To ensure increase enrolment and improve quality
- On the current expenditure side, E&SE sector receives a respectable one-fourth of the total current budget of the province over the years on average. However, on the development expenditure side, it receives only 9 percent of the total development budget showing lack of interest of the successive governments towards education. The situation is worst for the primary level schools as almost 80% of the E&SE share of development budget goes to the secondary education.
- The current budget of E&SE department is prepared on incremental basis despite the fact that the provincial government promised to adopt output based budgeting model. The irony is that the white paper for the budget 2011-12 and 2012-13 document on page 4 that the current budget of E&SE department was prepared on the basis of projections done on the basis of previous trends. Neither consultations were made with the relevant stakeholders nor citizens' participation in the budget making process was ensured despite the claims.
- If provincial government want to increase the enrolment in government schools, it has to concentrate their funds on the improvement of basic educational infrastructure. Budget should be increased on the non-salary current expenditure. Huge investments are needed to provide additional rooms to primary schools where more than half of the schools are operating with two or less rooms. Special interventions are needed to provide missing facilities, especially to the primary schools, in order to attract more enrolment.
- There exists large intra-district disparities in per student budget allocations as some district receives Rs 18,000 per students while other receives less than Rs 8,000 per student. There are districts where school infrastructure is significantly below than the average availability of schools. Funds to district should be transferred not only on the basis of population but also taken into account the backwardness of the district. Programs should be specifically designed for the low-performing districts.
- Decentralizing of expenditure should be ensured as currently all decisions regarding expenditure allocations to E&SE department are made at the provincial level. Parents and teachers should be mobilized for this purpose through the already existing Parent Teacher Councils (PTCs).
- In 2008 all provincial governments took administrative control of the local government system which led to more centralization of power. Local Government elections should be

held as soon as possible to ensure voices from the grass root level to be included in the budget making process.

- The low literacy districts are also those districts where most of the population is income poor. Due to these strong linkages between poverty and low literacy rates, special area development programs should be introduced in the districts of Tor Ghar, Kohistan, Dir (Lower and Upper) Bunair and other areas which are infested with rampant poverty.
- Rural females in KP are the most disadvantage group in terms of educational attainment and special initiatives are needed to cater for this specific group of population.
- Our analysis on spending per students shows that the Khyber Pakhtunkhwa province spend current expenditure of Rs 7,479 per student enrolled in a primary schools while spent Rs 533 as development budget. While on secondary education, per student spending is around Rs 23,000 and Rs 6,000 respectively. This huge disparity need to be addressed through more allocations to the primary sector.