



Public Financing of Education in Pakistan

Analysis of Federal and Provincial Budgets

2011-12



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Foreword

The present study is third in a series that analyzes public financing of education in Pakistan with a view to identify gaps in the allocation and spending of available resources. Keeping in line with the previous studies, analyses of educational budget at Federal and Provincial tiers have been carried out in detail to discern the priorities attached to subsectors of education by the respective governments. Implications of these priorities for access, quality and equity have also been considered with respect to the actual needs. Being the third study, it has benefited a great deal from the past trends of allocation and expenditure as well as from their impact on relevant subsectors. Areas of improvement in present budgetary allocation and expenditure have also been identified for consideration in the following year's budgets.

In the wake of 18th amendment to the constitution of Pakistan and the insertion of article 25A, public financing of education has undergone substantive changes. It has significantly changed the budget outlay at the federal level and has been taken into account by this study. Moreover, responsibility to provide free education under article 25A rests both with the federal and provincial governments. Provincial governments, charged with catering to a huge population as compared to the federal government, are faced with the challenge of increasing the budget allocation and ensuring its effective expenditure. Analysis presented in this study identifies the budgetary factors that need to be addressed for increasing access to education. Policy makers and other stakeholders can share the strong base provided by this insightful analysis to explore the possibilities of meeting the educational challenge of Pakistan and especially the one posed by article 25A.

I-SAPS also undertakes studies on education spending and budget tracking to inform the policy makers and other stakeholders about the state of public financing of education. We resolve to continue exploring issues surrounding education financing in Pakistan with a view to improve its effectiveness. We highly

appreciate the feedback from all stakeholders and their valuable suggestions. We look forward to comments and feedback on present study. We hope the analysis presented in this study will provide useful insights to all those working for improving public financing of education in Pakistan.

Salman Humayun, Ph.D.
Executive Director
I-SAPS
December 2011

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I-SAPS wishes to thank Abbas Rashid of Campaign for Quality Education (CQE) and Abrar Hafeez, Secretary General, Consumer Rights Commission of Pakistan (CRCP) for their facilitation in post-budget policy dialogues on education finance which has immensely enriched the analysis. We are also thankful to the experts who reviewed the draft chapters and suggested improvements.

The study would not have been possible without the generous support we received from Department for International Development (DFID). We are grateful to the DFID team for the solicitous guidance they offered us throughout the research process.

Acronyms

ADP	Annual Development Programme
AEPAM	Academy of Educational Planning and Management
AJK	Azad Jammu and Kashmir
CQE	Campaign for Quality Education
CRCP	Consumer Rights Commission of Pakistan
DFID	Department for International Development
DSD	Directorate of Staff Development
DTE	District Teacher Educator
EDO	Executive District Officer
EFA	Education for All
EMIS	Education Management Information System
ESR	Education Sector Reforms
FANA	Federally Administered Northern Areas
FATA	Federally Administered Tribal Areas
FDE	Federal Directorate of Education
FEF	Frontier Education Foundation
FGEIs	Federal Government Educational Institutions
FPA	Foreign Project Assistance
GB	Gilgit Baltistan
GCET	Government College of Elementary Teachers
GDP	Gross Domestic Product
GECE	Government Elementary College of Education

GER	Gross Enrolment Rate
GNP	Gross National Product
GRBI	Gender Responsive Budgeting Initiative
HEC	Higher Education Commission
ICT	Islamabad Capital Territory
I-SAPS	Institute of Social and Policy Sciences
KP	Khyber Pakhtunkhwa
LUMS	Lahore University of Management Sciences
MDGs	Millennium Development Goals
MoE	Ministry of Education
MPA	Member of Provincial Assembly
MTDF	Medium Term Development Framework
N-ADP	Non-Annual Development Programme
NAs	Northern Areas
NCA	National College of Arts
NCHD	National Commission for Human Development
NEAS	National Education Assessment System
NEMIS	National Education Management Information System
NER	Net Enrolment Rate
NISTE	National Institute of Science and Technical Education
OSB	Outside-of-Budget
PEAC	Provincial Education Assessment Centre
PEAS	Punjab Education Assessment System
PEF	Punjab Education Foundation
PESRP	Punjab Education Sector Reforms Programme
PITE	Provincial Institute for Teacher Education
PMIU	Programme Management and Implementation Unit
PRSP	Poverty Reduction Strategy Paper
PSDP	Public Sector Development Programme
PSLM	Pakistan Social and Living Measurement Standards Survey
PTA	Parent Teacher Association
RITE	Regional Institute of Teacher Education
SAP	Social Action Programme

SEF	Sindh Education Foundation
SERP	Sindh Education Reforms Programme
SRU	Sindh Reforms Unit
TTIs	Teacher Training Institutes
TTS	Tenure Track System
UNESCO	United Nations Education, Scientific and Cultural Organization

Symbols

%	The symbol refers to per cent.
0	Zero means that the amount is nil or negligible.
–	The symbol of underscore refers to “not applicable”.
..	Two dots signify that the data is not available or is not separately reported.

Notes

- i. The terms 'budget estimates' and 'allocations' are used interchangeably.
- ii. The terms 'revised estimates', 'utilization', 'spending' and 'expenditure' are used interchangeably.

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CHAPTER 1

Introduction

CHAPTER 1

Introduction

1.1 Background

The demographic profile of Pakistan indicates that a large proportion of its population comprises of youth. According to some estimates, 103 million individuals, equivalent to 63 percent of the total population, fall under the age of 25 years.¹ If this trend continues, Pakistan will have a massive young population in the mid-21st century when most of the world will be ageing. This scenario presents a huge potential of demographic dividend which, if seized properly, can lead to sustainable economic prosperity and development but it requires a process of human capital formation with a strong foundation underneath it based on, *inter alia*, quality education of the youth. In order to avail itself of the potential demographic dividend, the education system needs to acquire the capability to attract more children into schools and to provide conditions appropriate for them to stay longer and to learn better. Allocation of financial resources and their subsequent spending would be critical in determining the desired capability. The financial resources are also vital because they are needed to buy and deploy the inputs such as textbooks, learning materials, school buildings and furniture, repair and maintenance, teachers, etc.

The capability of Pakistan's education system to enroll, retain and educate the children to an acceptable standard has been much debated. A dominant strand of this debate is overwhelmed by the low rate of participation and disappointing

¹ UNFPA, cited in 'UNDP and The Youth', <http://undp.org.pk/undp-and-the-youth.html>, accessed January 29, 2012

learning outcomes. At the primary level, 36 percent children do not get into any school at the right age.² About one in every ten children who is out of primary school worldwide lives in Pakistan, placing the country second in the global ranking of out-of-school children.³ Those who attend schools are not learning well. In rural areas, only 49 percent children in class 3 can properly read a sentence in Urdu or Sindhi.⁴ These indicators reflect upon the poor capability of the education system to enroll, retain and educate the children to an acceptable standard. In the literature⁵, it has been argued that this capability has not been attained because the expenditure on public education system has long been 'insufficient' and 'inefficient', given that the government is still the dominant service provider. Presumably if this situation does not alter to a meaningful degree, the education system will not be able to attain the capability which is needed for human capital formation and subsequently for harvesting the demographic dividend.

In order to monitor whether the public expenditure on education is improving in any meaningful way, it is important to consistently track and analyze the allocations and utilization. This analysis, when situated within the context of indicators on school participation and learning levels, can be used to examine whether the education system is on the right trajectory to attain the capability for human capital formation or not. The present study is third in a series that looks at how the meager resources that are set aside by the government for education are being allocated and spent. The series focuses on the federal and provincial governments and explains the classification of budgets; highlights changes in allocations and expenditure; identifies issues and challenges; and discusses their implications for access, equity and quality in education. This series of studies is published by the Institute of Social and Policy Sciences (I-SAPS) as part of a wider initiative that aims to generate demand and stimulate policy response for enhancing effectiveness of public spending on education.

1.2 Purpose of the Study

The study aims to generate independent evidence grounded in budgetary data for broadening the debate on effectiveness of public expenditure in education sector and its relevance for human capital formation. The hope is that it would foster policy debate, inform public demand for enhancing the effectiveness of education

² Pakistan Bureau of Statistics (2011). *Pakistan Social and Living Standards Measurement Survey 2011*, Islamabad.

³ Pakistan Education Task Force (2011), *Education Emergency Pakistan*, Islamabad.

⁴ *Annual Status of Education Report 2012*

⁵ See, for example, Government of Pakistan (2009), *National Education Policy*, Islamabad. Also see I-SAPS (2010), *Public Financing of Education in Pakistan: Analysis of Federal and Provincial Budgets*, Islamabad.

financing, and generate the pertinent policy responses. The findings of the study and future work emerging from them is expected to contribute to the development of an institutional framework to create organic connections between education data, policymaking and public finance so that they support each other for better outcomes in terms of access to quality education for all children of Pakistan.

1.3 Scope of Analysis

This study is third in a series which focuses on education budgets of the federal and all provincial governments of Pakistan. The district education budgets, which represent the bulk of recurrent expenditure on school education, are excluded from the ambit of this study due to problems in availability of data in consolidated form. As far as time period is concerned, the first study in this series covered three fiscal years starting from 2007-08. The second and third studies have built on this analysis further by adding data from each of the subsequent years. This study analyzes the federal and provincial education expenditure for five years starting from 2007-08 up to 2011-12.

The analysis presented in the next five chapters relies mainly on data about allocations and expenditure given in the budget books of the federal and the provincial governments. However, it is important to note that there are many variations among the provinces in the way budget information is presented. In many cases, it is not possible to draw key highlights from the budget books straightaway. Therefore, the budget statistics presented in this study have been compiled after multiple calculations. At the federal level, the statistics on allocations and expenditure are calculated from 'Details of Demands for Grants and Appropriations'. Also called the 'Pink Book', this publication is compiled by the Finance Division in separate volumes for current and development budgets of the federal government. Similar compendiums are compiled by the provincial governments, although their titles may vary. The statistics on expenditure are based on the Revised Estimates given in the budget books.

The study also uses other documents related to development expenditure including the Public Sector Development Programme (PSDP), Annual Development Programme (ADP) and Medium Term Development Framework (MTDF). The statistics on allocations and expenditures shown in these documents are not voted upon by the respective legislatures. Therefore, this study has relied upon these documents only for those statistics which are not provided in the budget books. For example, the budget books do not provide a detailed breakdown of the development budget for Higher Education Commission. The study overcomes this limitation by using the federal PSDP. In addition to these sources, an effort has been made to draw upon the main body of literature. Education policies, research papers, survey reports

and other relevant publications dealing with public financing of education have been consulted.

The audience of this study comprise of a broad range of stakeholders including the policymakers, civil society, educationists, government officials and media. Mindful that some of the stakeholders may not be familiar with the technical terms used in the budgets, the study replaces the technical terms with their commonly used substitutes where possible. For example, instead of Budget Estimates and Revised Estimates, the study uses the terms allocations and expenditure, respectively. The meaning of technical terms is taken as they are understood and interpreted in the Glossary.

1.4 Scheme of Chapters

There are seven chapters in this study. The first chapter introduces the background, purpose, methodology, structure of chapters and limitations of the study. Chapters 2, 3, 4, 5 and 6 analyze the education budgets of the federal, Punjab, Sindh, Khyber Pakhtunkhwa (KPK) and Balochistan governments respectively. In each of these chapters, the findings are presented on a standard format. The first section of each chapter explains the classification and its implications separately for the respective budget. A reader who is interested in a comparison should look at sections 2.1, 3.1, 4.1, 5.1 and 6.1 respectively in chapters 2, 3, 4, 5, and 6. The figures on arrangement of the federal and provincial education budgets given in these sections also help in understanding the unique composition of current and development budgets. The composition of current and development budget and their functional categories are illustrated by using tables and charts.

After the description of budget classification, each chapter begins with an analysis of the allocations and expenditure at the aggregate level. Given that this study covers five years, it draws some conclusions about trends and patterns in the overall allocation and utilization. This is followed by a breakdown of the budgetary outlay into the current and development budgets. Apart from a comprehensive overview of the changes in allocations, major issues that define the peculiar nature of current and development budgets are highlighted. Where possible, the proportional shares of allocations for school education, higher education, literacy and special education have been worked out with a view to shed light on governmental priorities in education sector through the lens of budget. However, as the district education budgets are excluded from the analysis, these priorities represent the government policy on development of education sector only which is decided and managed at the provincial level. The analysis goes further deep to look at the allocations and expenditure of key sub-sectors and subsidiary services in education.

Chapter 7 summarizes the key inferences from the analysis and draws conclusions for policy engagement and improvements. Particular emphasis is placed on identifying an agenda for further research and reforms geared towards establishing an institutional framework within which allocation and expenditure of resources, education policymaking, and education data are strongly interconnected.

1.5 Limitations

The analysis presented in the study is not intended to portray a national picture because it focuses on the education budgets of the federal and provincial governments only. The education financing of district governments and private sector is excluded from the purview of the study. Moreover, it is understood that considerable contributions are made by the international donors and governments in the education sector. The study covers only that part of the foreign aid which is included in the budget documents; off-the-budget foreign aid is not covered.

Secondly, the data on utilization of earmarked resources is based on the Revised Estimates as given in the budget books and does not capture the actual expenditure as reported to the Accountant General. The Revised Estimates reflect the original budget, supplementary appropriations and surrenders of funds expected till the end of a given fiscal year, but they are calculated usually in January or February for the following year's budget. Therefore, the Revised Estimates may differ from actual expenditure.

Thirdly, a fuller analysis of a few topics was not possible in some chapters because the budget documents did not segregate allocations and expenditure related to the topics. For example, there is hardly any information available in the budget books about the allocations for scholarships and stipends in Sindh. Similarly, in the case of the KPK, little information is provided about the government grants to private educational institutions. Another case in point is the development budget of Balochistan which has a complete section on schemes supported from Foreign Project Assistance (FPA). In the federal and other provincial budget documents, information about FPA is provided piecemeal. Therefore, a fuller analysis of the FPA in the federal, Punjab, Sindh and KPK was not possible. Nevertheless, an effort has been made to keep a comparable scheme for analyses of the federal and provincial chapters to the extent the budget data permitted.

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CHAPTER 2

Public Financing of Education: Federal

CHAPTER 2

Public Financing of Education: Federal

2.1 Classification of Federal Education Budget

The federal education budget is categorized into current and development expenditure. The first refers to regular expenditure incurred by a spending unit and includes employees-related costs (e.g. salaries, allowances, retirement benefits), purchase, repair and maintenance of physical assets, transfers, subsidies and write-off loans), and operating costs (e.g., communications, utilities, occupancy costs, travel and transportation). The second covers expenses for development schemes which have a finite cost and life. These two categories are common to the federal, provincial and district education budgets. However, beyond this common feature, the functional classification of federal education budget is fairly different from those of provincial budgets (see Figure 2.1; for comparison see chapters on provinces).

Until 2010-11, the current budget for education at the federal tier was accounted for on behalf of the Ministry of Education (MoE). It was further classified into four functional groups: (1) Education Division, (2) Higher Education Commission (HEC), (3) Education, and (4) federal government's educational institutions in the capital and federal areas (FGEIs). This classification has been changed significantly after devolution of the education to the provinces under the 18th Constitutional Amendment as the MoE does no longer exist. All institutions and programs which were previously working under the Education Division and MoE have been placed under the Capital Administration and Development Division (CADD). They include all federal educational institutions except the universities, centres of excellence, institutes and higher education programs operating under HEC. Moreover, the federal government's educational institutions (FGEIs) located in

cantonments and garrisons are also excluded from the purview of CADD, as they are administered by the Ministry of Defense.

In line with the institutional restructuring in the wake of the 18th Amendment, the current budget for education at the federal tier is now classified into two main

Table 2.1 Functional Classification of Current Budget for Education

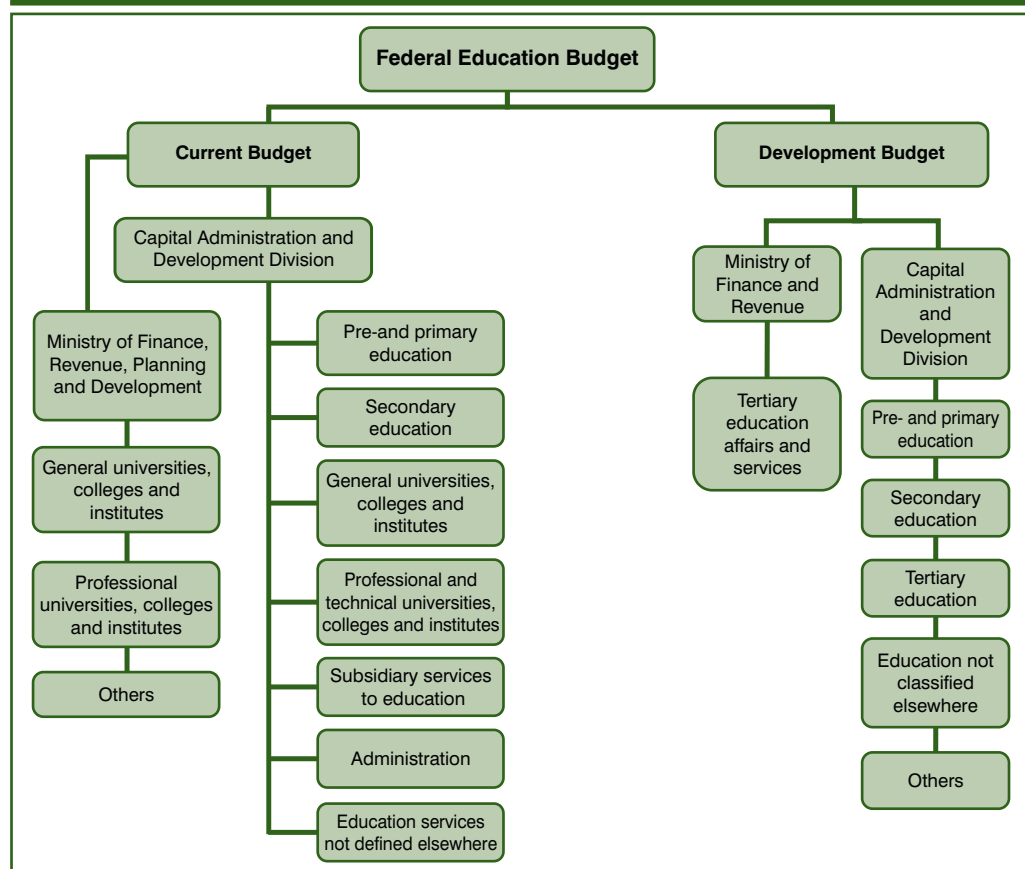
Capital Administration and Development Division - (CADD-Education)		
1	Pre-primary and primary education	Primary schools
2	Secondary education	Middle and high schools
3	General universities, colleges and institutes	Islamabad model colleges for boys and girls
4	Professional and technical universities, colleges and institutes	NISTE H-8/1, Islamabad Commerce College for Women F-10/3, Federal College of Education, Islamabad Commerce College for Boys H-8/4; Polytechnic Institute for Women H-8/1;
5	Education services non-definable by level	Sir Syed Academy for Special Education Rawalpindi
6	Subsidiary services to education	Grant-in-aid for six Islamabad community schools; archives, library and museums
7	Administration	Federal Directorate of Education; Department of Libraries; Area Education Officers
8	Education services not defined elsewhere	Technical Panel on Teacher Education Islamabad, National Education Assessment System (NEAS), Academy for Educational Planning and Management (AEPAM), social protection and welfare, special education
Ministry of Finance, Revenue, Planning and Development - (HEC)		
1	General universities, colleges and institutes	General universities, colleges and institutes under HEC
2	Professional universities, colleges and institutes	Professional universities, colleges and institutes under HEC
3	Others	Centres of Excellence, Areas Study Centres, Tenure Track System, Pakistan Educational Research Network (PERN), Digital Library

Source: Compiled from Federal Education Budget 2011-12

groups: CADD and HEC. The current budget for CADD is further divided into eight functional categories. Composition of each of these eight categories is self-explanatory and is shown in Table 2.1. The current budget for higher education used to be accounted for on behalf of the MoE prior to the 18th Constitutional Amendment. From 2011-12, it will be charged directly to the Ministry of Finance, Revenue, Planning and Development. This means that now there is an entirely separate setup for administration and management of higher education at the federal tier.

The development budget is classified into the same two groups, namely CADD and HEC. The development budget of CADD covers costs of schemes related to pre-primary, primary, secondary and tertiary education, and subsidiary services. For a large part; this budget deals with federal educational institutions located in Islamabad and federal areas, and cadet colleges. The demands for development budget of the HEC are accounted for on behalf of the Ministry of Finance (Figure 2.1). Moreover, this budget is a lump sum allocation in the budget books without any details of schemes. The details are available in Public Sector Development Program

Figure 2.1: Arrangement of Federal Education Budget



Source: Compiled from Federal Education Budget 2011-12

documents. In addition, the allocation for capacity building of teachers training institutions and training of elementary schools teachers in Khyber Pakhtunkhwa (Rs. 260.59 million), Balochistan (Rs. 181.84 million), Sindh (Rs. 351.87 million) and Punjab (Rs. 705.09 million) under CIDA debt swap program is also accounted for on behalf of the Ministry of Finance.

Due to devolution of education to the provinces under the 18th Constitutional Amendment, the functional classification of development budget has also been changed as is explained above. Because the federal government had been a major source of public financing for education in the provinces, the size of federal development budget for education has now been reduced significantly after the devolution. Cadet colleges and capacity building of teachers under CIDA debt swap program are the only two main areas still financed by the federal government. In addition, development schemes related to universities and other tertiary institutions working under HEC are financed under the federal PSDP.

2.2 Overall Federal Education Budget

The federal government has allocated Rs. 44.78 billion for education in 2011-12 – lower by 7.42 percent over the previous year. This reduction is wholly attributed to development budget which has been consecutively shrinking by 30 per cent or more in each of the past two years due to devolution of education to the provinces (Table 2.2). Out of total allocation in 2011-12, 91 per cent is earmarked for HEC and the remaining 9 percent for CADD-Education. The share of HEC in the federal education budget has increased by 5 percent, equivalent to Rs. 1.9 billion. The whole of this increase will be absorbed in the recurrent expenditure of universities, institutes, centres of excellence and other higher education programs working under HEC; the

Table 2.2: Overall Provincial Education Budget

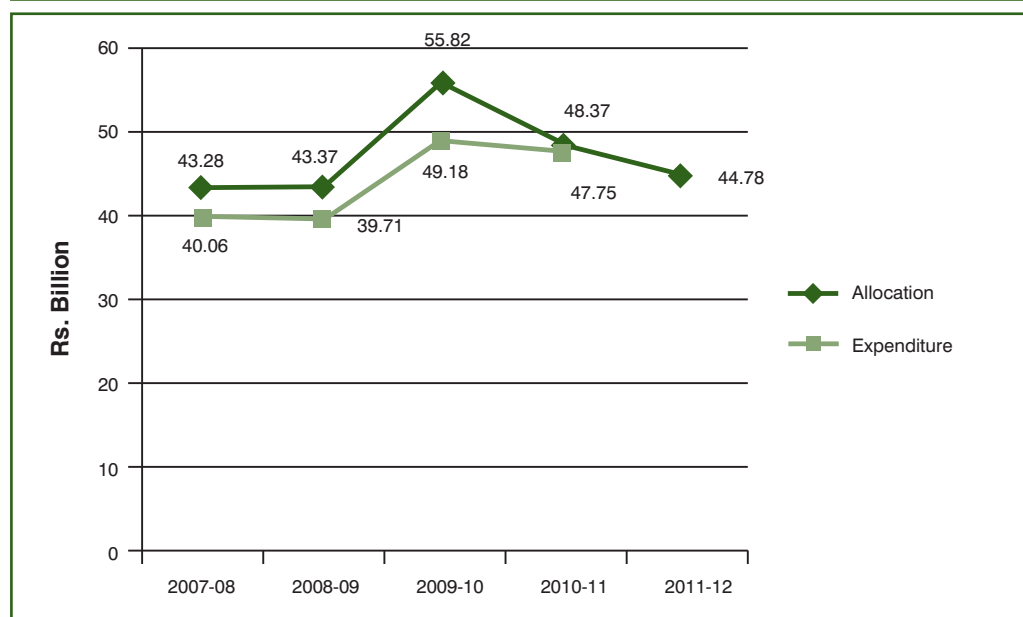
Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	43,284.39	..	40,058.86	93
2008-09	43,374.61	0.21	39,710.45	92
2009-10	55,816.28	28.68	49,184.29	88
2010-11	48,369.57	-13.34	47,748.50	99
2011-12	44,780.90	-7.42	..	..

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

development budget for HEC has in fact been slashed by Rs. 1.76 billion. The budget of CADD-Education (formerly Education Division) has decreased by 58 percent which is equivalent to Rs. 5.46 billion. Later sections will discuss these changes in more detail.

The utilization of federal education budget has remained quite high throughout the period covered in this study. In 2010-11, 99 percent of the allocated budget was spent. As Table 2.2 shows, the lowest expenditure during the past five years was 88 per cent in 2009-10 due to re-appropriation and slow pace of development budget spending. It is important to highlight that the revised estimates which are used as the measure of utilization in the budget books may not match the actual expenditure. When funds are released to universities and other HEC institutions, they are shown as expenditure. As a result, the current expenditure of HEC is usually very high in the budget books whereas the actual expenditure incurred by the universities might be lower or higher.

Figure 2.2: Trends in Allocation and Expenditure of Federal Education Budget



Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

2.3 Current and Development Budgets

The federal government has allocated Rs. 30.14 billion and Rs. 14.63 billion in 2011-12 for current and development expenditure on education respectively. A breakdown suggests that about 89 per cent (Rs. 26.88 billion) of the total current budget is earmarked for HEC. This allocation is higher by 15.79 per cent (Rs. 3.67 billion) over the previous year's allocation. The increase will be absorbed in the employees-related expenses and operating costs of universities, centres of excellence,

institutes, Tenure Track System and other regular programs working under HEC. In contrast, the current budget for CADD-Education has been cut down by 26 per cent which is almost wholly attributed to reduction in the non-salary expenditure of administration for schools and colleges and subsidiary services to education. Overall, the size of current budget has been enlarged by an amount of Rs. 11.37 billion over the past four years.

Table 2.3: Current and Development Budgets for Education

Year	Current		Development		% of Total Education Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	18,775.61	..	24,508.78	..	43	57
2008-09	19,104.96	2	24,269.65	-1	44	56
2009-10	25,218.67	32	30,597.61	26	45	55
2010-11	27,536.16	9	20,833.41	-32	57	43
2011-12	30,145.16	9	14,635.75	-30	67	33

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

The devolution of education to the provinces has affected the outlay of federal development expenditure on education. Over the past two years, it has been shrinking consecutively as development projects have been shifted to the provinces. In 2011-12, an amount of Rs. 14.63 billion has been reserved for this purpose which is lower by 30 per cent (Rs. 6.19 billion) compared with the allocation made in the previous year. This downturn has reduced the availability of funds to HEC for development schemes by a margin of Rs. 1.76 billion. However, the major cut has been made in the development budget of 'tertiary education' and 'education not classified elsewhere' (see Table 2.1 for definition of these categories) covered under CADD-Education, formerly Education Division. As Table 2.3 shows, the federal government has increased allocation for development schemes in primary and secondary education in 2011-12. As far as the role of federal government in the provincial public sector development is concerned, it is now confined to some development projects in the poor and backward districts and establishment of cadet colleges.

An analysis of the federal outlay for education indicates a number of important trends. The current budget has been consistently increasing since 2007-08. In contrast, the development budget has been reduced significantly over the past

Table 2.4: Development Budget of CADD-Education

	2010-11		2011-12
	Allocation	Expenditure	Allocation
Pre- and primary education	30.331	7.234	209.799
Secondary education	58.362	17.253	63.105
Tertiary education (excluding HEC)	1869.305	75.146	336.695
Subsidiary services to education	6.579	..	..
Education not classified elsewhere	3106.287	100.774	26.15
Others	..	..	41.602
Total	5070.864	200.407	677.351

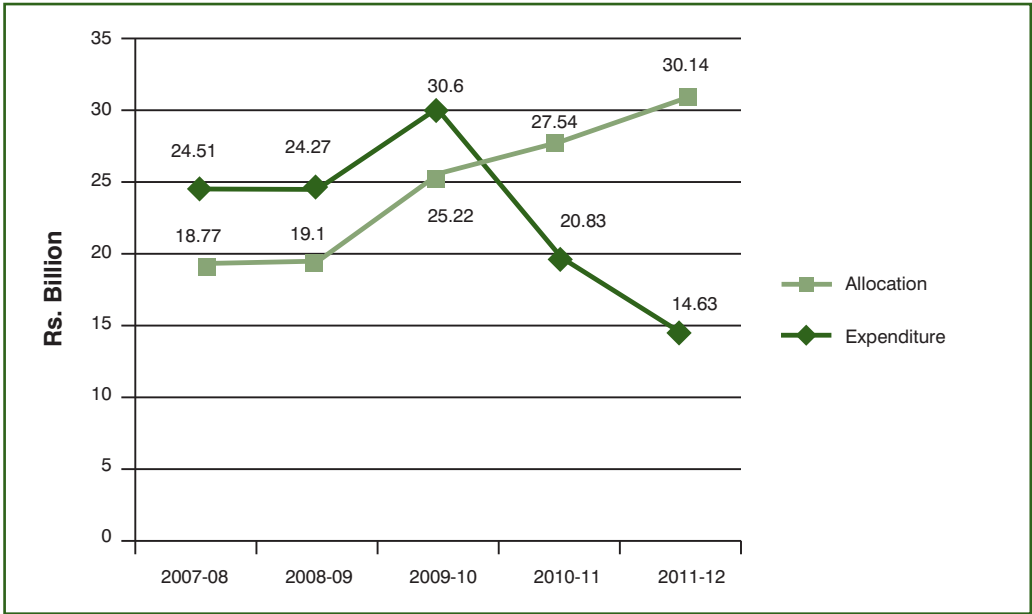
Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

two years. As a result, the ratio of current budget to development budget has altered in favor of the former. Until 2009-10, the percentage share of development budget in total federal education budget was greater than that of the current budget. Since 2010-11, the relative share of current budget has begun to increase (Figure 2.3). The above analysis also suggests that the major effect of cuts in the federal budget has always been borne by the school education and subsidiary services to education at the federal tier. The allocations for HEC have remained more stable and protected. Moreover, the impact of devolution of education to the provinces is visible in a number of ways. It has considerably altered the classification of education budget due to institutional restructuring and reduction of current as well as development expenditure of educational services formerly covered under the Education Division.

2.4 Intra-Sector Distribution of Federal Education Budget

A breakdown of the federal education budget by sub-sector suggests that a huge proportion goes to higher education every year. A trend analysis suggests that the share of higher education has been fluctuating over the years, but it has always remained above 90 per cent of the total budget. In 2011-12, 91 percent (Rs. 40.89 billion) of the total outlay has been earmarked for universities, institutes, centres of excellence and other regular and development programs working under HEC. The remaining share of 8.69 per cent (Rs. 3.89 billion) will go to school education and subsidiary services to education which are within the domain of CADD-Education,

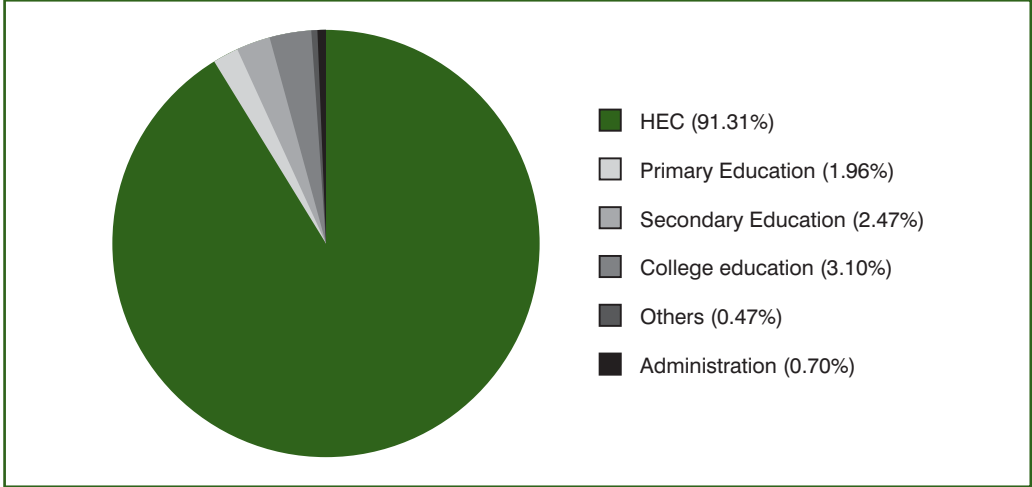
Figure 2.3 Trends in Allocation of Current and Development Budget



Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

formerly Education Division. Out of an allocation of Rs. 3.89 billion for CADD-Education, the largest share of Rs. 1.39 billion will be spent on college education, followed by secondary education and primary education which will receive Rs. 1.11 billion and Rs. 876.74 million respectively (Figure 2.4). This means that the sub-sector of primary education has the smallest share, relative to other sub-sectors, in the federal education budget.

Figure 2.4 Distribution of Federal Education Budget 2011-12



Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

If the distribution of development budget among sub-sectors is considered alone, the priorities are slightly different. Out of total allocation of Rs. 14.63 billion in 2011-12, the largest proportion is earmarked for higher education (Rs. 14 billion), followed by college education (Rs. 336.7 million), primary education (Rs. 209.8 million) and secondary education (Rs. 63.11 million). Thus, the developmental priorities are slightly different as more resources have been allocated for primary education as compared with those for secondary education. However, secondary education receives more resources if current and development budget are considered together.

2.5 Utilization of Budgetary Allocations

During the entire period covered in this study, the utilization of federal education budget has remained quite high as it ranged between 88 per cent and 99 per cent. In 2010-11, 99 percent of the allocated budget was spent. As Table 2.4 shows, the lowest expenditure during the past five years was 88 per cent in 2009-10. The under-spending was to the extent of Rs. 1.26 billion and Rs. 6.73 billion in the current and development budgets respectively. The overall utilization has improved by 10 percentage points in the previous year. However, this improvement is an outcome of an overspending in the current budget by 20 per cent. The MoE could not utilize Rs. 409 million on account of under-spending in both employees-related and operating expenses. This means that the entire overspending of 20 per cent in the current

Table 2.5: Utilization of Budgetary Allocation

	Utilization as % of Allocation			
	2007-08	2008-09	2009-10	2010-11
Federal education budget	93	92	88	99
Current budget	100	100	95	120
Development budget	87	85	78	71
School education	92	94	96	96
Higher education (excluding HEC)	96	94	90	83
Literacy	62	15	0	0
Ministry of Education	78	79	100	77
HEC	97	95	90	112
Stipends and scholarships	100	100	100	100

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

budget is attributed to HEC. Its expenditure exceeded the allocated budget by Rs. 8.45 billion. It spent 122.73 million more on operating expenses and an additional 5.71 billion on grants, subsidies and write-off loans in 2011-12. It is important to highlight that the revised estimates which are used as the measure of utilization in the budget books may not match the actual expenditure. When funds are released to universities and other HEC institutions, they are shown as expenditure. As a result, the current expenditure of HEC is usually very high in the budget books whereas the actual expenditure incurred by the universities might be lower or higher than that reported in the budget.

While the current budget was overspent, the development budget remained underspent to the extent of 29 per cent, mainly attributed to the Education Division. Out of a total allocation of Rs. 5.07 billion, an amount of Rs. 200.41 million only was spent on development schemes. This is partly attributed to the impact of the devolution of education to the provinces, as the federal government shifted the responsibility of educational development to the provinces. The development expenditure of HEC was more or less stable and remained a high at 93 per cent.

A trend analysis suggests that the overall rate of utilization has been quite high over the past four years. However, it hides a number of issues. First, this high rate is mainly attributed to high recurrent expenditure of HEC. If this factor is isolated from the analysis, a story of inconsistent and unpredictable spending pattern emerges. Secondly, development expenditure on school education has remained quite low over the past two years. This is attributed mainly to the transition phase of

Table 2.6 Utilization of Development Budget for Education

	Allocation	Utilization	Utilization as % of Allocation
A. Education Division			
Primary education	30.331	7.234	24
Secondary education	58.362	17.253	30
Tertiary education (excluding HEC)	1869.305	75.146	4
Subsidiary services to education	6.579	0	0
Education services not classified elsewhere	3106.287	100.774	3
Education Division –sub-total	5070.864	200.407	4
B. HEC	15762.543	14584	93
Total (A+B)	20833.407	14784.41	71

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

devolution under the 18th constitutional amendment during which development projects have been shifted to the provinces.

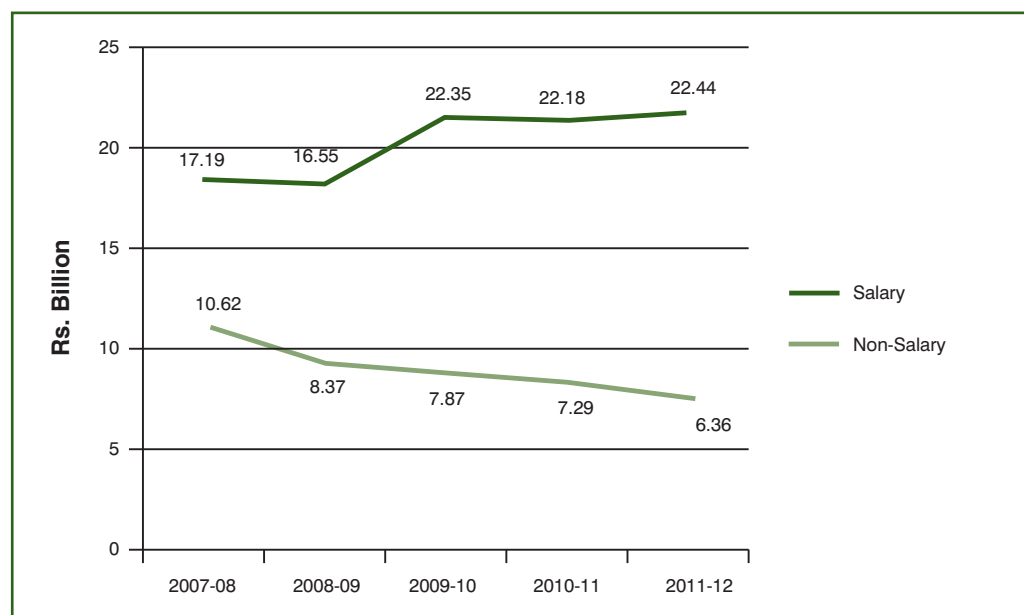
2.6 Academy of Education Planning and Management (AEPAM)

Prior to the devolution of education to the provinces under the 18th constitutional amendment, AEPAM was mandated to provide professional advisory services to the MoE, conduct research on issues relating to education development, build capacity of educational planners and administrators, and analyze issues relating to governance and policy. Although the mandate still remains more or less the same after the devolution, AEPAM has been now declared as a subordinate office of the newly created Ministry of Professional and Technical Training, Government of Pakistan.

The federal government has allocated Rs. 28.80 million for AEPAM in 2011-12, lower by 2 per cent over the allocation for the previous year. From 2008-09 onwards, the salary budget has been more or less stable with slight upward or downward changes. However, the non-salary budget has been consistently decreasing over the past five years. In 2011 – 2012, the Academy has been allocated an amount of Rs. 200,000 only for research, survey and exploratory operations. With this meager amount, it cannot do even small scale surveys to generate new knowledge based on primary data sources.

AEPAM also serves as the secretariat of National Education Management Information System (NEMIS). The purpose of this system is to consolidate data

Figure 2.5 Allocation of Salary and Non-Salary Budgets of AEPAM



Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

provided by provincial and regional Education Management Information Systems (EMISs) and publish it annually. It also provides technical support to provincial and regional EMISs for improving their capacity for production of up-to-date data. This role has placed NEMIS at the centre of evidence-based planning and management in the education sector. A regular budget of about Rs. 4.8 million used to be allocated to NEMIS till 2009-10. In 2010-11, its budget was merged with that of AEPAM. In 2011-12, no separate budget line is given in the budget books for this purpose.

2.7 National Education Assessment System (NEAS)

The objective of the NEAS is to establish a system of student's assessment and to develop national capacity for conducting periodical assessments to monitor student's achievements. For this purpose a stated priority of the NEAS is to build assessment capacity at the school, provincial and federal levels to measure learning outcomes and improve the quality and effectiveness of interventions. This involves coordination with the provincial and regional assessment systems which have been established in the education departments of the respective governments. Findings of national assessment testing are published on an annual basis. Given this role, allocation of resources for NEAS can be taken as a good indicator of the government's commitment to enhancing the quality of education. As a result of institutional restructuring after the devolution of education to the provinces, NEAS has been placed under the control of CADD. As the provincial counterparts of NEAS have been placed under full administrative control of the provinces, its role is being viewed as a coordinating agency for consolidation of assessment data. The federal government has allocated Rs. 9 million for NEAS in 2011-12. The allocation has remained unchanged since the previous year.

2.8 Teacher Education and Training

The responsibility of teacher education and training largely lies with the provincial governments. However, the federal government also allocates substantial funds for this purpose. The primary institution for pre-service training of teachers at the federal level is the Federal College of Education, Islamabad. The total budget of the College is in the vicinity of Rs. 37.50 million. The budget has been increased by 7 per cent in 2010-11 over the previous year. Nearly 78 per cent of the allocated budget will be spent on the salaries of the employees. In every year since 2008-09, the percentage share of employees-related expenses has been increasingly incrementally. In addition, the federal government has allocated Rs. 2.1 million for Technical Panel on Teacher Education. NISTE and FDE also allocate some budget for training of teachers. The federal government is also implementing a national program of Teacher Training Institutions (TTIs) and for the training of elementary school teachers across Pakistan under CIDA debt swap program. An amount of Rs. 1.50 billion has

been allocated for the four provinces. The largest proportion of this allocation will go to Punjab (Rs. 705.09 million) followed by Sindh (Rs. 351.87 million), Khyber Pakhtunkhwa (Rs. 260.59 million) and Balochistan (Rs. 181.84 million). The pace of this program has been very slow resulting in low utilization.

2.9 Federal Grants for Private Educational Institutions

The size of federal grants to private educational institutions has been increasing gradually since 2007-08. The total amount of these grants was Rs. 45.16 million in 2007-08 which increased to Rs. 161.50 million in 2010-11. However, in 2011-12, only Rs. 11.03 million has been allocated for the provision of free text books to registered private schools of ICT. No budget has been allocated for National Education Foundation, establishment of School of Science and Engineering Lahore University of Management Sciences (LUMS) Lahore, and other private universities (Table 2.6). This reduction is attributed to the devolution of education to the provinces.

2.10 Scholarships and Stipends

Scholarships and stipends are necessary for rewarding the talented students, enabling the poor and needy children and for providing incentives for retention of those children who are most likely to drop out for economic reasons. Since 2007-08, the federal budget for scholarships and stipends has been in the vicinity of Rs. 4.8-5.0 billion. This allocation has remained more or less stagnant. In 2011-12, an amount of Rs. 3.87 billion has been allocated for scholarships and stipends, which is lower by

Table 2.7: Federal Grants for Private Educational Institutions

Scheme	Estimated Cost (Rs. Million)	Utilization as % of Allocation				
		2007-08	2008-09	2009-10	2010-11	2010-12
National Education Foundation	..	6.66	6.46	7.46	6.50	..
Establishment of School of Science and Engineering LUMS Lahore	1,500.00	..	50.00	125.00	144.00	..
Grants to private universities	800.00	30.00	..	..	..	..
Grants to private educational Institutions	..	8.50	6.00	11.22	..	..
Provision of free text books to registered private schools of ICT	..	..	8.00	10.00	11.00	11.03
Total	2,300.00	45.16	70.46	153.67	161.50	11.03

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

23 per cent over the previous year (Table 2.7). The allocated budget has generally been fully utilized.

To sum up, a number of changes and trends have been observed in the federal education budget in the recent past. First, there is a visible impact of the devolution of education to the provinces under the 18th constitutional amendment. This has led to re-classification of the budget as a result of institutional restructuring. Moreover, the development budget has been decreasing by 30 per cent or more over the past two years, given that the responsibility of development work in education now lies with the provinces. The federal government's developmental role in provinces is now confined to a few marginalized districts and establishment of cadet colleges. Secondly, HEC continues to receive the largest share of the federal education budget. As higher education institutions working under HEC are not affected by the devolution, their budget has remained more or less stable over the past few years. Thirdly, the sub-sector of primary education has the smallest share, relative to other sub-sectors, in the federal education budget. Fourthly, the federal grants for private educational institutions have been reduced considerably in 2011-12. Overall, the 18th constitutional amendment has given rise to many changes in the federal education budget which can be described as a transition phase of the fiscal devolution. It would take some years before the impact of these changes on access and quality of education begins to unfold itself.

Table 2.8: Federal Government's Scholarships and Stipends

Years	No. of Schemes	Allocation (Rs. Million)	Change (%)	Utilization (%)
2007-08	64	4,809.57	-	100
2008-09	61	5,022.42	4	100
2009-10	63	4,877.64	-3	100
2010-11	66	5,013.54	3	..
2011-12	23	3,876.08	-23	..

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12



CHAPTER 3

Public Financing of Education: Punjab

CHAPTER 3

Public Financing of Education: Punjab

3.1 Classification of Punjab Education Budget

The provincial education budget of Punjab is divided into two broad categories: Current and Development. These two categories are common to the federal, provincial and district budgets. However, the “functional” classification of the Punjab education budget is considerably different from the federal and other provincial budgets (see figures 2.1, 4.1, 5.1 and 6.1 in chapters 2, 4, 5 and 6 for comparison). Moreover, a number of changes have been introduced in the classification of Punjab education budget in 2011-12. This section explains these changes and interprets their consequences underpinning the education policy and practice.

The Current budget represents the allocation and expenditure for meeting the running costs such as salaries, allowances, operating expenses, communications, utilities, repair and maintenance, etc. The classification of this budget was fairly straightforward in 2010-11, as it was organized systematically along seven main functions: secondary education; general universities, colleges and institutes; professional and technical universities and colleges; administration; school for special children; archives, libraries and museums; and others. In 2011-12, this classification has been changed by replacing self-explanatory categories (e.g. secondary education) with generic categories of administration and others. The departments and types of expenditure covered under each of these categories are given in Table 3.1.

There are a number of important consequences of this functional classification of the Current budget for education. First, this classification is arbitrary in many ways and denotes lack of distinction among different functions within the education system. For example, the recurrent expenditure of secondary schools and

Table 3.1 Functional Classification of Current Education Budget

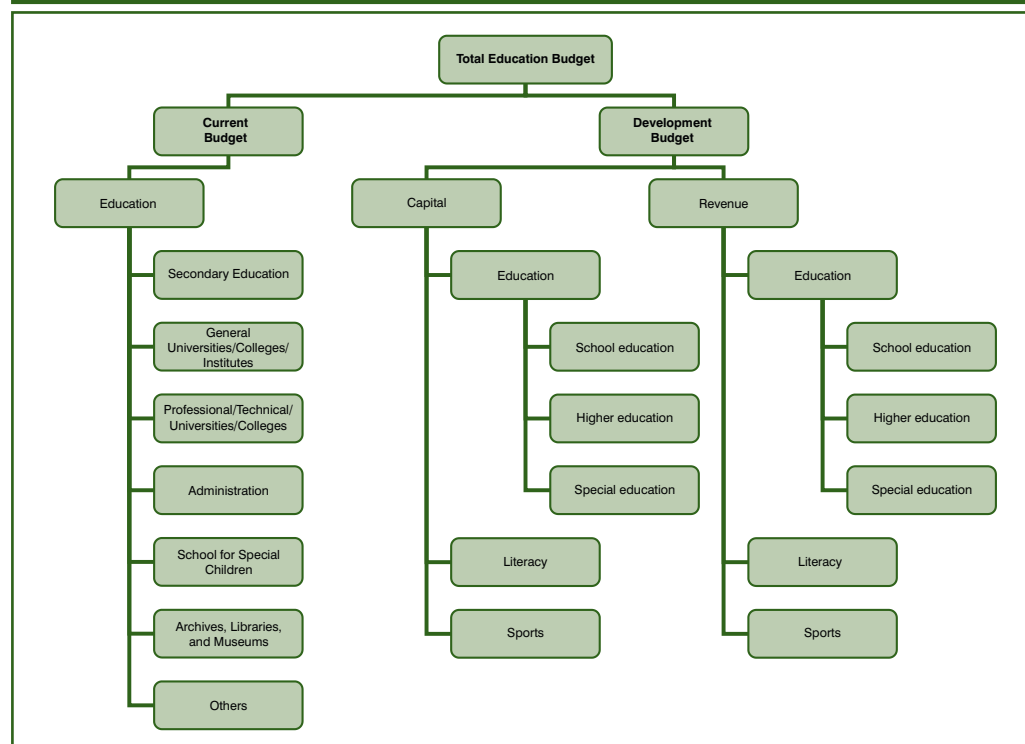
1	Administration	Direction (Elementary Education)
2	Others	Elementary Teachers Training College
3	Administration	Grant-in-aid to school councils; Direction (secondary education), Program Monitoring and Implementation Unit – Punjab Education Sector Reforms Program
4	Others	Cadet College Hassanabdal; Sadiq Public High School Bahawalpur; National Museum of Science and Technology Lahore; National Education Equipment Centre, Wahdat Colony Lahore; Punjab Examination Commission Lahore; Government Central Model School Lahore; Punjab Education Assessment System; Chief Minister's Monitoring Force; Miscellaneous grants for school education; in-service teacher training; and Lawrence College Ghora Gali Murree
5	General universities/colleges/institutes	Arts colleges
6	Professional/technical universities/colleges/institutes	Professional colleges
7	Administration	Direction (colleges); Inspection (colleges)
8	Others	Government College University Faisalabad; University of Gujrat; Government College University Lahore; School of Mathematical Sciences; Lahore College for Women University Lahore; University of Education Lahore; Queen Mary College Lahore; Kinnaird College for Women Lahore; Government Fatima College for Women Chuna Mandi Lahore; Fatima Jinnah Women University Rawalpindi; Government Degree College Kahuta; University of Sargodha; Miscellaneous grants for higher education
9	School for Special Children	Directorate of Special Education
10	Archives, Libraries and Museums	Libraries; Children Library Complex Lahore; Quaid-e-Azam Library Lahore; Establishment of library/resource centre at Murree
11	Others	General colleges

Source: Compiled from Punjab Budget Books 2011-12

colleges is accounted for under the same functional category of Administration at one place. There is separate category of 'General Universities/Colleges/Institutes', but the recurrent budget of some general colleges is accounted for under three categories of 'Others'. Thus, a rational division of functions is missing in the classification of the Current budget. Secondly, due to the placement of colleges under different functional categories, it is not easily possible to get a sense of the allocations of expenditure on colleges. Similar issue exists for universities. Moreover, a major chunk of the Current budget has been classified under 'Administration' and 'Others' whereas in reality, no distinction exists between administrative expenditure and other types of expenditure. Compared with other provinces, Punjab has the highest degree of vagueness and lack of specificity in its classification of the Current education budget (see Table 3.1).

Previously, the provincial administrative set up for education in the Punjab was divided into three departments; namely, School Education, Higher Education, and Literacy. Recently, the Literacy department has been merged with Higher Education and is classified as such in the budget (see Figure 3.1). The current budget of each of these three departments is charged from 'General Administration' rather than 'Education'. As a result of this classification, the allocation and expenditure of these departments is not included in the provincial education budget

Figure 3.1 Classification of Punjab Education Budget



Source: Punjab Budget, 2010-11

to avoid double counting in the aggregate budget. As a result, the provincial education budget of Punjab has been and continues to be understated in relative terms as the federal and other provincial education budgets include the allocations and expenditure on education department(s). Calculations in this study conform to the official classification of budget, and accordingly, do not count the budget of the three departments in statistics. However, a separate table showing their budgets, charged from 'General Administration' is provided for information (see Tables A.6, A.7 and A.8 in Annex A).

The provincial development budget for education consists of two categories: Capital and Revenue. Simply put, the Capital budget is allocated for buildings and generally involves construction, up-gradation and rehabilitation of schools, colleges, universities, sports facilities, or other purpose-built buildings. The Revenue budget includes all other costs involved in the development projects such as purchase of furniture and fixtures, capacity building programs, scholarships, establishment of adult literacy centres, etc. Thus, the total development budget for education is a sum of Capital and Revenue budgets (see Figure 3.1). In 2011-12, the Capital budget for education has been organized into three functional categories: school education, higher education, and special education. The category of higher education also includes capital budget for literacy program and sports. The Revenue budget for education comprises of four categories: school education, higher education, literacy and special education. The classification of development budget also shows similar anomalies as the current budget does. These anomalies call for getting the budget classification rational and clearer as a key priority in public financial management reforms in Punjab.

3.2 Overall Provincial Education Budget

The provincial government of Punjab has allocated Rs. 60.49 billion for education in 2011-12, up by 12 percent over the past year. In absolute terms, the budget has increased to the tune of about Rs. 6.5 billion, compared with an increase of Rs. 5 billion in the past year (Table 3.2). This increase is the net effect of huge increase in the development budget and a hefty cut in the current budget. Overall, the major chunk of increase in the provincial education budget is intended to be absorbed by development schemes for primary and secondary schools.

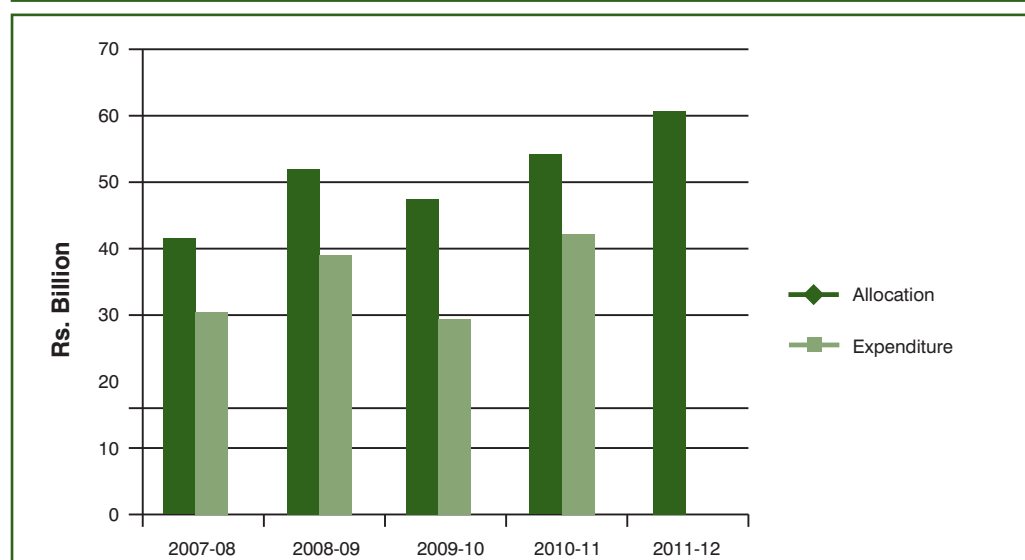
As far as expenditure is concerned, the Punjab government spent Rs. 42.65 billion on education in 2010-11. This amount represents 79 percent of the allocated budget. Overall, the burn rate has increased by 17 percent over 2009-10, but still Rs. 11.3 billion could not be utilized. This is mainly attributed to underutilization of the development budget on school education. Similarly, revised estimates suggest that utilization of budgetary allocations for Punjab Education Sector Reforms Program (PERSP) has also remained consistently low.

Table 3.2 Overall Provincial Education Budget

Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	42,057.83	..	30,406.29	72
2008-09	52,599.63	25	39,357.84	75
2009-10	47,392.17	-10	29,437.66	62
2010-11	53,972.13	14	42,655.54	79
2011-12	60,494.53	12	..	..

Source: Calculations of I-SAPS from Punjab Budget Books, 2008-09 to 2011-12

An analysis of budget over the past five years suggests many important trends. First, the allocation for education has been increased consistently by more than 10 percent since 2007-08. The only exception is 2009-10 when the provincial education budget was cut by 10 percent. Secondly, utilization has not improved as much as the allocation. In every year since 2007-08, about a quarter of the allocation has remained unspent. In 2010-11, however, the utilization has improved significantly by 17 percent. This improvement is attributed to higher expenditure in areas which have traditionally shown poor record in utilization of development budget, namely school education and PESRP.

Figure 3.2 Provincial Allocations and Expenditure on Education

Source: Calculations of I-SAPS from Punjab Budget Books, 2008-09 to 2011-12

3.3 Current and Development Budget

Out of the total provincial layout of Rs. 60.49 billion for education, Rs. 25.59 billion (42 percent) is earmarked for recurrent costs and Rs. 34.90 billion (58%) for developmental schemes (Table 3.3). Unlike the previous year when the Punjab government bolstered the current expenditure by 29 percent, a seven percent cut has been made in this year. The development budget has increased by 31 percent. As a result, the relative share of the development budget is the highest since 2007-08. These allocations indicate an obvious shift towards expanding the education infrastructure.

Table 3.3 Current and Development Budget

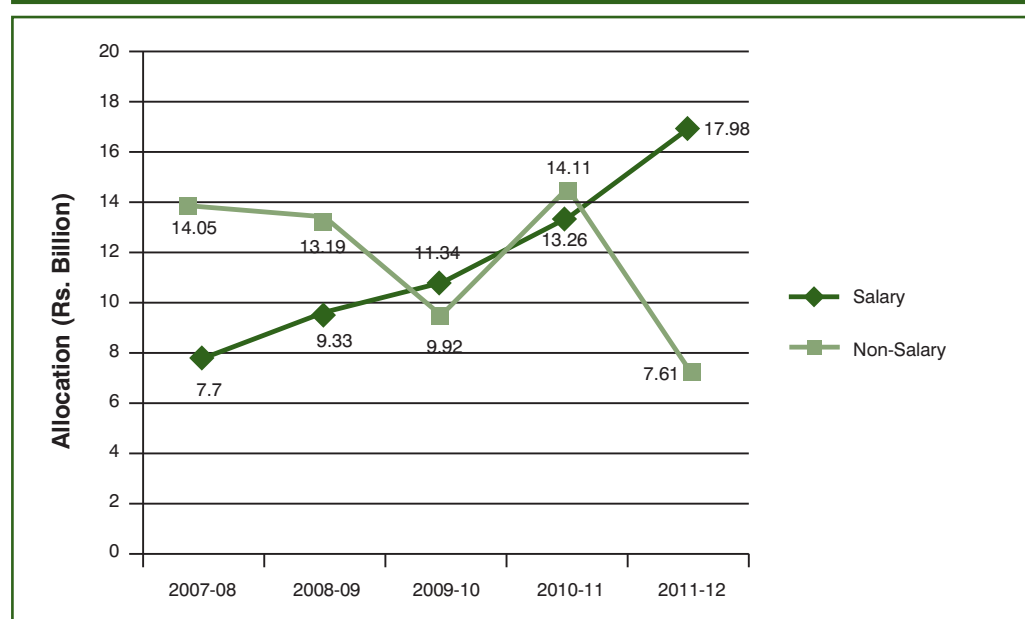
Year	Salary		Development		% of the Education Budget	
	Rs. Million	Change %	Rs. Million	Change %	Rs. Million	Change %
2007-08	21,754.57	..	20,303.26	..	52	48
2008-09	22,521.63	4	30,078.00	48	43	57
2009-10	21,267.17	-6	26,125.00	-13	45	55
2010-11	27,374.71	29	26,597.42	2	51	49
2011-12	25,594.53	-7	34,900.00	31	42	58

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Who is affected by the seven percent cut in the current budget? In absolute terms, this cut has reduced the size of the current budget for education by Rs. 1.8 billion. This is mainly due to reduction in miscellaneous grants for school education and higher education, and in recurrent budget of Direction (colleges), University of Gujrat, Government College University Lahore, Lahore College for Women University and Fatima Jinnah Women University. The whole effect of this seven percent cut, however, is on non-salary expenditure. The employee-related expenses have been increased by 36 percent – the highest since 2007-08 (Table A.1 in Annex A). Similar findings emerge from a trend analysis of the salary and non-salary expenditure over the past five years. The salary, which includes different types of employee-related expenses, has been increasing between 17-36 percent, whereas the non-salary expenses have been diminishing. In 2011-12, these expenses have been cut nearly by half, mainly due to huge reduction in grants for school education and higher education. As it is evident from Figure 3.4, there is no consistent pattern in allocation of non-salary expenditure, whereas the salary expenditure has been increasing steadily and consistently. This is likely to adversely affect the pace of

institutional development as the non-salary budget includes operational costs, maintenance and repairs, communication, printing and publication, etc. In other words, the educational institutions will have fewer funds at their disposal to meet the costs of day-to-day business.

Figure 3.3 Trends in Allocation of Current Budget for Education in Punjab



Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

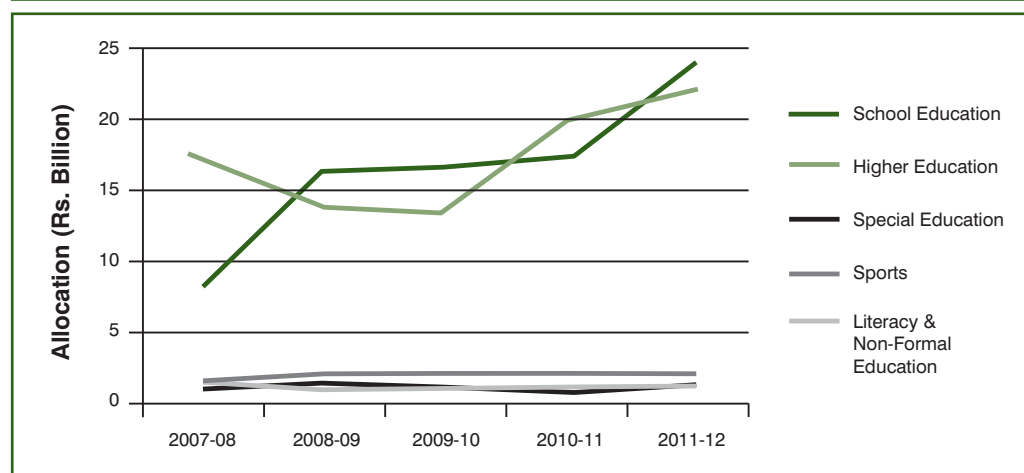
The provincial layout for development schemes in the education sector is Rs. 34.9 billion – up by 31 percent over 2010-11. This increase is equivalent to Rs. 8.3 billion. Where will this additional allocation be absorbed? Development schemes for construction and up-gradation of school education will receive about 77 percent of this additional allocation, whereas the remaining 33 percent is earmarked for higher education. As a result, the development budget of school education has become nearly three times than that of higher education. This point will be further illustrated in the next section.

3.4 Intra-Sector Distribution of Provincial Education Budget

The distribution of total layout is an indicator of the relative priority attached to various sub-sectors. In Punjab, the education sector is administratively divided into three sub-sectors: school education, literacy and non-formal basic education, and higher education. Each sub-sector is managed as a department, headed by a Secretary. The functional classification of provincial budget also includes special education and sports as two sub-sectors of education, though their administration does not fall strictly within the education sector.

A trend analysis of the sectoral distribution of provincial education budget reveals some important findings. First, the provincial allocation for school education is the highest in 2011-12 and stands at Rs. 23.55 billion. As the recurrent expenditure on school education is the responsibility of districts, the provincial allocation is mainly for development schemes. An amount of Rs. 22.62 billion has been reserved for higher education. As the provincial government is responsible for both current and development expenditure on higher education, it may be concluded that the allocation for development of school education is greater than the current and development budget for higher education combined. However, the allocation is misleading in the sense that it remains grossly underutilized every year (Table 3.5). The budgetary allocation for sports, literacy and special education has been more or less constant over the past five years (Figure 3.5).

Figure 3.4 Trends in Intra-Sector Distribution of Education Budget



Source: I-SAPS calculations from Punjab Budgets, 2009-10 to 2011-12

If the development budget is considered alone, it has been increasing steadily for both school education and higher education. The largest pie of development budget goes to school education (70 percent), followed by higher education (25 percent). The remaining five percent is earmarked for special education, sports, and literacy (Table 3.4). In 2011-12, the development budget for school education consists of a large number of block grants for up-gradation and provision of missing facilities. This means that individual schemes are either clubbed together under a block grant, or decision about which schools or areas will benefit from these grants will be made later, leaving a large space for political maneuvering ahead of impending elections.

Table 3.4 Trends in Development Budget (Rs. Million)

Sub-Sector	2008-09	2009-10	2010-11	Change (+/-) 2009-10
School education	16,600.00	17,112.53	23,500.00	6,387.47
Higher education	6,125.20	6,584.89	8,526.00	1,941.11
Special education	1,000.00	500.00	500.00	0
Literacy	800.00	800.00	800.00	0
Total	24,525.20	24,997.42	33,326.00	8,328.58

Source: Calculations of I-SAPS from Punjab Budgets, 2009-10 to 2011-12

3.5 Utilization of Budgetary Allocations

Low utilization of budgetary allocations for education has been a major challenge in Punjab. Over the past few years, utilization has remained well below 75 percent. In

Table 3.5: Utilization of Budgetary Allocations

Category	Utilization as % of Allocation			
	2007-08	2008-09	2009-10	2009-10
Total Education Budget	72	75	65	79
Current Budget	65	129	95	98
Development Budget	43	34	38	59
School Education	69	35	31	67
Higher Education	39	69	91	94
Special Education	7	8	20	1
Literacy	0	5	13	7
Pre-Service Teacher Training	96	131	114	146
In-Service Teacher Training	45	58	72	84
PESRP – PMIU	28	36	66	42
School Councils	7	124	85	82
Stipends & Scholarships	118	5	0	3

Source: I-SAPS's calculations from Punjab budgets, 2008-09 to 2010-11

2010-11, a significant improvement was made as the expenditure jumped up by 14 percent from 65 percent in 2009-10. This increase is largely attributed to doubling of spending rate on developmental schemes for school education. In 2009-10, only 31 percent of school education budget could be utilized. This rate increased to 67 percent in 2010-11, but it was still lower than 2007-08 level (Table 3.5).

A trend analysis of utilization rates over the past four years reveals important trends. First, nearly a quarter of provincial education budget remains unspent every year, though the situation improved in 2010-11. The underutilization is largely in the development budget of school education. Secondly, there is a high degree of inconsistency in the utilization of budgets of school education, special education, literacy, and stipends and scholarships. Thirdly, there are a number of areas in which spending has remained consistently very low over the past three to four years. They include special education, literacy, and stipends and scholarships.

Box 1

Expenditure on Danish Schools

The Punjab government allocated Rs. 3 billion in 2010-11 in the Annual Development Plan. However, an expenditure of Rs. 1.92 billion (64 percent) was incurred by diverting domestic grants from the Current Expenditure. This represents an anomaly in the allocation and expenditure. In 2011-12, a Capital expenditure of Rs. 3 billion has been earmarked again for the establishment of Danish Schools. However, it is not clear whether the provincial government will actually release funds from the Capital Expenditure or it will follow the past year's trajectory of re-appropriation from the Current Expenditure. In the latter case, regular expenditure on schools is likely to be affected negatively.

3.6 Program Monitoring and Implementation Unit

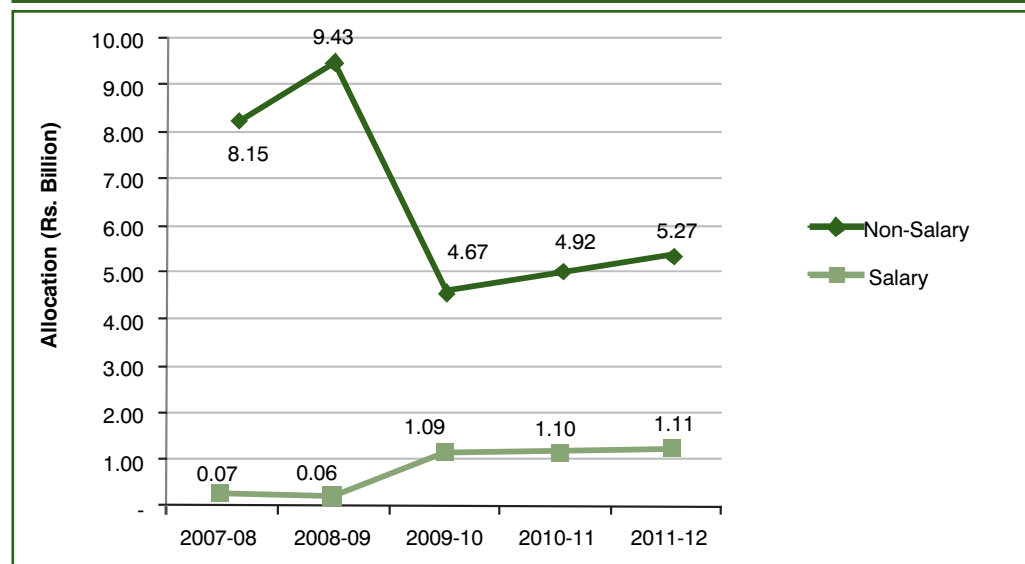
The mandate of Program Monitoring and Implementation Unit (PMIU) is to design and implement reforms in school education. It serves as the secretariat for management and implementation of Punjab Education Sector Reforms Program (PESRP). Some important initiatives which are funded from the regular budget of the provincial government under the PESRP are provision of free text books and uniform, publicity and advertisement, and provision of scholarships and stipends for girl students studying in classes 6–10 in selected districts.

In 2011-12, the total budgetary allocation for PMIU-PESRP is Rs. 6.38 billion, up by 6 percent over 2010-11. The largest increase has been made in allowances of

staff from Rs. 35.59 million in 2010-11 to Rs. 1.07 billion in 2011-12, showing an expansion by 2759 percent. As a net effect of cuts and surges in allocations for various budget lines, overall increase of Rs. 358 million has been made in the PESRP. This additional amount represents addition of Rs. 5.70 million in the current budget and Rs. 352.5 million in the non-salary budget, showing an increase of 1 percent and 7 percent respectively. The largest proportion of this additional allocation (Rs. 334 million) will be absorbed in general expenditure on various initiatives including free textbooks and domestic grants.

As far as expenditure is concerned, PMIU has shown poor track record over the past few years. The PESRP budget has remained underutilized due to which the pace of implementation of education reforms has been consistently slow. In 2007-08, only a quarter of the PESRP budget could be utilized, which improved to 42 percent in 2010-11. This utilization largely represents spending on salaries and other employee-related expenses.

Figure 3.5 Salary and Non-Salary Budgets of PMIU



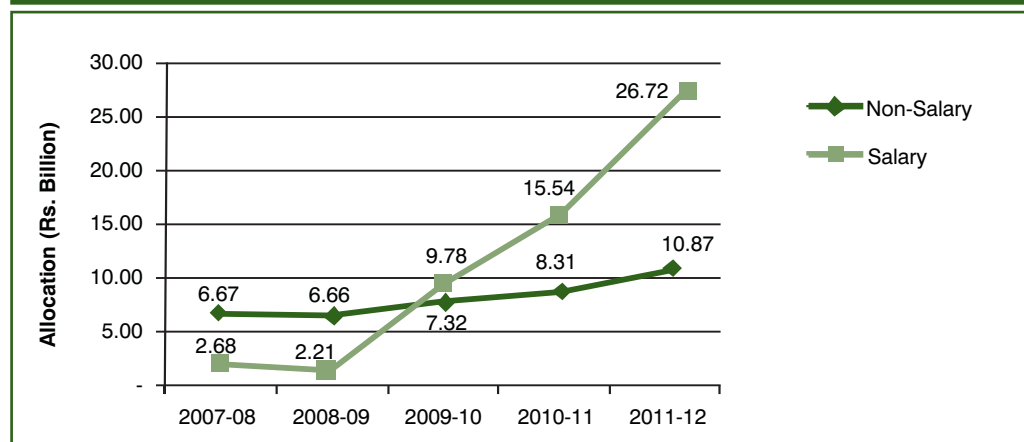
Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

3.7 Punjab Education Assessment System

The mandate of Punjab Education Assessment System (PEAS) is to conduct research on students' learning achievements in the province. Its role therefore is very important for generating evidence on what and how much children are learning in schools. The data collected by PEAS is published in provincial assessment reports, and is also fed into the National Education Assessment System (NEAS). Thus PEAS expenditure is extremely important for conducting learning assessments, which can

then be used to re-design teacher training programs and to improve classroom pedagogy.

Figure 3.6 Salary and Non-Salary Budgets of PEAS



Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

The budgetary allocation for PEAS has been increased consistently over the past few years. Between 2007-08 and 2011-12, the allocation has increased by more than two hundred percent. In the current fiscal year, Rs. 26.62 million has been allocated to PEAS, up by 12 percent over 2010-11. In absolute terms, the budget has increased by Rs. 2.78 million. This increase will be absorbed largely by employee-related expenses. The utilization of budgetary allocation has been quite low (68-71 percent) in the recent years, but it jumped to 110 percent in 2011-12 (See Table A.3 in Annex A). The excess expenditure was done on salaries, allowances, and general expenditure which included stationary, printing and publication, etc.

A trend analysis shows that both salary and non-salary budgets of PEAS have steadily increased since 2007-08. The increase has been much higher in non-

Table 3.6: Allocation and Expenditure on School Councils

Year	Total			Allocation			Expenditure		
	Rs. Million	Change (%)	Spend (%)	Rs. Million	Change (%)	Spend (%)	Rs. Million	Change (%)	Spend (%)
2007-08	2129.19	..	55	394.46	..	96	1,734.73	..	45
2008-09	1,535.85	-28	75	343.83	-13	131	1,192.02	-31	58
2009-10	1,719.76	12	81	395.40	15	114	1,324.36	11	72
2010-11	2,166.08	26	96	419.23	6	146	1,746.85	32	84
2011-12	3,176.23	47	..	767.21	83	..	2,409.02	38	..

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

salary budget, particularly in general expenditure. As a result, PEAS can spend more on assessment-related costs, but direct costs involved in the assessments are not clear from the classification of the budget. This implies that PEAS has greater amount of resources at its disposal for operating expenses, but it is not known how much of these actually go into research activities (e.g. surveys) for undertaking learning assessments.

It is important to note that a sum of Rs. 20 million has been reserved in the PMIU budget for learning assessments and PEAS. This allocation is additional to the regular budget explained above. This allocation will be used by the PMIU to conduct learning assessments as and when necessary.

3.8 Teacher Education and Training

In Punjab, the teacher training infrastructure is placed under the umbrella of the Directorate for Staff Development (DSD). The training program being run by DSD is believed to be of superior quality as compared with those of other provinces due to its elaborate structure of cluster-based teacher educators and emphasis on the use of updated content. In order to fulfill the core role of pre-service and in-service teacher training, Provincial Institute of Teacher Education (PITE) and Government Colleges of Elementary Teachers (GCETs) have also been placed under the administrative control of the DSD.

Investment in teacher education and training is crucial for improving the quality of students' learning. Recognizing this, considerable funds are allocated every year for pre- and in-service teacher training. In 2011-12, the provincial budget for teacher training lies in the vicinity of Rs. 3.18 billion, which shows an increase of 47 percent over previous year's allocation. This represents an additional allocation of Rs. 351 million for pre-service and Rs. 662 million for in-service teacher training. The increase in allocation for pre-service teacher training will be largely absorbed in employee-related expenses of elementary teacher training colleges. These expenses have been increased by about Rs. 333 million; from Rs. 397.56 million in 2010-11 to Rs. 731.38 million in 2011-12. The major portion of increase in the in-service teacher training will be absorbed in allowances, travel and transportation, and purchase of furniture and fixture. Regular allowances have been increased by about Rs. 558 million; from Rs. 296.44 million in 2010-11 to Rs. 854.398 million in 2011-12 (Table 3.6).

As far as expenditure is concerned, it has improved steadily and consistently from a level as low as 55 percent in 2007-08 to a high level of 96 percent in 2010-11. In the past, the underutilization is almost wholly attributed to in-service teacher training. The high expenditure in the current fiscal year is mainly attributed to excess expenditure on regular allowances and transport in in-service teacher training,

though still 16 percent of the allocated budget could not be utilized. On the contrary, utilization has been quite high in pre-service teacher training. The elementary teacher training colleges have incurred excess expenditure for the past three years, mainly on account of employees' salaries and allowances.

Out of the total allocation for teacher training, 24 percent is earmarked for pre-service and the remaining 76 percent is for in-service teacher training. Similar trend is observed over the past years, indicating that a higher priority is attached to in-service teacher training. However, the data shown in Table 3.6 does not present a full picture because a significant proportion of pre-service teacher training budget is either not known (e.g. private training institutes) or it comes from the federal sources (e.g. training courses offered by Allama Iqbal Open University). Thus, the relative share of pre-service teacher training budget is definitely higher than 24 percent, but a more exact picture requires a separate expenditure tracking study.

3.9 School Councils

School councils have been set up in all districts of the province and serve as an important mechanism for participation of parents and community in the school management. Each school council receives an annual grant which it can spend on recurrent costs of school(s), minor civil works, hiring of a teacher on contract and on some other eligible categories. During the past three years, the budgetary allocations for school councils have remained stagnant at Rs. 1.5 billion because the grant each school council can receive is fixed. The utilization of these grants has been unsteady in the past. It was mere 7 percent in 2007-08 but it jumped to 124 percent in 2008-09. Over the past two years, the expenditure has relatively stabilized at 85 percent in 2009-10 and 82 percent in 2010-11 (Table 3.7). A major reason for

Table 3.7 Allocation and Expenditure of School Councils

Year	Allocation		Expenditure	
	Rs. Million	Change %	Rs. Million	Change %
2007-08	772.00	-	53.33	7
2008-09	1,022.00	32	1,267.40	124
2009-10	1,500.00	47	1,270.52	85
2010-11	1,500.00	0	1,236.77	82
2011-12	1,500.00	0	..	..

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

improved expenditure is that both Punjab Rural Support Program (PRSP) and National Rural Support Program (NRSP), under the school councils' capacity building program, have pushed the schools to fully utilize their grants.

3.10 Grants for Private Educational Institutions

The Punjab government provides grants to the private sector institutions, mainly through the Punjab Education Foundation (PEF) which is mandated to strengthen the role of the private sector in education through public-private partnerships, capacity building, incentives to students and teachers, and technical and financial assistance. During the current fiscal year, 9.95 percent of the total provincial education budget has been allocated for private educational institutions. The largest proportion goes to PEF every year whereas a smaller proportion is earmarked as grants to various semi-government and private educational institutions. In 2011-12, Rs. 6 billion has been allocated to PEF and Rs. 20 million to Sadiq Public High School. Other institutions, like Care Foundation, Beacon House National University, Al-Khair Public School, Pakistan Public School, Jamia Ashrafia Islamic University Lahore and FC College, which did receive government grants at several occasions in the past, did not get any grant in 2011-12.

The above analysis leads to a number of important conclusions about the public financing of education in Punjab. First, despite macroeconomic instability and

Table 3.8 Grants for Private Educational Institutions

	2007-08	2008-09	2009-10	2010-11	2011-12
Punjab Education Foundation	3,848.00	3,000.00	4,000.00	4,500.00	6000
Care Foundation	150.00	0.00	0.00	0.00	0.00
Beacon House National University	200.00	0.00	0.00	0.00	0.00
Al-Khair Public School	3.80	0.00	0.00	0.00	0.00
Sadiq Public High School Bahawalpur	8.10	8.10	9.32	20.00	200.00
Pakistan Public School	50.00	0.00	0.00	0.00	0.00
Jamia Ashrafia Islamic University Lahore	0.00	0.00	0.00	6.01	0.00
FC College	0.00	0.00	0.00	25.00	0.00
Total:-	4,259.90	3,008.10	4,009.32	4,551.01	6020.00
% of Total Education Budget	10.1	5.72	8.40	8.43	9.95%

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

fiscal stress, the government has been able to raise education budget which indicates a high degree of political commitment for education. Secondly, the relative share of development schemes in total education budget has increased which represents a higher priority for expansion of access and quality infrastructure. However, a huge proportion of the development budget is block allocations which leaves a lot of space for discretionary use of the budget. Thirdly, the utilization of allocated budget has increased over the past year, but it is still low; nearly a fifth of the education budget remains unspent. The underutilization is mainly in the development expenditure on school education. Fourthly, the provincial allocation for public-private partnerships and grants to semi-government and private educational institutions are increasing steadily. This indicates that the provincial government is increasingly accepting the role of private sector to meet the educational needs of the province.



CHAPTER 4

Public Financing of Education: Sindh

CHAPTER 4

Public Financing of Education: Sindh

4.1 Classification of Provincial Education Budget

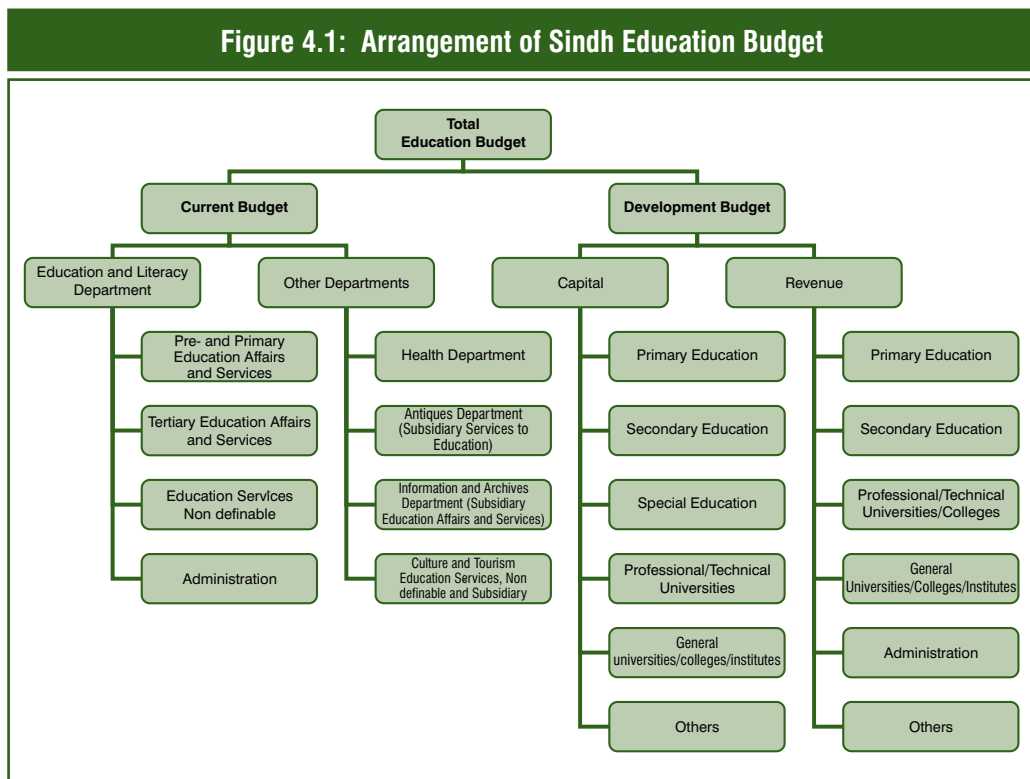
The provincial education budget of Sindh, like all government budgets, is divided into two broad categories: current and development. The current budget is further divided into 12 expenditure heads. They include promotion of cultural activities; primary education; Director Literacy and Non-formal Education; administration; general universities, colleges and institutes; professional and technical universities, colleges, and institutes; administration; others; archives, libraries and museums; secretariat, policy and curriculum; and Sindh Education Reforms Program (SERP). A further breakdown of these heads is shown in Table 5.1. The classification of the provincial current education budget has been changed lately in a number of ways. For example, two new separate budget lines have been created for the promotion of cultural activities and SERP.

A major anomaly in classification underpins the entire current education budget. Sindh is the only province in which allocations for culture and tourism, and antiquities departments are also lumped together with the education budget. This practice stands in sharp contrast to the federal education budget and that of the other provinces. What is the implication of this anomaly? In comparative terms, it enlarges Sindh's education budget vis-à-vis the federal and other provincial education budgets thus making the comparison difficult. One might argue that all educational services, irrespective of their nature and the department in charge of their administration, should be budgeted under education because their function is common—to impart learning, skill-building and human resource development. But if one were to go by this logic, then the education-related services of other

departments (e.g. agriculture) should have also been included in the education budget. However, since this is not the case, the Sindh government's classification of the education budget appears rather arbitrary and defies any systematic pattern.

Even within those expenditure heads which would normally be included in a typical education budget, it is difficult to find a logical system of classification. For example, recurrent expense on teacher training are accounted for under more than four different functional categories due to which it becomes difficult to estimate the regular investment on teacher education and training. The classification also represents a high degree of fragmentation within the governance of education. For example, there is a dedicated budget line for SERP but at the same time there is also a Sindh Reforms Unit which is budgeted under "Others". Similarly, allocations for professional and technical universities, colleges and institutes have been divided into four groups, which are based on rather an arbitrary classification (see Table 4.1 and Figure 4.1).

Sindh government's classification of the education budget appears rather arbitrary.



Source: Sindh Budget, 2010-11

Like the current education budget, a number of changes have taken place in the classification of the development budget as well. For the budgetary purposes, the development schemes are classified into elementary education, teacher education, secondary education, college education, miscellaneous schemes, special education, non-ADP schemes, federal grant and MPA priority program. Although the

recurrent expenditure on primary and secondary education is the responsibility of districts, it is still the provincial government which retains powers to carry out the development work.

Box 4.1

Highlights

- The total provincial education budget in Sindh stands at Rs. 26.54 billion—up by 18 percent over 2009-10.
- The total current budget stands at Rs. 19.42 billion—up by 18 percent over 2009-10.
- The total development budget stands at Rs. 7.03 billion—up by 18 percent over 2009-10.
- Total school education budget stands at Rs. 1.47 billion—up by 69 percent over 2009-10.
- Total higher education budget stands at Rs. 8.41 billion down by 1.46 percent over 2009-10.
- Utilization of education budget stood at Rs. 18.27 billion/81 percent, over the total allocation of Rs. 22.44 billion in 2009-10.

Some features stand out in Sindh education budget:

- Sindh education budget has been increasing consistently over the past three years.
- Utilization of Sindh education budget is unpredictable. For example in 2007-08 utilization was 81% that increased to 93% in 2008-09 but dropped to 81% in 2009-10. Underutilization was high in special Education, Sindh Education Reform Program and Education Department.
- Budgets of higher education (inclusive colleges), and special education have been increasing over the years from 2007-08 to 2009-10 but in 2010-11, their budget has been slashed.
- Budget for teacher training and education has been increasing consistently over the past four years. The budget has increased from Rs. 226.96 million in 2007-08 to Rs. 493.95 million in 2010-11.
- Grants to private educational institutions and public private partnership have been increasing in Sindh's education budget. The grant has actually increased from Rs. 11.5 million in 2007-08 to Rs. 1010 million in 2010-11 – equivalent to 3.82% of total Sindh education budget.

Source: I-SAPS' calculation from Sindh budgets, 2008-09 to 2010-11

Table 4.1 Functional Classification of Current Education Budget

1	Promotion of Cultural Activities	Tourism Department Secretariat Karachi; Sindh Language Authority
2	Primary Education	Government In-Service Teachers' Training Centre; Government High School (Boys) attached GECE Hyderabad
3	Director Literacy and Non-formal	Director Literacy and Non-formal Education Sindh, Karachi
4	Administration	Chairman Charter and Inspection and Evaluation Committee Karachi; Director Technical Education Karachi; Director General PITE Benazirabad
5	General Universities/ Colleges/ Institutes	All government colleges and institutes
6	Professional/ Technical Universities/ Colleges/Institutes	Elementary Colleges of Education; Director (Inspection/ Registration of Govt. Institutions) Sindh; Deputy Director Inspection/Registration in districts; Deputy Director Registration of Private Institutions in districts; Government Colleges of Technology in various districts; Government Elementary Colleges of Education; Government Divisional Education Technology Resource Centres; Agro-Teacher Training Centres; Pakistan Swedish Institute of Technology; Polytechnic Institutes; Vocational Schools
7	Administration	Director General Colleges Sindh, Karachi; Regional Directors of Colleges
8	Administration	Regional Directorate STEVTA
9	Others	Director Planning and Development Education Karachi; Sindh Reforms Unit; Culture and Tourism Secretariat; Deputy Director Culture Hyderabad and Sukkur; Directorate of Culture; Heritage Cell Culture and Tourism; Culture and Tourism Cell; Planning Development Monitoring and Implementation Cell; Sachal Academy Khairpur
10	Archives, Library and Museums	Miscellaneous (Culture Department); Directorate of Archives Sindh; Director Heritage Antiques Department; Director Archeology Antiques Department; Conservation Officer Antiques; Sindh Adabi Board Jamshoro; Antiques Department (Secretariat) Karachi; Libraries; Dr. N.A. Baloch Centre for Heritage; Assistant Director Bhit Shah Culture Centre; Museums; Mehran Arts Council; Department of Archeology and Museums, Hyderabad

11	Secretariat, Policy and Curriculum	Miscellaneous; Education Department Secretariat; Sindh Teacher Education Development Authority; Director Bureau of Curriculum Jamshoro
12	Sindh Education Reforms Program (SERP)	SERP; Sindh Education Foundation

Source: Compiled from Sindh Budget Books 2011-12

In sharp contrast to the current budget for education, the classification of development budget is quite straightforward and follows a more or less logical pattern (see Chart 5.1). In comparison with other provincial education budgets, however, Sindh has some distinguishing features. For example, the development expenditure has 'federal grant', 'non-ADP schemes' and 'MPA priority program' as separate heads of development expenditure. Other provinces also re-appropriate resources to non-ADP schemes but it is not classified as such in their budgets.

4.2 Overall Provincial Education Budget

The provincial government of Sindh has allocated Rs. 30.49 billion for education in 2011-12 – up by 15 percent over the last year. In absolute terms, an amount of Rs. 4.04 billion has been added to the total budget. Out of this amount, Rs. 3.34 billion will be absorbed in the recurrent expenditure and the remainder Rs. 0.70 billion will go to the development schemes. Thus, the largest proportion of the additional allocation (83 percent) will be spent to meet the regular salary and non-salary expenditure. The current budget for all functional categories (Table 4.1) has increased except for archives, libraries and museums. The fact that the increase in recurrent expenditure is more than four times the increase in development expenditure is an indicator of the low priority attached to developmental schemes in education.

The utilization of provincial education budget has been quite high in Sindh, ranging from 81 percent to 93 percent over the past four years. In 2010-11, the spending rate was 89 percent which was higher by eight percentage points over the previous year. This represents an unspent amount of Rs. 2.87 billion. The whole of this underspent amount is attributed to development budget; the government was able to utilize the current budget fully. A further breakdown shows that the major problem lies in the completion of developmental schemes in school education. This aspect will be further elaborated in a separate section below.

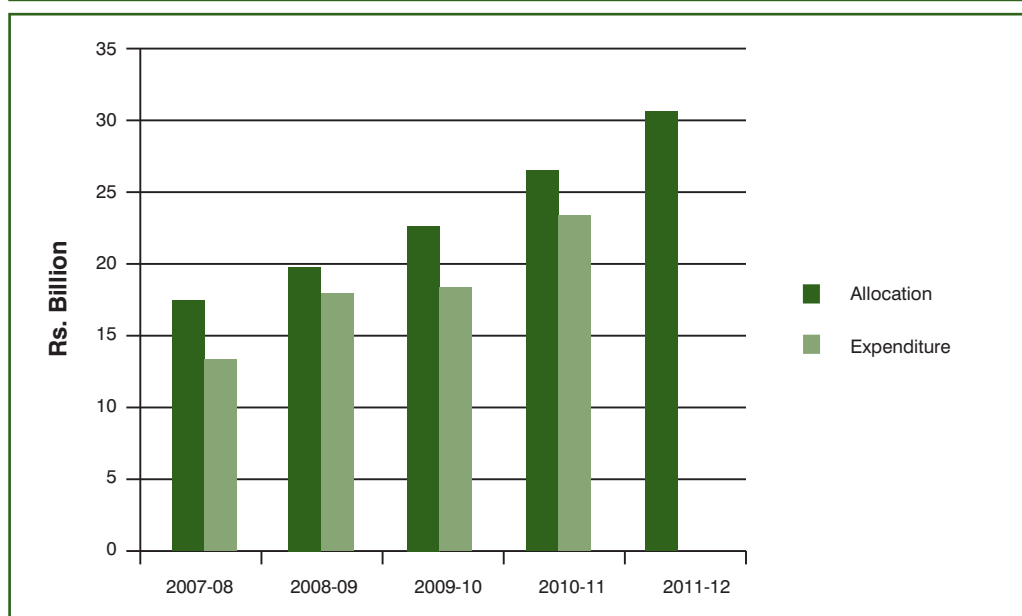
A trend analysis of the provincial education budget shows a number of important trends. The government of Sindh has consistently been increasing the allocation for education. The provincial education budget has been protected despite the deterioration of overall economic environment and fiscal situation as a result of the worst floods that hit most parts of Sindh in 2010. In every year since 2007-

Table 4.2: Overall Provincial Education Budget

Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	17,056.23	..	13,739.27	81
2008-09	19,755.83	16	18,284.21	93
2009-10	22,444.81	14	18,270.34	81
2010-11	26,454.13	18	23,670.31	89
2011-12	30,494.70	15	..	..

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

08, the allocations have been increased significantly for education, though the increase has been generally higher in the current budget. Overall, the provincial layout for education has increased from Rs. 17.05 billion in 2007-08 to Rs.30.49 billion in 2011-12.

Figure 4.2 Provincial Allocations and Expenditure on Education

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

The rate of utilization has been consistently above 80 percent. However, a detailed scrutiny indicates a reversal of trend over the past two years. Until two years ago, the current budget was underutilized whereas there was an excess spending of the development budget for education. In 2010-11, this situation entirely changed as the

current budget was fully utilized but only 59 percent of the development budget could be spent, which was even lower than the previous year. This reversal appears to be an outcome of re-appropriation of resources due to the needs arising from floods in 2010 and 2011.

4.3 Current and Development Budget

A breakdown of the provincial layout for education reveals that the recurrent expenditure has taken an exceedingly huge proportion as usual. In 2011-12, its total size is Rs. 22.76 billion -- equivalent to 75 percent of the provincial education budget.

The development budget of Rs. 7.73 billion constitutes only a quarter of the total provincial layout for education. The current budget has also absorbed the largest pie of the additional allocation of Rs. 4.04 billion in 2011-12. Out of this amount, Rs. 3.34 billion will go to the recurrent expenditure and the remainder Rs. 0.70 billion will be spent on development schemes. It is evident from Table 4.3 that the annual increase in percentage terms in the development budget has been consistently decreasing and is the lowest at 10 percent since 2007-08.

Table 4.3: Current and Development Budgets

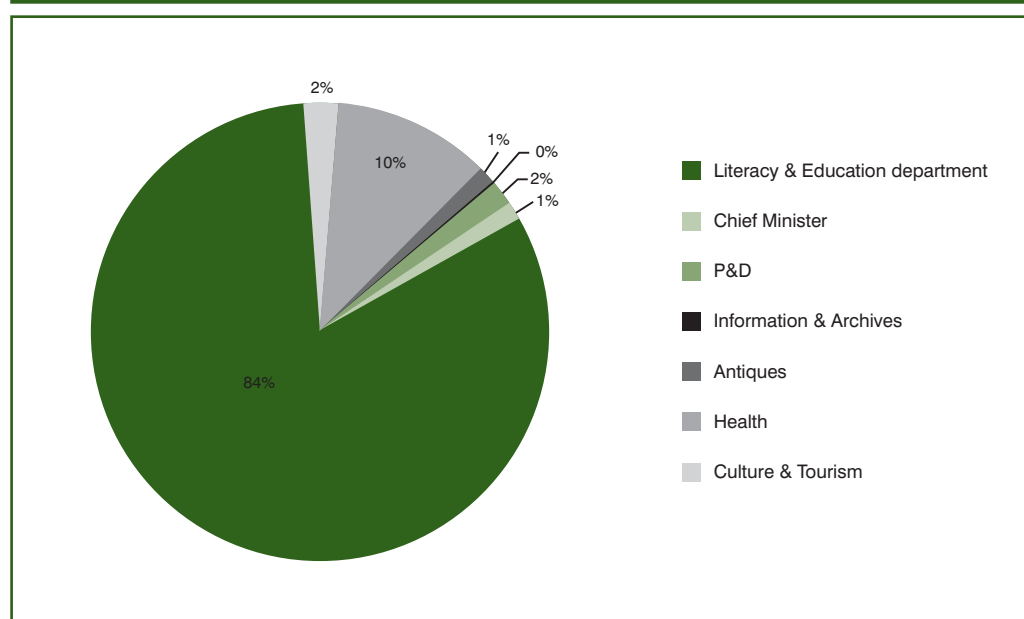
Year	Current		Development		% of Total Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	14,556.23	..	2,500.00	..	85	15
2008-09	15,055.83	3	4,700.00	88	76	24
2009-10	16,494.81	10	5,950.00	27	73	27
2010-11	19,424.13	18	7,030.00	18	73	27
2011-12	22,761.70	17	7,733.00	10	75	25

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

An important feature of Sindh's current budget for education is the inclusion of expenditure on items which are typically not part of education budgets. For example, it includes expenditure related to health institutions, antiques, and culture and tourism (see Section 5.1). As a result, the current budget is overstated. Out of the total current budget of Rs. 22.7 billion in 2011-12, the Literacy and Education Department has received an amount of Rs. 19 billion (84 percent). The remaining amount of Rs. 3.7 billion has been distributed among other functions which generally are expected to be budgeted separately. This includes Rs. 2 billion allocation for health, Rs. 468.6 million for culture and tourism, and Rs. 1.5 million for Planning and Development Department.

These amounts are charged to the current budget for education. Thus, about 16 percent of the current budget is earmarked for health, culture and tourism, antiques, archives, etc. By implication, it means that the Sindh government is not spending on education as much as it claims it is doing.

Figure 4.3 Distribution of Sindh's Current Education Budget 2011-12

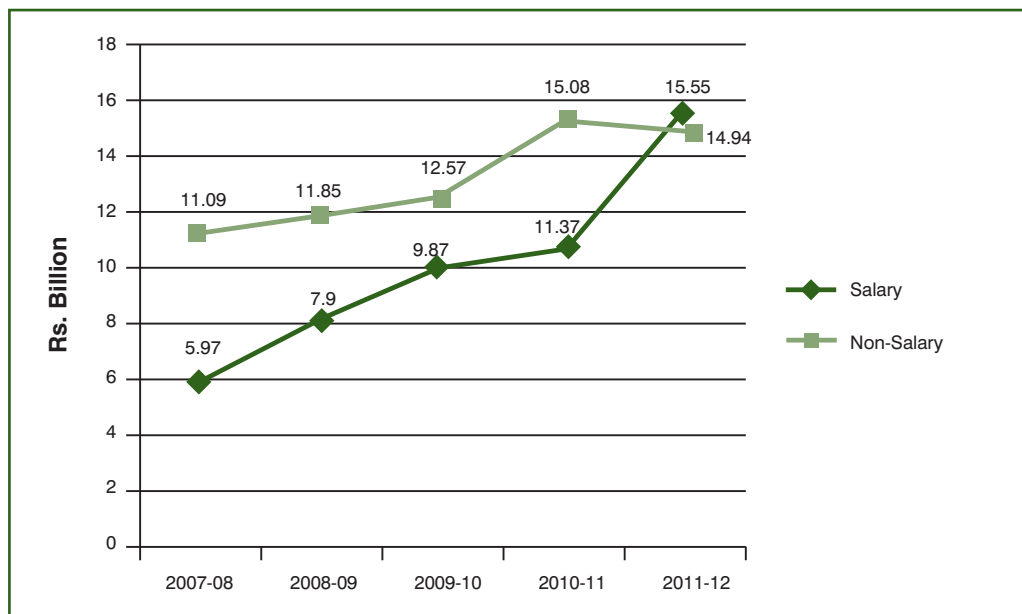


Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Another issue which is common to all education budgets is the meager proportion of non-salary expenditure. Until 2011-12, non-salary expenditure constituted more than half of the total recurrent budget. Since 2007-08, this share has been decreasing steadily. As it is evident from Figure 4.4, the size of salary budget has exceeded the non-salary budget. A department-wise analysis suggests that the share of non-salary budget of Education Department (Secretariat) decreased from 78 percent in 2010-11 to 69 percent. Similarly, the share of non-salary budget of Sindh Reform Support Unit fell down by 22 percentage points in 2010-11. This trend has serious effects on running the institutions on day-to-day basis, as fewer resources will be available for meeting the costs related to operations, utilities, communications, repair and maintenance, stationary, etc.

As far as the development budget is concerned, it has increased substantially in real terms since 2007-08, though it has remained almost stagnant in proportional terms at about 25-27 percent of the total provincial budget over the past four years. The largest increase was in 2008-09 when it was nearly doubled from Rs. 2.5 billion to Rs. 4.7 billion. The pace of expansion however has been quite slow over the past two years, mainly due to fiscal stresses arising from the devastating floods in

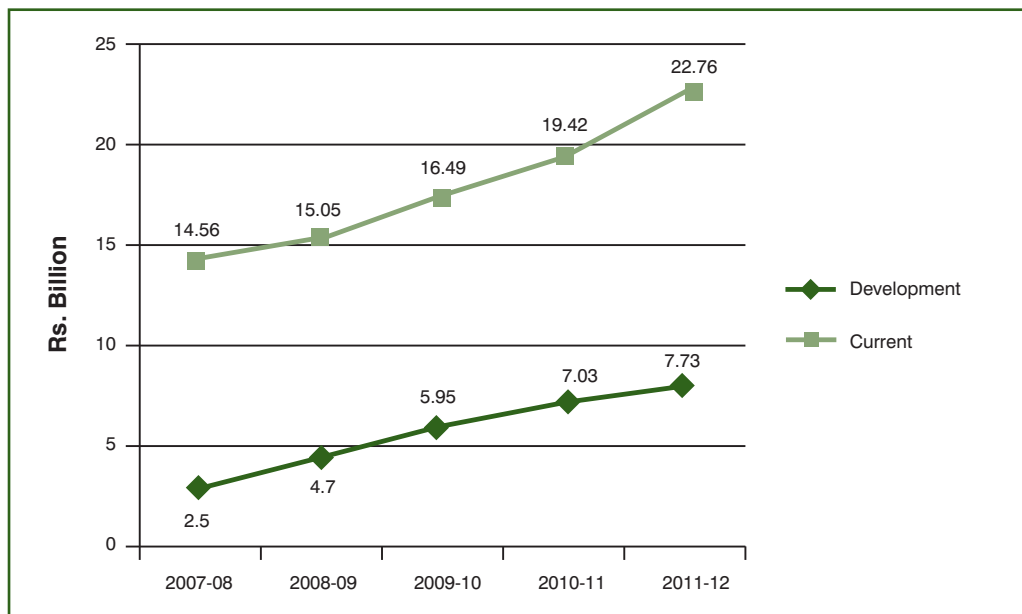
Figure 4.4 Trends in Allocation of Salary and Non-Salary Budgets



Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Sindh. As it is evident from Figure 4.5, the gap between current and development budget is increasing in real terms.

Figure 4.5 Trends in Allocation of Provincial Current and Development Expenditure for Education



Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

4.4 Intra-Sector Distribution of Provincial Education Budget

The provincial education budget cannot give a full picture of government's priorities within the education sector unless the district education budgets are also taken into account. However, it does indicate the developmental priorities which, as a matter of policy, are still steered by the provincial government in terms of planning and financing. The provincial layout for school education in 2011-12 is about Rs. 1.43 billion (11 percent); the recurrent budget is passed on to the districts for execution. This allocation represents largely the development budget and a relatively small proportion of recurrent costs associated with teacher training and administration. As it is evident from Table 4.3, the allocation for school education has not increased by any meaningful degree since 2007-08. In 2011-12, it has been cut by Rs. 40.16 million. However, this cut is offset by the allocation of Rs. 2.82 billion for school rehabilitation under SERP (see Table 4.4).

Table 4.4: Sectoral Distribution of Allocations (Rs. Million)

Sector	Allocation				
	2007-08	2008-09	2009-10	2010-11	2011-12
School Education	1120.07	1511.03	867.15	1,466.34	1,426.18
Higher Education (including colleges)	5,617.89	6,120.06	8,536.30	8,411.39	11,441.65
Special Education	8	80	131.25	103.08	4.08
Sindh Education Foundation	..	..	..	110.00	150.00
Sindh Education Reforms Program	..	..	..	7,186.83	7,383.55

Source: I-SAPS' calculation from Sindh Budgets, 2008-09 to 2010-11

Within the provincial education budget, the highest expenditure is on general higher education (including colleges). In 2011-12, this sub-sector received Rs. 11.44 billion (89 percent). Contrary to the school education, the allocation for higher education has been increased by 36 percent. This represents largely an increase of Rs. 620 million in college education.

Among various sub-sectors, special education receives the lowest allocation. It is clear from a trend analysis that it is not only the lowest but also has been highly inconsistent over years. In 2007-08, it was as low as Rs. 8 million only, which was increased by more than 10 times over the next three years. In 2011-12, it stands at the lowest level. A meager amount of Rs. 4 million has been allocated only. It appears that special education is a highly neglected area despite the fact that a sizeable proportion of school- age population needs access to special education.. It

represents a significant case of social exclusion within the education system as the disabled children have neither easy access to special centers nor they are included into the mainstream education system in any meaningful way.

4.5 Utilization of Budgetary Allocations

The overall utilization of the provincial education budget in Sindh has been above 81 percent over the past four years. In 2010-11, 89 percent of the allocated budget was utilized. While this level of expenditure is quite high, yet a significant amount of Rs. 2.87 billion remained unspent which fully attributed to slow implementation of development schemes, especially those related to school education. A deeper look suggests a consistent pattern that explains this change. In 2007-08, the current budget was underutilized whereas development expenditure exceeded the allocation by 32 percent. Since then, this situation has steadily reversed. The utilization of the current budget has been increasing gradually to reach 100 percent in 2010-11. In contrast, the utilization of development budget has been decreasing to touch the lowest level of 59 percent in the last year. This is largely attributed to the diversion of allocated funds to cope with the humanitarian crises emerging from the

Table 4.4: Utilization of Budgetary Allocations

	% of Allocation			
	2007-08	2008-09	2009-10	2010-11
Total education budget	81	93	81	89
Current budget	72	81	84	100
Development budget	132	130	73	59
School education	147	147	44	53
Higher education	102	112	94	104
Technical education	87	97	100	104
Special education	13	0	0	3
Education Department	52	26	40	38
Teacher education and training	90	93	94	96
Sindh Reforms Support Unit	45	58	164	102
Sindh Education Reform Program	0	0	60	97

Source: I-SAPS' calculations from Sindh Budgets 2008-09 to 2010-11

devastating floods. Special education is another sub-sector in which expenditure is almost negligible at 3 percent (exclusive of expenditure made by the Education Department on special education institutions). However, it is important to note that the entire effect was passed on to school education. There was no effect on higher education and technical education on which expenditure indeed exceeded the allocation by 4 percent.

A trend analysis suggests that the expenditure of a number of spending entities has been either stagnant or highly volatile over the past four years. A few examples are shown in Table 4.4. The expenditure of Education Department never exceeded 52 percent of the allocated budget during this period. In 2010-11, it could spend only 38 percent of the budget which represents mainly the employee-related expenses and operational costs. The underutilization was highest in the allocations for grants and subsidies as Rs.979 million could not be spent. Similarly, no steady pattern is observed in the utilization of budget for Sindh Reforms Unit and SERP. The latter will be discussed separately below.

4.6 Sindh Education Reforms Program

The Sindh Education Reforms Program (SERP) was started by the Sindh government, with the financial support of the World Bank to improve fiscal sustainability and the effectiveness of public expenditure, improve education sector management, expand access to quality education and improve the quality of teaching and learning. The major initiatives of the program include school rehabilitation, merit-based recruitment of teachers and delivery of stipends to girls from class six through ten, provision of free text books, opening of closed schools, establishing system for learning assessment of students and promoting low-cost private schools to increase access in rural Sindh.

In respect of budgetary allocation and utilization under SERP, lack of disaggregated data has been an issue. For example, during the period covered in this report, allocations to SERP were not available separately in the Sindh budget books until 2010-11. Only expenditure was given in 2009-10. After that, a separate budget line was created. As a result, a fuller picture of allocations and expenditure on SERP from the budget books is available only for two years, i.e. 2010-11 and 2011-12. In 2010-11, the provincial government allocated an amount of Rs. 7.19 billion to SERP. The expenditure was high and stood at 97 percent. In the current fiscal year, a budget of Rs. 7.38 billion has been allocated to this program, up by Rs. 196.72 million. A breakdown of this allocation is shown in Table 4.5 below.

As it is evident from the above table, the government has cut down the allocations for a number of key reforms. The largest cut is to the tune of Rs. 159.11 million in capacity building, followed by Rs. 52.65 million in expenditure

Table 4.5 Distribution of SERP Budget 2011-12 (Rs. Million)

	Allocation	Change over 2010-11 (+/-)
Standardized Achievement Test (SAT)	100.00	100.00
Monitoring/SEMIS	120.00	(41.45)
School Rehabilitation Program	2823.90	0.00
School Management Committees	1500.00	169.00
Stipends to Girls Students	1331.00	121.00
Free Textbooks	1210.00	110.00
Teachers/Managers' Training	100.00	(25.00)
Incremental Technical Assistance Staffing	19.80	(31.15)
Learning Assessment/PEAC	65.00	6.08
Capacity Building	9.22	(159.11)
Expenditure Tracking/Monitoring	50.32	(52.65)
Total	7383.55	196.72

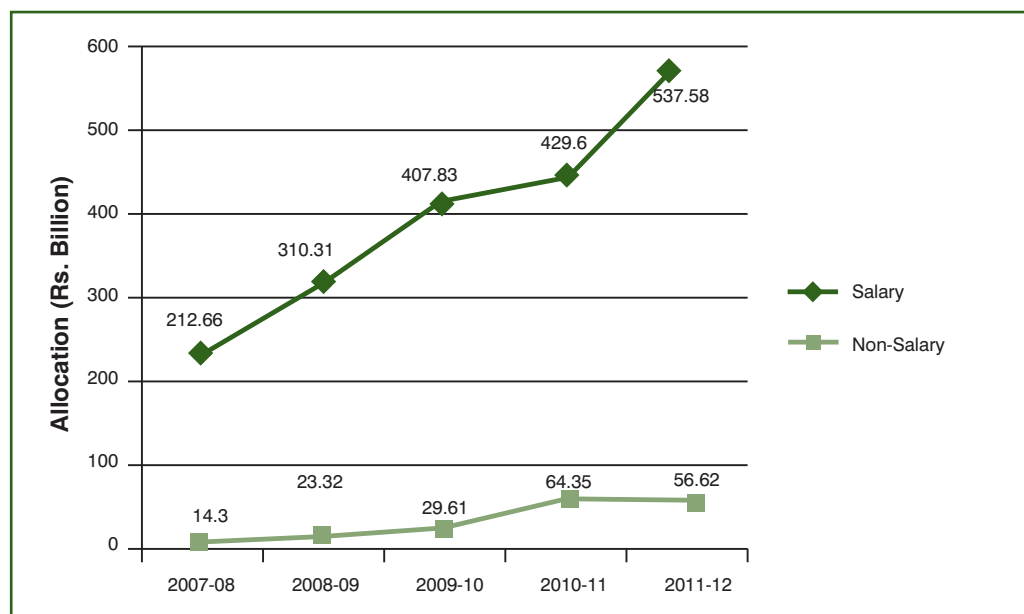
Source: Calculations of I-SAPS from Sindh Budget Books 2011-12

tracking/monitoring, Rs. 41.45 million in SEMIS, Rs. 31.15 million in incremental technical assistance staffing, and Rs. 25 million in teachers/managers' training. It is important to note that the budget for school rehabilitation has been protected at the previous level.

4.7 Teacher Education and Training

The provincial government is responsible for planning and financing teacher education and training programs. In Sindh, the architecture of this sub-sector comprises of a number of policy institutions such as Sindh Teacher Education Development Authority and Bureau of Curriculum. The teaching courses are run by government colleges of elementary education. Some universities also run teaching programs. The in-service training is managed by the Provincial Institute for Teacher Education located in Benazirabad.

The government of Sindh spends considerable funds on these institutions. In 2011-12, an allocation of Rs. 594.19 million has been earmarked for teacher education and training – up by 20 percent over the last year. Out of this allocation, Rs.

Figure 4.6 Salary and Non-Salary Budget for Teacher Education and Training

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

537.58 million will be absorbed in employee-related expenses such as salaries and allowances. A relatively smaller proportion (Rs. 56.62 million) will be spent on non-salary items. As it is evident from Chart 5.6, the rise in salary allocation has been much higher than the non-salary allocation, although the latter has also increased in real terms over years. The implication of this pattern is that the raise in funds for this sub-sector is increasingly being absorbed to meet the personnel costs, whereas fewer resources are left to meet the core costs associated with organizing trainings and courses. As far as expenditure is concerned, it has been consistently higher than 95 percent over the past few years.

4.8 Provincial Education Assessment Centre

The Provincial Education Assessment Centre (PEAC) is currently the only mechanism to assess the learning outcomes of children using a scientific standardized methodology. The data generated by PEAC is extremely important to know what and how much children are learning in the schools. In respect of the budgetary allocations, it received Rs. 5.69 million in 2007-08, Rs. 4 million in 2008-09. In 2009-10, it did not appear as a separate head in the budget books. In 2010-11, an amount of Rs. 5.16 million was allocated to it. In the current fiscal year, PEAC has been placed under SERP with an allocation of Rs. 5.44 million. More than 75 percent of this allocation will be absorbed to meet the personnel costs. The remaining amount has to be used to meet the operational costs. This means that PEAC will have

little resources at its disposal to conduct large-scale assessments and research on learning outcomes – its core function for which it has been established.

4.9 Grants for Private Educational Institutions

The government of Sindh is promoting public-private partnerships by increasing allocations for private educational institutions every year. This is being done through Sindh Education Foundation (SEF) which is implementing different types of partnerships such as rural community-based schools, adopt-a-school program, promotion of private schools in rural areas and urban slums, etc. An amount of Rs. 1.6 billion has been allocated for this purpose in 2011-12 – equivalent to 5.32 percent of the provincial education budget of Sindh. 2011-12 data has to be verified in this table. As far as I could dig out, there is only one grant-in-aid for SEF to the tune of Rs. 150 million (current budget, p.2061). I could not see all other figures listed in this table. Please verify, and send me page numbers and volume of budget book from where they are taken.

Table 4.7: Grants for Private Educational Institutions

Scheme	Allocation (Rs. Million)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Education Foundation: Setting up of Rural Community-based Schools through Public-Private Partnership	9	120	100	210	357.91
Education Foundation: Promotion of Private Schools in Rural Areas/ Urban Slums	0	200	800	800	800
Public Private Partnership for the Promotion of Adopt a School Programme	0	0	50	..	..
Improvement of Functions and Quality of Education of Chartered Institutions in the Private Sector in the Province of Sindh	2.5	2.5	8.81	..	..
Integrated Education Learning Program	..	..	..	350	450
Early childhood education and early learning education	..	..	..	47.79	10.42
Total	11.5	322.5	958.8	1,047.79	1,618.33
% of Total Education Budget	0.07	1.60	4.30	5.32	5.31

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

To summarize, some important trends stand out visibly in the analysis of Sindh's provincial budget for education over the past five years. The first relates to ambiguous and illogical elements of the budget's classification, which were noted

even in the first report in this series. The budget is overstated due to inclusion of expenditure related to other departments such as culture and tourism, information and archives, and antiques. However, the budget has been consistently increasing despite huge fiscal pressure arising from the devastating floods in 2010. The expenditure has been reasonably high, though a steady pattern is not observed. The major issue is that the largest chunk goes to recurrent expenses; a quarter is reserved for development schemes. Even this small proportion remains unutilized as much as half of it. However, a standalone look at the development budget is misleading because expenditure on some development work is now placed under SERP such as school rehabilitation and capacity building. An overarching issue which is common to all provincial education budgets is the neglect of costs which are required for running the business on day-to-day basis and developing institutional capacity to perform core functions. This requires a good balance between salary and non-salary budgets across the board.



CHAPTER 5

Public Financing of Education: Khyber Pakhtunkhwa

CHAPTER 5

Public Financing of Education: Khyber Pakhtunkhwa

5.1 Classification of Provincial Education Budget

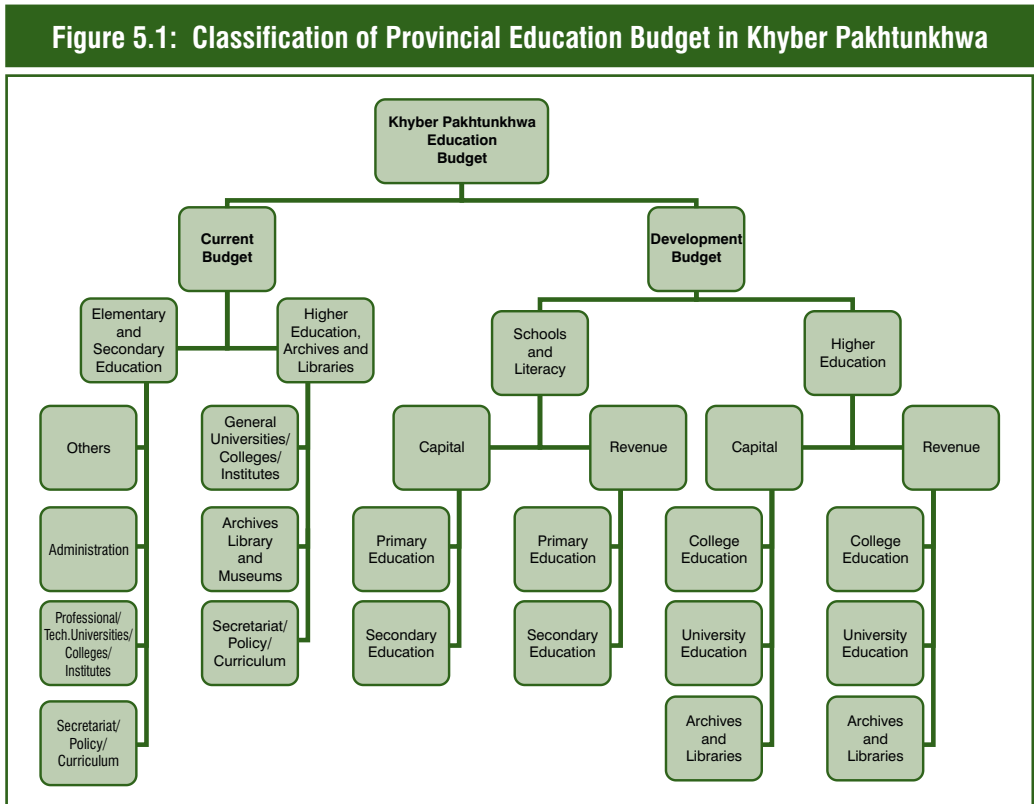
The provincial education budget of Khyber Pakhtunkhwa (KPK) comprises of two main expenditure categories: Current and Development. As explained in the previous chapters, the federal, provincial and district budgets are disaggregated into these two types of expenditure. However, the “functional” classification is considerably different among the federal and provincial budgets (see charts 2.1, 3.1, 4.1 and 6.1 in chapters 2, 3, 4 and 6 for comparison). This section describes the overall arrangement of the KPK education budget and explains the changes introduced in this arrangement in 2011-12.

The provision of education in the public sector is administratively divided into two departments, namely Elementary and Secondary Education, and Higher Education (Directorate of Archives and Libraries also falls under the administrative domain of the Higher Education Department). The recurrent expenditure on elementary and secondary education is passed on to the districts which are responsible for delivery of education at primary, middle and secondary levels. However, the provincial government also makes some recurrent expenditure on administration, teacher training institutes, etc. The provincial Current budget for elementary and secondary education is organized into four 'functional' categories (see figure 5.1). The first category – 'others' – includes district-based regional institutes for teachers education (RITEs). The second category – 'administration' – refers to regular expenses of the Directorate of Elementary and Secondary Education Peshawar. The third category – 'professional/technical universities/colleges/institutes' – includes regular expenses of the Directorate of

Curriculum and Teacher Education, Government College of Physical Education, grant to Cadet College Kohat, Government Agro-Technical Teachers Training Centre Peshawar, and Provincial Institute for Teachers Education (PITE). The fourth category – 'secretariat/policy/curriculum'– includes the regular expenses of the secretary for elementary and secondary education along with lump sum provisions at the disposal of finance department.

The Current budget for the higher education, archives and libraries, is divided into three categories. The first covers the regular expenditure of general universities, colleges, and institutes. The second covers public libraries and the provincial directorate of archives and museums. The third category covers regular expenses of the secretariat of Higher Education, Archives and Libraries Department and the Director Higher Education (colleges).

The development budget for education is similarly allocated separately for the Elementary and Secondary Education Department and the Higher Education Department. The allocation of budget for development schemes in primary and secondary education falls under the former and those for colleges, university and archives and libraries are covered under the latter. In 2011-12, special funds have



Source: Khyber Pakhtunkhwa Budget 2010-11

been earmarked for post-flood rehabilitation of educational institutions by creating new 'functional' budget heads. The allocations for each of these categories are further divided into capital and revenue budgets (see Figure 5.1).

A number of issues in the classification of provincial education budget need attention. First, the current budget for primary and secondary education is largely earmarked for teacher education and administration. This classification is identical to that of Sindh. In the federal and other provincial budgets, the expenditure on teacher education is provided under separate heads. Secondly, the category of professional and technical universities is misleading because in fact it covers expenditure on teacher education. Allocations for professional and technical education are provided under a separate budgetary demand titled "Technical and Manpower Training". Therefore, the statistics of the KPK education budget in this study do not include technical education. Thirdly, a number of grants are provided as block allocations thereby limiting the availability of information. For example, no separate budget lines exist for current expenditure on scholarships, public-private partnerships and parent-teacher councils. Because of this limitation, some topics that have been discussed in chapters on federal and other provincial budgets could not be covered in the case of KPK.

5.2 Overall Provincial Education Budget

In 2011-12, the provincial government has allocated Rs. 15.43 billion for education, up by 13 percent over the last year's allocation of Rs. 13.63 billion. In absolute terms, this increase is equivalent to Rs. 1.80 billion (Table 5.1). This additional amount will be absorbed mainly in the current budget of higher education which has been increased by Rs. 1.76 billion. The remaining portion of this increase will be spent on elementary and secondary education. KPK has shown a track record of overspending of education budget in every year since 2007-08. This trend was maintained in 2010-11,

Table 5.1 Overall Provincial Education Budget

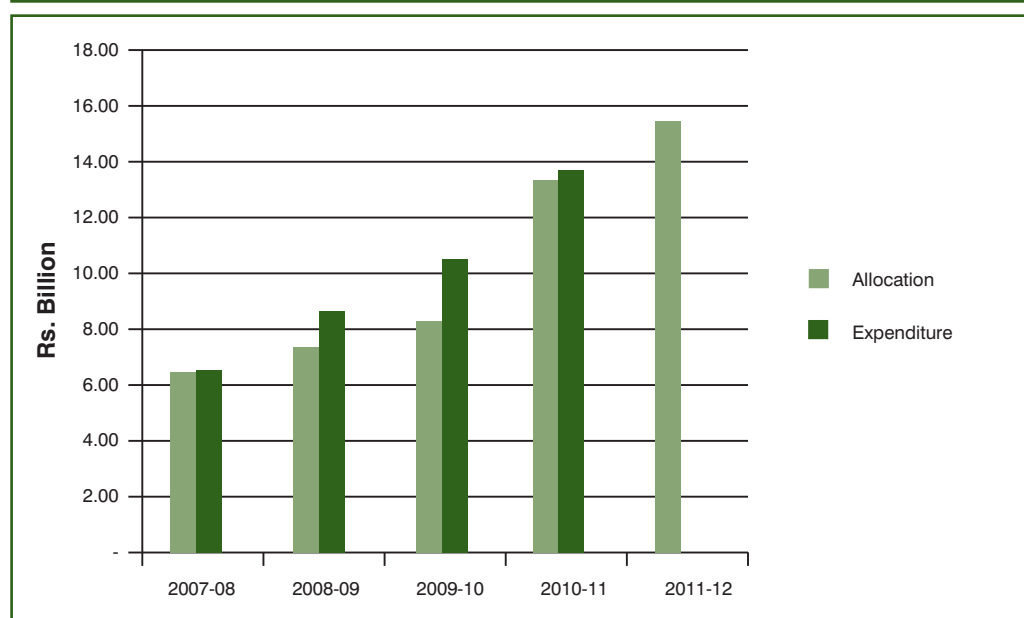
Year	Allocation		Development	
	Rs. Million	Change (%)	Rs. Million	Change (%)
2007-08	6,645.84	..	6,690.87	101
2008-09	7,411.27	12	8,925.19	120
2009-10	8,306.26	12	10,637.63	128
2010-11	13,626.35	64	13,914.29	102
2011-12	15,427.09	13	..	..

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

as the expenditure was 102 percent. The excess spending is wholly attributed to developmental schemes. However, this consistency in overutilization raises questions about the adequacy of budget preparation and management. This aspect will be further elaborated in the subsequent sections

A trend analysis over the past five years shows that the provincial outlay for education has been increasing consistently in every year. Since 2007-08, the budget has expanded by 132 percent. Unlike other provinces such as Punjab and Sindh, this trend shows a high consistency in the commitment of the provincial government of KPK towards education. The education budget has been protected despite the fiscal stresses arising due to rise of costs associated with the fight against terrorist activities in the province and devastation caused by floods in 2010. Similarly, a consistent trend of overutilization of the allocated budget is observed over the past four years (Figure 5.2).

Figure 5.2 Trends in Provincial Allocation and Expenditure on Education



Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

5.3 Current and Development Budget

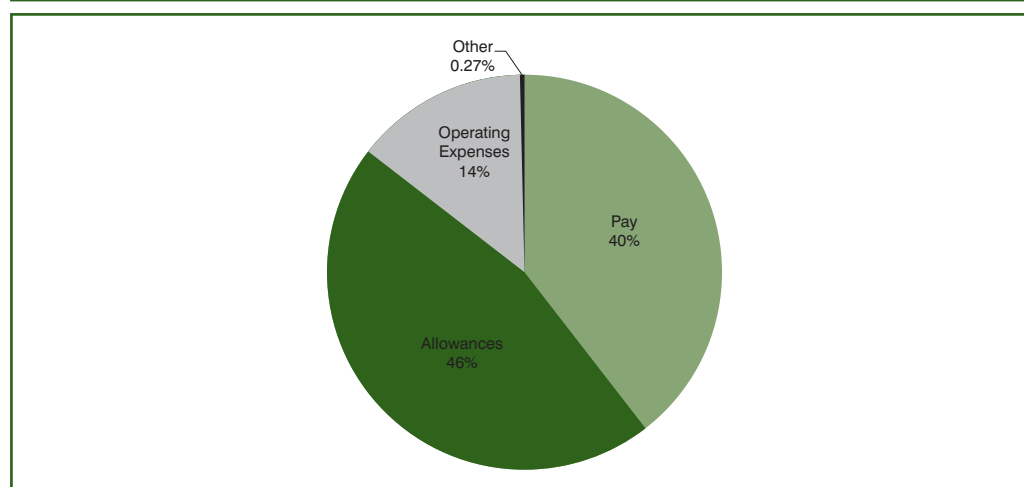
The proportional share of current and development expenditure in the total education budget is a key indicator of the governmental priorities. Generally, a major portion of the education budget is absorbed by the recurrent annual costs which include the employee-related salaries and allowances and operational expenditure, leaving a smaller portion for the development schemes to implement reforms and expand the education system. An analysis of the KPK education budget reveals

Table 5.2: Current and Development Budgets for Education

Year	Current		Development		% of Total Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	1,802.49	..	4,843.35	..	27	73
2008-09	1,903.89	6	5,507.38	14	26	74
2009-10	2,246.91	18	6,059.35	10	27	73
2010-11	3,491.35	55	10,135.00	67	26	74
2011-12	5,285.09	51	10,142.00	0.1	34	66

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

some unusual trends. Unlike other provinces, development work has had received the highest proportion of its provincial outlay for education. Out of total education budget worth Rs. 15.43 billion in 2011-12, 10.14 billion (66 percent) has been earmarked for developmental schemes in elementary and secondary education, and higher education. However, the development budget for education has remained by and large unchanged this year. Thus the overall increase of the education budget will be wholly absorbed in the current budget; it has gone up by 51 percent in 2011-12. This increase represents an additional allocation of Rs. 1.79 billion. Out of this additional amount, Rs. 1.76 billion (98 percent) will go to the recurrent costs of higher education. This means that the overall increase in the provincial outlay for education, by and large, will benefit the higher education sector whereas the budget of elementary and secondary education has been protected at the past year's level.

Figure 5.3 Distribution of Provincial Current Budget for Education

Source: I-SAPS calculations from KPK Budget Books 2011-12

Given that the recurrent expenditure on elementary and secondary education is passed on to the districts, the role of provincial government is confined to higher education as far as recurrent expenditure is concerned. This is evident from the fact that out of total current budget of Rs. 5.28 billion in 2011-12, Rs. 4.74 billion (about 90 percent) will be absorbed by the higher education, archives and libraries department. As Figure 5.3 shows, the largest proportion (46.24 percent) of the provincial current budget for education is consumed in different types of allowances for employees. This is even higher than the total liability for salaries which constitutes 39.52 percent of the budget. The third largest type of expenditure relates to operating costs (13.97 percent). In addition to these three major expenses, a small percentage goes to 'others' including grants, subsidies and write-off loans, transfers, and repair and maintenance. In 2011-12, these expenses together made 0.27 percent of the provincial current budget for education.

As evident from the above analysis, salaries and allowances are the two types of expenses which take the largest pie of current budget. In 2011-12, a hefty 83 percent of the recurrent budget has been earmarked for these two types of expenses. The remaining 17 percent will be spent on non-salary costs. This pattern of allocation is observed over the past five years. The same trend holds true for all key institutions which have an important role in the administration, planning and policy at the provincial level (Table 5.3). The consequences of this pattern are significant, as these institutions may not have sufficient resources at their disposal to meet the regular expenses for effectively planning and managing their core functions. For example, while the Directorate of School Education may have sufficient budget to cover the salary and allowances for its staff, it may not have enough funds available to cover the costs associated with monitoring of schools.

Table 5.3: Changes in Salary and Non-Salary Budgets (% of Current Budget)

	Salary					Non-Salary				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Current Budget	82	91	90	89	83	18	9	10	11	17
Directorate of Schools and Literacy	93	93	89	40	40	7	7	11	60	60
Provincial Institute for Teacher Education	93	94	95	97	95	7	6	5	3	5
Director Higher Education (Colleges)	92	92	94	90	93	8	8	6	10	7
Director of Curriculum and Teacher Education	95	96	96	92	92	5	4	4	8	8

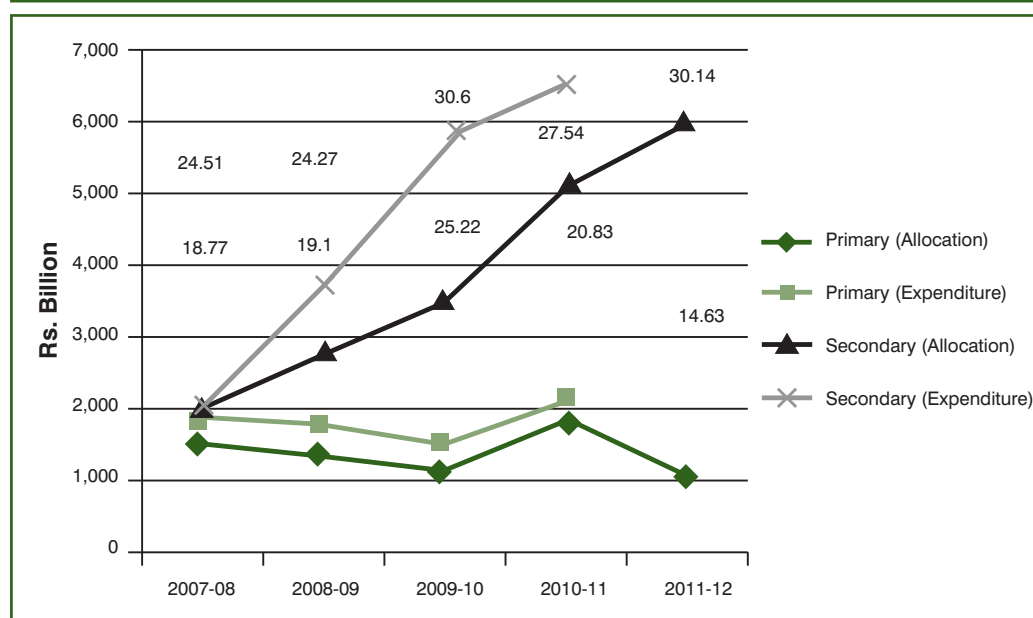
Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

5.4 Intra-Sector Distribution of Provincial Education Budget

The distribution of total outlay into different sub-sectors is an indicator of the importance which the government attaches to a particular sub-sector. The analysis of KPK budget shows that the provincial allocation for education is divided, by and large, equally between the two departments, namely elementary and secondary education, and higher education, archives and libraries. In 2011-12, the former received Rs. 7.66 billion whereas the latter got Rs. 7.64 billion in the provincial budget. As far as elementary and secondary education is concerned, a further breakdown shows that it is the secondary education which receives a higher priority. Indeed, allocation for primary education has been cut by 41 percent in 2011-12. It is also evident from Figure 5.4 that the gap between allocations for primary and secondary education was quite narrow in 2007-08, but it is widening in every year since then.

Given that the current budget for primary, middle and secondary schools is passed on to the districts, the provincial allocations may not be an accurate indicator of governmental priorities as far as salary and non-salary budget is concerned. However, the responsibility of developmental work at all levels, except universities, is still with the provincial government. Therefore, intra-sector distribution of the development budget is a good proxy of governmental priorities. As evident from the panel data shown in Table 5.4, the largest pie of the development budget goes to secondary education every year which involves mainly up-gradation of primary

Figure 5.4 Trends in Allocation of Current and Development Budget



Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

Table 5.4: Allocation of Development Budget

	Allocation (Rs. Million)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Primary Education	1,448.29	1,287.71	1,019.24	1,879.47	1,113.74
Secondary Education	2,416.54	3,057.65	3,555.72	5,235.72	6,001.26
College Education	1,281.71	1,296.65	1,460.09	2,249.92	2,749.03
University Education	0.00	28.00	0.00	700.00	153.00
Total	1,281.71	1,324.65	1,460.09	10,065.11	10,017.03

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

schools into middle and high. In 2011-12, 60 percent of the provincial outlay for development schemes in education has been allocated for secondary education. College education is the second highest priority of the government (27 percent) followed by primary education (11 percent) and university education (2 percent). The same trend is observed over the past five years.

5.5 Utilization of Budgetary Allocations

The trends in utilization show a high consistency in overspending of the education budget in KPK. Although the spending has decreased from 123 percent in 2009-10 to 102 percent in 2010-11, it does maintain the trend. The utilization of current budget is quite high, but still a small percentage remains unspent every year. In 2010-11, 6 percent could not be spent, representing underutilization of Rs. 102.75 million in elementary and secondary education and Rs. 120 million in higher education. This is largely attributed to under-spending in salaries, whereas both departments made excess expenditure on account of allowances and on most of the non-salary heads. As far as development budget is concerned, the trend of overspending is wholly attributed to it, mainly in the developmental schemes for secondary education. In 2010-11, there was an excess expenditure of 12 percent and 22 percent on development budget for primary and secondary education respectively.

From one perspective, the overspending may be perceived as an indicator of high absorption capacity and pace of developmental work within the education sector of KPK. However, from another point of view the occurrence of this trend in every year is also an indicator of poor planning and inadequacy in formulation of demands for grants in primary and secondary education sector. The overspending is indeed due to the reason that the costing of development schemes is kept low so that the real expenditure shoots up and shows high performance. This becomes evident from excess expenditure in a large number of development schemes of primary and

Table 5.5: Utilization of Budgetary Allocations

	% of Allocation			
	2007-08	2008-09	2009-10	2010-11
Total Education Budget	101	120	132	102
Current Budget	85	99	99	94
Development Budget	106	128	139	105
Primary Education	128	147	163	112
Secondary Education	94	133	148	122
Higher Education	92	97	99	100
Teacher Education & Training	83	104	104	96

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

secondary education.. This trend needs to be discouraged to avoid disruptions in proper financial planning due to re-appropriations required to meet the excess expenditure.

5.6 Teacher Education and Training

The expenditure on teacher education and training in KPK is made by the federal as well as by the provincial government. The federal government's spending is made under a national Canadian debt-swap program for capacity building of teacher training institutions and in-service teacher training of elementary school teachers.

Table 5.6: Budget for Teacher Education and Training (Rs. Millions)

Year	Current		Development		Total	
	Allocation	Change (%)	Allocation	Change (%)	Total	Change (%)
2007-08	118.41	..	40.00	..	158.41	-
2008-09	135.90	15	5.00	-8	140.90	-11
2009-10	158.03	16	7.92	58	165.95	18
2010-11	222.52	41	2.84	-64	225.36	36
2011-12	246.32	11	..	-100	246.32	9

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

However, it is the provincial government which is primarily responsible for pre-service and in-service teacher training. In the KPK, the teacher training system comprises of The Directorate of Curriculum and Teacher Education, separate male and female Regional Institutes for Teachers Education in each district and Provincial Institute for Teachers Education (PITE) Peshawar.

The provincial allocation for teacher education and training has been increasing steadily in every year since 2007-08, except in 2008-09. Currently, the allocation is in the vicinity of Rs. 246.32 million. A key shift in this area is the regularization of teacher training due to gradual reduction in ad-hoc financing training through development budget. In 2011-12, the development budget for teacher training has been totally scrapped. Out of total outlay of Rs. 246 million, pre-service teacher education and in-service teacher education comprise of 76 percent and 14 percent respectively. Unlike the province of Punjab, the share of in-service teacher training in the total budget is small. This highlights the need to balance the priorities as not all graduates of pre-service teacher training programs are likely to join teaching as a profession.

5.7 Provincial Education Assessment Centre

The Provincial Education Assessment Centre (PEAC) is responsible for conducting research on students' learning achievements in the province. The findings of this research are pooled into national level statistics on student achievements published by the National Education Assessment System (NEAS). Thus the role of PEAC is very important in the education system as it provides evidence on what and how much children are actually learning in schools. This importance, however, is being undermined due to cuts in the PEAC budget since 2007-08, except in 2010-11 when its budget was almost doubled. In 2011-12, no allocation could be tracked for PEAC in the provincial budget books.

Table 5.7 Budget for Provincial Education Assessment Centre

Year	Allocation		Utilization	
	Rs. Million	Change (%)	Rs. Million	Change (%)
2007-08	5.00	..	1.25	25
2008-09	3.00	-40	1.50	50
2009-10	1.62	-46	1.62	100
2010-11	3.29	103	3.29	100
2011-12	..	..	..	..

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

5.8 Scholarships and Stipends

The provincial government allocates budget for scholarships and stipends for needy and meritorious students. In this respect, an amount of Rs. 1.25 billion has been allocated for scholarships and stipends in 2011-12, which shows a 39 percent increase over previous year's allocation. Out of the total budget for scholarships and stipends, Rs. 1250.01 million are allocated through the development budget, including a sum of Rs. 900 million for the provision of stipends to secondary school girls. In addition, a regular grant is provided every year from the current budget to provide scholarships to talented students. In 2011-12, a sum of Rs. 50 million has been reserved for this purpose. As it is evident from Table 5.8, the government incurred excess expenditure on scholarships and stipends in 2010-11.

Table 5.8 Scholarships and Stipends

	2009-10		2010-11		2011-12	
	Allocation (Rs. Million)	Expenditure (%)	Allocation (Rs. Million)	Expenditure (%)	Allocation (Rs. Million)	Expenditure (%)
Development Budget	700.00	111	850.00	139	1,200.00	41
Current Budget	10.00	100	50.01	68	50.01	0
Total	710.00	211	900.01	135	1,250.01	39

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

number of key findings emerge from the above analysis of provincial education budget. First, the overall size of provincial education budget has been increasing consistently since 2007-08. Unlike other provinces in which a steady upward trend is not observed such as in Punjab, the KPK government has shown continuity in its commitment for the protection of a minimum resource base for the education sector despite the 2010 floods and instability in the overall macroeconomic environment. Secondly, development work continues to receive a higher priority than the recurrent costs, though the traditional ratio between current and development budget has changed in the favor of the former in 2011-12. Thirdly, within the current budget, the highest expenditure is on allowances (46 percent), which is even higher than the salaries. Fourthly, the allocation for secondary education has been increasing consistently. It receives the highest share in the development budget followed by college education and primary education. The development budget for primary education has been reduced by Rs. 765 million. Fifthly, the trend in overspending of development budget has been maintained which represents inadequacy of the costing of development schemes.



CHAPTER 6

Public Financing of Education: Balochistan

CHAPTER 6

Public Financing of Education: Balochistan

6.1 Classification of Provincial Education Budget

Balochistan has combined the provincial and district education budgets in the provincial budget whereas in other provinces, the recurrent budget of primary, middle and secondary education is passed on to the districts and is not shown in the provincial budget books. As a result, the functional classification of Balochistan's education budget is considerably different from that of the other provinces. Though the classification includes the provincial as well as the district budget heads, this chapter excludes the district budget head from the analysis to make it comparable with other provinces. Overall, the education budget comprises of the current and development budgets. The current education budget refers to the regular salary and non-salary expenses of ten functional categories. These categories include primary education and related administration; secondary education and related administration; general universities, colleges and institutes; professional and technical universities; archives, libraries and museums; secretariat, policy and curriculum; administration for colleges, and other miscellaneous expenditures.

The composition of each of these categories is self-explanatory and is shown in Table 6.1. The category of secondary education requires a clarification. It covers three residential model colleges located in Kech, Khuzdar and Loralai. This classification is seemingly misleading in the sense that the current budget for secondary education is apparently being spent on colleges instead of middle or high schools. In reality, however, these colleges provide education from grade six to twelve and therefore are classified as secondary education institutes.

Two issues stand out in Balochistan's current budget for education. First, the

Table 6.1 Functional Classification of Current Education Budget

1	Primary Education	Primary schools of all districts
2	Administration	Administration (inspection) of all primary schools
3	Secondary Education	Residential model colleges of Kech, Khuzdar, Loralai & middle and high schools of all districts
4	Administration	Schools Directorate, Balochistan Education Management Information System (BEMIS), Divisional directorates of schools
5	General universities/colleges/institutes	All the degree and intermediate colleges for boys and girls in the province
6	Professional/Technical universities	Gawadar Institute of Technology, Government Polytechnic Institute for Boys & Girls Quetta and the College of Technology, Bolan Medical College, Institute of Public Health, Postgraduate Medical Institute, Balochistan Academy for College Teachers
7	Archives, Libraries, Museums	Provincial library in Quetta, Directorate of Archaeology and Museums, Museum Ketch Turbat, Gawadar Fort Museum, Panjgur library, and the public libraries in Turbat and Khanozai.
8	Secretariat/Policy/Curriculum	Administration Secondary Education, Administration of Secretariat (Colleges, Higher Education and Technical Education Department), Administration Bureau of Curriculum and Extension, Literacy Cell (Non-formal Education), Policy Planning and Implementation Unit Schools Department
9	Administration (College Directorate)	Administration (Colleges Directorate)
10	Others	Government College of Commerce Quetta, Government Elementary Colleges, Government College of Education, PITE, Government Agro-Technical Teacher Training College, Government Boys Inter College Ziarat, Government High School Killi Sheikhan Quetta, grants-in-aid; scholarships, Bureau of Curriculum and Extension Centre

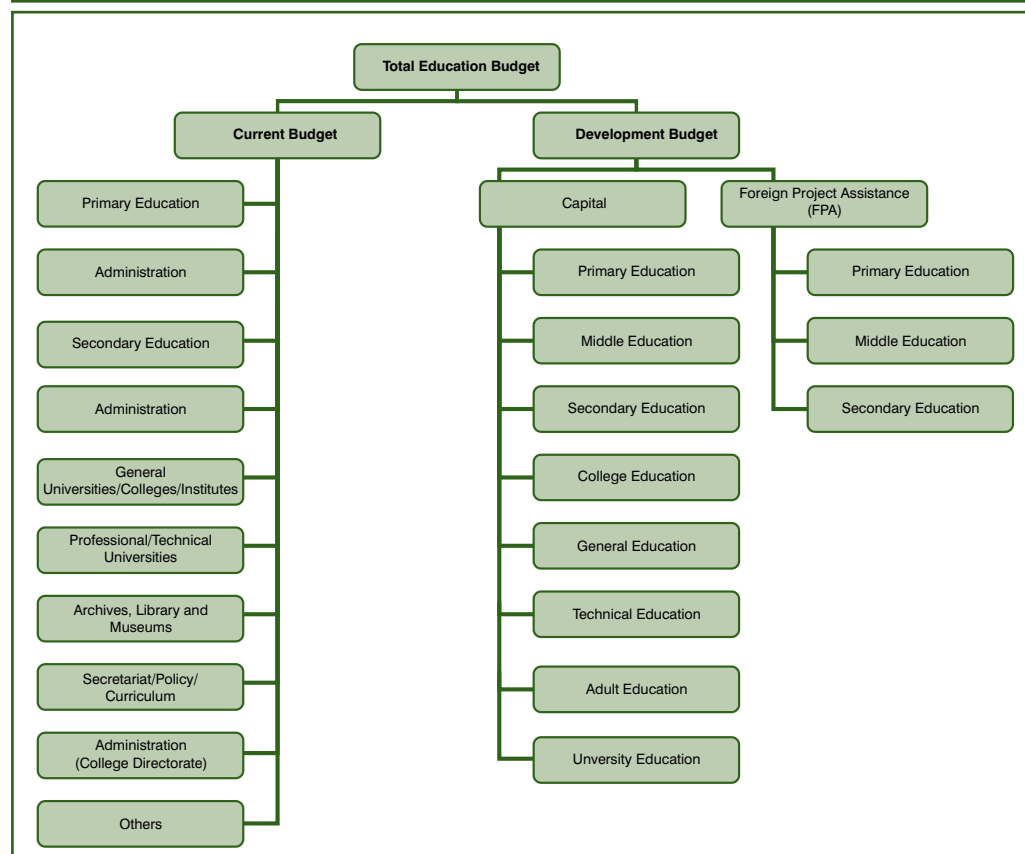
Source: Compiled from Balochistan Budget Books 2011-12

regular expenses of Bolan Medical College, Institute of Public Health and Post-Graduate Medical Institute are charged from the education budget. If the sense behind this arrangement is that the education-related services in the health sector

should be charged from the education budget, then public health schools should also have been included in the education budget. But this is not the case since public health schools in Balochistan are charged from the provincial health budget. In this sense, inclusion of the three medical institutions in the education budget seems rather illogical and arbitrary. In the budgets of Punjab, KPK and federal government, medical education is charged from the health budget. One implication of this classification is that the Balochistan education budget is overstated by 6 per cent. The allocations for these three institutions have added Rs. 619.53 million to the provincial education budget of Balochistan, which includes Rs. 518.93 million for Bolan Medical College, Rs. 62.08 million for Institute of Public Health and Rs. 38.52 million for Post-Graduate Medical Institute Quetta.

Secondly, instances of misplaced budget heads abound in Balochistan. For instance, the regular budget of Government Boys Intermediate College Ziarat is accounted for under 'others'. If the standard classification were followed, it should have been included in the fifth functional category, i.e. general universities, colleges, institutes. Similarly, the current expenditure on Government High School Killi

Figure 6.1: Classification of Balochistan Education Budget



Source: Compiled from Balochistan Budget Books 2011-12

Sheikhan Quetta is also charged under 'others' instead of secondary education. Likewise, the regular grants for five universities are also provided in 'others'. If the standard classification were followed, these would have been accounted for in the functional categories dealing with general or professional universities. Consequently, the allocations and expenditure for each functional category presents an incomplete or erroneous picture. For instance, the spending on higher education shown in the third and fourth functional categories collectively might be understated because university grants are not included in these two categories and instead are covered in 'others'. The estimates used in this study are based on the official functional classification.

The functional classification of the development budget is simpler than that of the current budget (see Figure 6.1). The former is the aggregate sum of two components: capital and foreign project assistance (FPA), where the capital budget covers development schemes for the primary, middle, secondary, college, general, technical and adult education. A distinguishing feature of Balochistan's development budget for education is that there is no revenue expenditure. This practice stands in sharp contrast to the federal and other provincial budgets in which the development budget has always two components, capital and revenue. The allocations and expenditure on schemes funded through loans from foreign donors are provided separately in the FPA component. From the standpoint of transparency, this classification can be taken as a best practice. In the development budgets of the federal and other provincial governments, information about foreign-assisted projects is either dispersed or hidden.

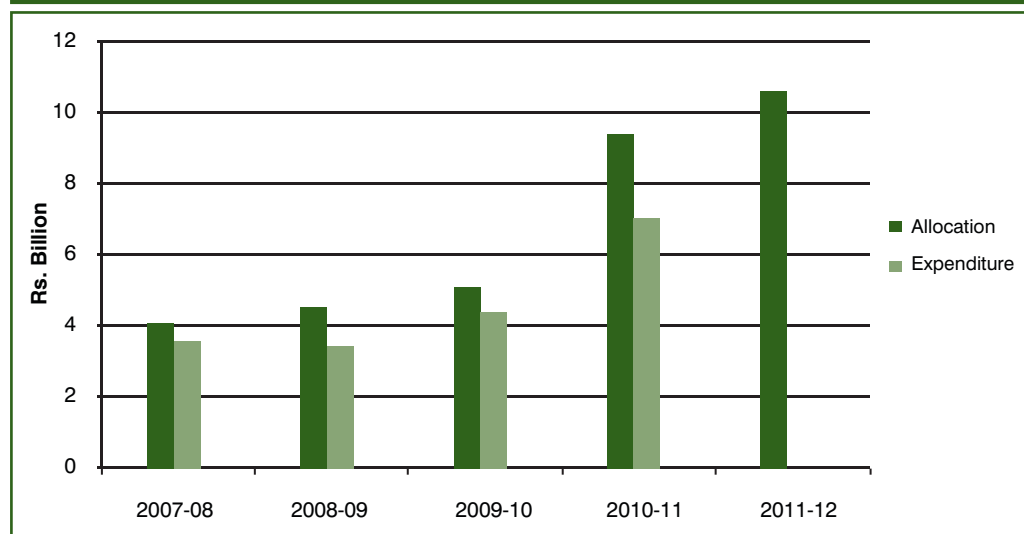
6.2 Overall Provincial Education Budget

The provincial government of Balochistan has allocated Rs. 10.59 billion for

Table 6.2 Overall Provincial Education Budget

Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	4,028.18	–	3,473.50	86
2008-09	4,450.32	10	3,349.31	75
2009-10	5,161.72	16	4,320.20	84
2010-11	9,308.94	80	7,049.43	76
2011-12	10,594.42	14	..	..

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

Figure 6.2 Trends in Provincial Allocations and Expenditure on Education

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

education in 2011-12, excluding the district budgets. This amount represents an increase of 14 percent – equivalent to an additional allocation of Rs. 774.23 million for the current expenditure and Rs. 511.25 million for the development schemes. The allocation for recurrent expenditure for all functional categories (see table 6.2) has increased except for the administration of Colleges Directorate whose budget has been cut down by Rs. 5.19 million. The utilization of education budget has remained low at 76 percent in 2010-11. This means that the utilization has dropped by 8 per cent over 2009-10. This is mainly attributed to under-spending in the current budget. This point is further elaborated in section 6.5 of this chapter.

A trend analysis indicates that the budgetary allocation for education has been increasing consistently since 2007-08. The largest increase was to the tune of Rs. 4.15 billion in 2010-11 which augmented the provincial allocation by 80 per cent. Over the past five years, the provincial outlay for education has increased by 163 percent from Rs. 4.03 billion in 2007-08 to Rs. 10.59 billion in 2011-12. However, the utilization has not improved at the same pace. The provincial government was unable to spend about 16-25 percent of the education budget over the past four years. The composition of this underspend however is varied and unpredictable. Until 2009-10, development budget was the main source of underspend. In 2010-11, it was the current budget of which nearly 31 percent could not be spent. If the analysis is done at the sub-sector level, a high level of underspend has been observed in primary education in 2008-09 and 2009-10 but secondary education has surpassed this trend over the past two years. Thus, there is a high level of inconsistency and unsteadiness in the utilization of provincial education budget of Balochistan.

6.3 Current and Development Budgets

The current and development budgets of education are Rs. 7.79 billion and Rs. 2.80 billion respectively in 2011-12. The development budget includes Rs. 443.07 million from donors. The Balochistan government has been continuously increasing the current budget for education since 2007-08. The largest increase was made in 2010-11 when the current budget jumped up by 150 percent from Rs. 2.80 billion to Rs. 7.02 billion. This is mainly attributed to salary costs of new teachers hired under the Balochistan package of the federal government. In 2011-12, it has been further increased by 11 percent – equivalent to Rs. 773.93 million. The major beneficiaries of this additional allocation include the 'others' (Rs. 435.26 million), professional and technical universities and institutes (Rs. 139.77 million), secondary education (Rs. 12.75 million), college education (Rs. 40.18), school education administration (Rs. 72.27 million) and secretariat/policy (72.18 million).

At least three trends are very clear from a breakdown of the provincial budget for education. First, the current budget is increasing at a much faster rate. It has more than tripled since 2007-08. In contrast, the upturn of development budget has remained very modest, as it increased by mere 1.4 times over the same period. Overall, the ratio between current and development budget has been fairly balanced until 2009-10. As the salary budget shot up hugely in 2010-11, this balance could not be maintained. Over the past two years, only a quarter of the total provincial budget for education is earmarked for development schemes.

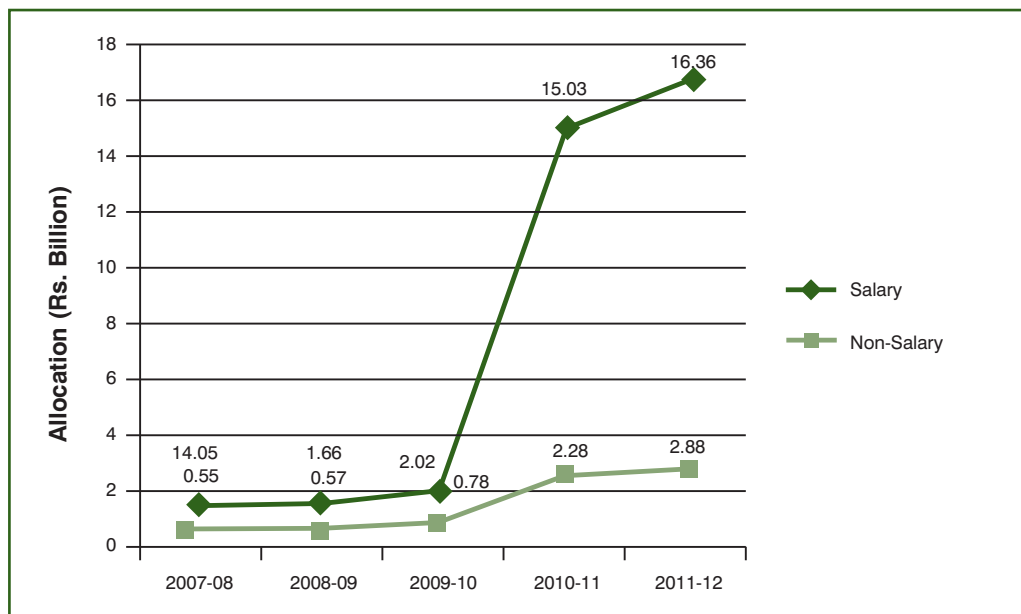
Secondly, a large share of the current budget goes to salaries, which covers the pay and allowances of the employees. This share is increasingly gradually and stands at 80 percent in 2011-12. As Figure 6.3 shows, there has been a major turnaround in 2009-10 due to addition of salary costs for the new teachers hired

Table 6.3: Current and Development Budgets

Year	Current		Development		% of Total Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	2,072.45	..	1,955.73	..	51	49
2008-09	2,231.53	8	2,218.79	13	50	50
2009-10	2,804.22	26	2,357.50	6	54	46
2010-11	7,020.00	150	2,288.94	-3	75	25
2011-12	7,794.23	11	2,800.19	22	74	26

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

Figure 6.3 Trends in Allocation of Salary and Non-Salary Budget



Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

under the Balochistan package. However, the shift in non-salary budget does not seem commensurate with the rise in salary budget. This is because the salary of the new teachers is being met from the federal grant for the Balochistan package and whereas the non-salary budget represents the usual provincial expenditure. If the effect of the new teachers' salary is taken off, there has been a steady and incremental increase in both the salary and non-salary budget.

Thirdly, the provincial outlay for development schemes in education has been increasingly more or less consistently. In 2011-12, it stands at Rs. 2.80 billion – up by 22 percent over the previous year. The distribution of this outlay is shown in Figure 6.4. The largest proportion of the development budget will go to primary education (31 percent), followed by college education (22 per cent), secondary education (19 per cent), general education (10 per cent) and middle education (7 per cent). The overall developmental priorities of the provincial government have changed considerably since 2007-08 in favor of primary education, secondary education and college education. This point is further elaborated in the next section.

6.4 Intra-Sector Distribution of Provincial Education Budget

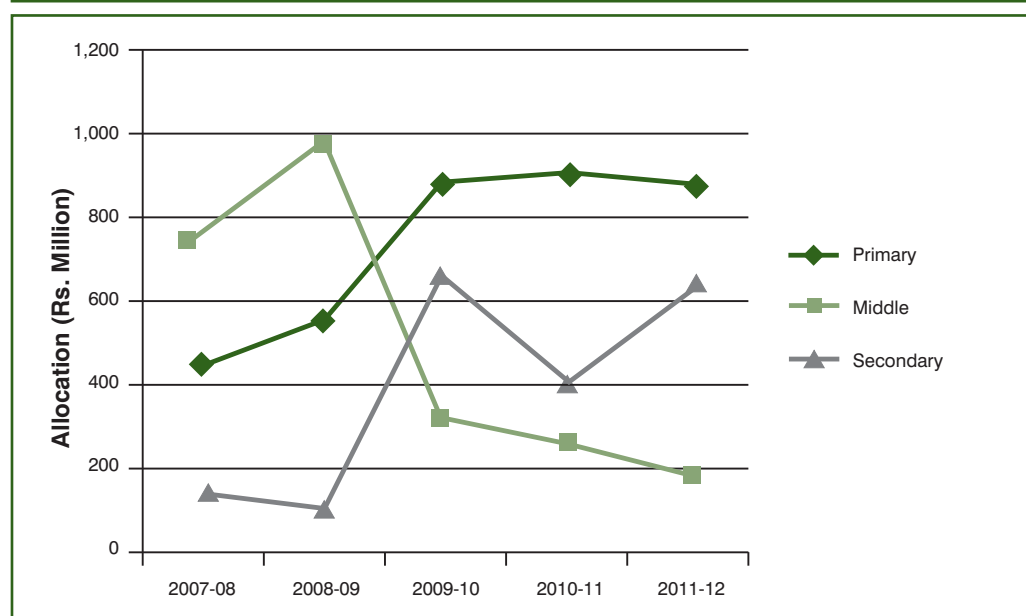
The provincial funds earmarked for school education and higher education are in the vicinity of Rs. 5.32 billion. This amount excludes the district education budgets which constitute the largest part of the school education expenditure. However, the distribution of provincial budget alone does also indicate the priority attached to

Table 6.4 Intra-Sector Distribution of Provincial Education Budget

Year	School Education								Higher Education	
	Primary		Middle		Secondary		Total		Rs. Million	Change (%)
	Rs. Million	Change (%)	Rs. Million	Change (%)	Rs. Million	Change (%)	Rs. Million	Change (%)		
2007-08	450.04	..	754.31	..	154.00	..	1,358.35	..	1,978.56	
2008-09	564.04	25	996.51	32	110.33	-28	1,670.88	23	1,946.32	-2
2009-10	880.44	56	338.50	-66	667.05	505	1,885.99	13	2,751.87	41
2010-11	909.24	3	274.96	-19	383.74	-42	1,567.93	-17	3,011.43	9
2011-12	878.71	-3	193.79	-30	651.55	70	1,724.04	10	3594.132	19

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

each sub-sector. It is evident from table 6.4 that the allocation for higher education is much higher than that of the school education. This is because the former includes the recurrent as well as development budget on colleges, universities, and institutes. In the case of school education, the recurrent budget is passed on to the districts and is not being accounted for in this analysis. This means that the allocations for school education shown in table 6.4 represent largely the development budget. This is clear from these statistics that middle education has received huge cutbacks. The provincial government has reduced allocation for this sub-sector from Rs. 754.31

Figure 6.4 Trends in Provincial Allocation for School Education

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

Table 6.5 Distribution of Provincial Development Budget for Education (%)

	2007-08	2008-09	2009-10	2010-11	2011-12
Primary Education	23.0	25.0	37.0	39.7	31
Middle Education	39.0	45.0	14.0	12.0	7
Secondary Education	4.0	2.0	25.0	12.5	19
College Education	19.0	15.0	18.0	17.4	22
General Education	1.0	1.0	3.0	12.6	10
Technical Education	13.0	12.0	2.0	5.8	5
Adult Education	0.4	0.5	0.3	0.2	5

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

million to mere Rs. 193.79 million. However, the allocation for secondary education has increased substantially from Rs. 154 million to Rs. 651.55 million. This refers to gradual phasing out of middle education as a separate sub-sector, as it is being covered in secondary education through up-gradation of schools.

A trend analysis of school education confirms that the provincial allocation for primary education has been increasing steadily except in 2011-12 when it dipped down by 3 per percent. The pattern of allocation for secondary education has been unsteady, but overall it has received huge escalations in 2009-10 and 2011-12. These trends indicate that more funds are being earmarked for development schemes in these two sub-sectors. On the contrary, the allocations for middle education have been cut down consistently over the past three years (Figure 6.4).

If the development budget is considered alone, the allocation of funds has increased substantially for development schemes in primary and secondary education. Over the past five years, the largest increase in proportional terms has been made in development budget for secondary education which has gone up by 15 percentage points. Similarly, primary education and college education are now receiving greater proportion of the development budget (table 6.4).

6.5 Utilization of Budgetary Allocations

As far as the utilization of provincial education budget is concerned, no steady pattern is observed in Balochistan, except for some budget lines such as scholarships and literacy. As table 6.5 shows, spending has been very uneven and unpredictable over the past four years. In 2010-11, a quarter of the provincial education budget could not be spent. This is attributed to underspend of the

employee-related expenses for secretariat, policy and curriculum. Out of total allocation of Rs. 3.60 billion for this purpose, Rs. 1.12 billion was spent. In all other sub-sectors, spending exceeded the allocated budget. On the contrary, the utilization of development budget has improved in the last year from mere 70 per cent to a high 95 per cent. However, this rate of utilization has not translated into any significant improvement in development work related to primary, middle and secondary education. In 2010-11, development expenditure was short of the allocated budget to the tune of Rs. 77.96 million (19.48 per cent) in primary education, Rs. 17.75 million (25.73 per cent) in middle education and Rs. 71.05 million (38.38 per cent) in secondary education. The upturn in the development expenditure is mainly due to overspending of Rs. 154.97 million (31 per cent) in college education. If this factor is ignored, there is no real improvement in the utilization of the development budget either.

Table 6.6: Utilization of Budgetary Allocations (%)

	% of Allocation			
	2007-08	2008-09	2009-10	2010-11
Total education budget	86	75	84	76
Current budget	87	102	96	69
Development budget	85	48	70	95
School Education	92	35	57	85
Primary education	88	50	56	91
Middle education	102	20	46	94
Secondary education	57	92	59	62
Higher education	61	60	89	106
Literacy Cell (Non-formal education)	102	112	111	111
Administration (Secretariat)	44*	48*	25	28
Administration (Schools Directorate)	106	143	164	100
Administration (Colleges Directorate)	118	112	177	123
Scholarships	100	100	100	100
Grants-in-Aid	55	93	101	187
Teacher education and training	136	102	75	69

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

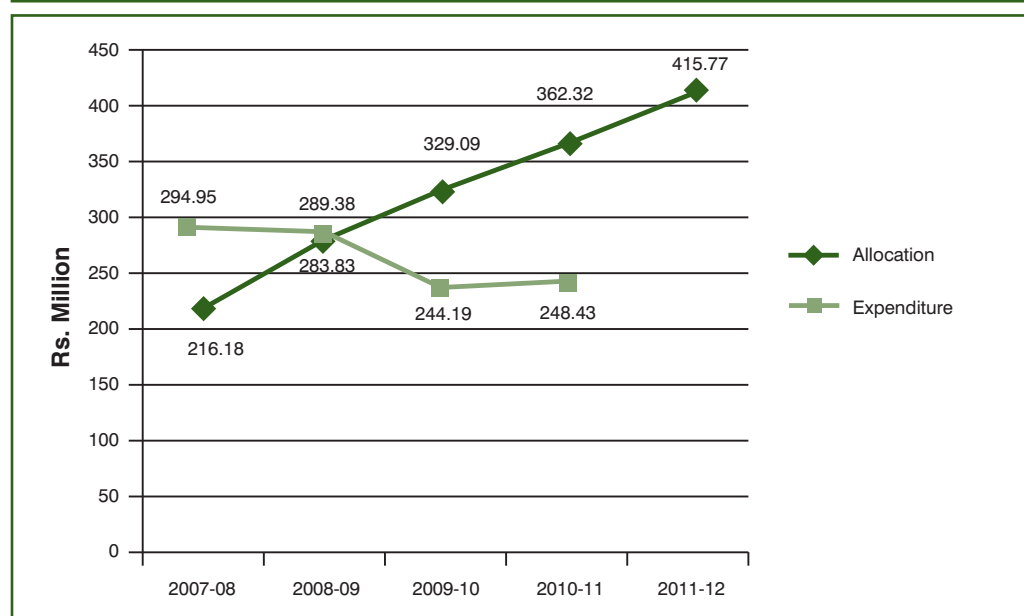
Overspending in administration of schools and colleges directorates and literacy cell is observed as a recurrent issue. This is an indicator of flaws in financial planning and poor expenditure management. The Balochistan government needs to put in place effective mechanisms to move away from spikes of underspend in some areas and overspend in other areas and establish a consistent and predictable pattern of budget utilization.

6.6 Teacher Education and Training

The provincial government of Balochistan has allocated Rs. 415.77 million for teacher education and training in 2011-12. This allocation includes Rs. 22.40 million for in-service teacher training through the Provincial Institute for Teacher Education (PITE). However, this budget is allocated largely for meeting the recurrent salary and non-salary costs only. The largest share of teacher education and training budget goes to Government Elementary Colleges (GCETs) followed by Bureau of Curriculum and Extension Centre. In 2011-12, their budgets stand at Rs. 198.54 million and 144.29 million respectively (Figure 6.5).

The utilization of teacher education and training budget has continuously been decreasing since 2007-08. In 2010-11, Balochistan could not utilize 31 percent of the teacher training budget (table 6.7). This trend is mainly attributed to the Bureau of Curriculum and Extension Centre. Each year, a substantial proportion of the employee-related budget remains unspent. Out of an allocation of Rs. 137.06 million

Figure 6.5 Trends in Allocation and Expenditure on Teacher Education and Training



Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

for salaries and allowances, the Bureau could spend only Rs. 35.66 million in 2011-12.

6.7 Grants for Private Educational Institutions

Like all other provinces, the Government of Balochistan also supports private provision of education largely through public-private partnerships. Over the past five years, the grant-in-aid for private educational institutions has been increasing steadily in absolute terms. In 2011-12, an amount of Rs. 100.88 million has been allocated for private educational institutions – up by 3 percent over the last year's allocation. As table 6.8 shows, the bulk of this grant goes to Balochistan Education Foundation. A small proportion goes in the form of grant-in-aid to Tameer-e-Nau Public College Quetta.

Table 6.7 Grants for Private Educational Institutions

	Allocation (Rs. Million)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Grant-in-aid for Balochistan Education Foundation (Community Schools)	..	6.36	31.29	71.88	71.88
Grant-in-aid for Balochistan Education Foundation	12.50	12.50	25.00	25.00	25.00
Grant-in-Aid for Tameer-e-Nau Public College Quetta	1.00	1.00	1.00	1.00	4.00
Total	13.50	19.86	57.29	97.88	100.88
% of Provincial Education Budget	0.33	0.45	1.11	1.05	0.95

Source: Calculations of I-SAPS from Balochistan Budget Books, 2008-09 to 2011-12

6.8 Scholarships and Stipends

The government of Balochistan provides merit and need-based scholarships for students enrolled in middle education and above. However, there are no scholarships for pupils of primary schools. Since 2010-11, each year Rs. 76 million is spent for this purpose. Out of this amount, Rs. 66 million is spent under Mohtarma Benazir Bhutto Scholarship for matric and F.A/F.Sc students. The remaining amount of Rs. 10 million is spent on other scholarships for students in middle education and above. The largest proportion (71 percent) goes to merit scholarships for F.A/F.Sc. students.

To sum up, the budgetary allocation for education has been increasing consistently in Balochistan since 2007-08. The largest increase was to the tune of Rs. 4.15 billion in 2010-11 which augmented the provincial allocation by 80 per cent. Over the past five years, the provincial outlay for education has increased by 163 percent from Rs. 4.03 billion in 2007-08 to Rs. 10.59 billion in 2011-12. This increase however represents growth of the recurrent expenditure and has unbalanced the current-development expenditure ratio. The utilization has not improved at the same pace and remains unsteady and unpredictable. This is true for both the current as well as the development budgets. Although the provincial government is now allocating more resources for development schemes in primary and secondary education, low utilization has offset any benefits from the higher allocations. College education however is a sub-sector in which development expenditure has exceeded the allocated budget. The Balochistan government needs to put in place effective mechanisms to move away from spikes of underspend in some areas and overspend in other areas and establish a consistent and predictable pattern of budget utilization.



CHAPTER 7

Summary and Conclusions

CHAPTER 7

Summary and Conclusions

7.1 Introduction

This study is third in an annual series that examines the federal and provincial education budgets in Pakistan. This series was launched in 2009-10 with the aim to generate information and evidence for deepening the policy debate on public financing of education and its implications on access to quality education for all. Although the focus of this study is on education budgets for 2011-12, it also presents a comparative perspective on changes, trends and patterns in allocations and expenditure over the past five years. The Institute of Social and Policy Sciences (I-SAPS) aims to repeat this research every year by adding budget analysis in the earlier research studies undertaken as a part of this series, thus creating a strong evidence base which will draw on deeper trend analysis emerging from panel data of multiple years. This study focuses on education budgets of the federal and all provincial governments only; district education budgets are excluded from its scope. The primary source of data is the budget books of the federal and provincial governments.

7.2 Overview of Federal and Provincial Education Budgets 2011-12

The federal and provincial governments altogether have allocated an amount of Rs. 161.79 billion for education in 2011-12. Two caveats are important here. First, this allocation does not include the district education budgets which represent the bulk of recurrent expenditure including the salaries of teachers. Secondly, the Balochistan government had reverted to centralized budgeting in 2010-11 and as a result the district expenditure is now also reflected in the provincial budget books. However, in

order to allow comparison and consistency in analysis, the financial resources that were previously within the domain of district governments and are now part of the consolidated budget of Balochistan are not included in this study. In other provinces, district education budget is not shown in the provincial budget books.

An analysis of the budgetary allocations over the past five years suggests that the allocation of Rs. 161.79 billion represents a noticeable improvement over the combined education budgets of Rs. 150.13 in 2010-11, Rs. 138.32 billion in 2009-10, Rs. 127.59 billion in 2008-09 and Rs. 113.07 billion in 2007-08. As these figures suggest, the budget has been increasing consistently in real terms. Compared with the previous year, this allocation is higher by 8 per cent. In 2011-12, the largest increase has been made in Sindh (15 percent), followed by Balochistan (14 percent), Khyber Pakhtunkhwa - KPK (13 percent) and Punjab (12 percent). This is obvious from these figures that the allocations have increased more or less at the same pace. In contrast, the federal government has cut the education budget by 7.42 percent in the current year. Over the past two years, the size of federal education budget has been cut down by nearly 20 percent. This change is attributed to the transfer of development expenditure on school education to the provinces due to devolution of education under the 18th constitutional amendment.

Out of the total combined budget of Rs. 161.79 billion, an amount of Rs. 91.98 billion has been allocated for recurrent expenses compared with Rs. 70.21 billion for development work. This represents a percentage ratio of 57:43 for current and development expenditure respectively. This ratio is precisely the same as it was in the previous year. Apparently, it shows that a high percentage of the education budget is being spent on development schemes. However, it does not portray the full picture as the bulk of recurrent expenditure is spent at the district level which is not reflected in this ratio.

The utilization of the federal and provincial education budgets was Rs. 135.83 billion (83 percent) in 2010-11. This spend is higher by 3 percentage points than a year ago. A breakdown of the data suggests that utilization was highest in KPK (102 percent) followed by the federal government (99 percent), Sindh (89 percent), Punjab (79 percent) and Balochistan (76 percent). Similar trends are observed over the past three years indicating that about a fifth of the federal and provincial allocations for education remains unspent every year. Re-appropriation, problems in cash flow and low capacity within the education departments to spend the budget are some of the most important reasons for underspend. This state of affairs calls into question the overwhelming emphasis on increasing the education budget to 4 percent of GDP or more when the allocated resources are not being spent fully.

7.3 Public Spending on Education: Some Trends and Issues

This section summarizes some of the key trends and issues in federal and provincial education budgets based on the analysis presented in the previous chapters. It also takes into account the conclusions from the earlier two studies in the series on *Public Financing of Education: Analysis of Federal and Provincial Budgets*. Some trends and issues are observed every year with minor variations and represent established patterns in allocation and spending on education.

- 7.3.1 The devolution of education to the provinces under the 18th constitutional amendment has led to many changes in the federal education budget. In the first place, the classification of the current as well as the development budget has been changed due to abolishment of the Ministry of Education. The current budget for education at the federal tier is now classified into two main groups: Capital Administration and Development Division (CADD) and Higher Education Commission (HEC). All institutions and programs which were previously working under the Education Division and Ministry of Education have been placed under the Capital Administration and Development Division (CADD). They include all federal educational institutions except the universities, centres of excellence, institutes and higher education programs operating under HEC. The development budget is classified into the same two groups, namely CADD and HEC. The development budget of CADD covers costs of schemes related to pre-primary, primary, secondary and tertiary education and subsidiary services. The current as well as development budget of HEC is accounted for on behalf of the Ministry of Finance and Revenue. For a detailed description of these changes, see section 2.1 in chapter 2.
- 7.3.2 The combined federal and provincial allocation for education has been increasing consistently over the past five years. It has gone up from Rs. 113.07 billion in 2007-08 to Rs. 127.59 billion in 2008-09, Rs. 138.32 billion in 2009-10 and Rs. 161.79 billion in 2011-12. The recurrent expenditure has been increasing more consistently and predictably whereas the development budget has shown huge variations in annual allocations and utilization. In the past five years, the development budget for education received cuts for three years by the federal government and for one year each by Punjab and Balochistan. In contrast, there are two instances when the current budget was reduced by Punjab. Compared with all other provinces, Punjab has shown the highest degree of unpredictability in allocations as well as expenditure on education.
- 7.3.3 The proportion of non-salary budget has been decreasing consistently for three years since 2007-08 due to the burden of employees-related expenses.

This has serious consequences for the education system as it is the non-salary budget from where urgent needs of institutions such as repair and maintenance and operational costs are met. In 2010-11, a reverse trend was observed as the non-salary budgets of both the federal and provincial governments except Balochistan had increased. Balochistan was the only exception where the overall non-salary budget was also cut down by 15 percent. In 2011-12, this trend has been maintained in Sindh, KPK and Balochistan. However, the federal government cut down the non-salary budget for CADD-Education by 65 percent.. The Punjab government has cut down the non-salary budget by 46 percent whereas the salary budget has gone up by 36 percent. Even if the non-salary budget is increased, it is much lower than the increase in salaries in proportional and real terms with a few exceptions.

7.3.4 The relative shares of various sub-sectors in the total education budget represent the governmental priorities in the education sector. It is not possible to determine the overall priorities in this study because the district education budgets are excluded from the purview of analysis. However, it is possible to draw some conclusions about the overall priorities of the federal government only because, unlike the provincial budgets, no portion of the federal education budget is excluded from the analysis. At the federal level, the largest proportion of education budget goes to higher education. This is because the responsibility of higher education lies largely with the federal government even after the devolution of education to the provinces under the 18th Constitutional Amendment. In 2011-12, 91 percent of the total federal education budget has been earmarked for HEC. The share of higher education has been fluctuating over the years, but it has always remained above 90 per cent of the total budget. Out of an allocation of Rs. 3.89 billion for CADD-Education, the largest share of Rs. 1.39 billion will be spent on college education, followed by secondary education and primary education which will receive Rs. 1.11 billion and Rs. 876.74 million respectively. This means that the sub-sector of primary education has the smallest share, relative to other sub-sectors, in the federal education budget.

7.3.5 Although the study excludes the district education budgets from its purview, it can still ascertain the overall developmental priorities in the education sector because the responsibility of development work predominantly lies with the provincial governments. This is because the district education budgets do not affect these priorities in a substantial way. These priorities differ substantially among the provinces. The most important aspect relates to development expenditure on school education. In 2010-11, this sub-sector received the lowest allocation from the federal government and stood

at only 0.42 percent (Rs. 88.69 million). The highest share was in Punjab and stood at 70.51 percent (Rs. 17.11 billion). However, the actual spending was substantially lower than these allocations.

- 7.3.6 An important trend observed over the past four years is the precariousness of utilization rates. None of the provinces has shown a steady and predictable pattern. Between 2007-08 and 2010-11, the utilization rate of the federal education budget varied between 88 and 99 percent, Punjab 62 and 79 percent, KPK 101 and 128 percent, Sindh 81 and 93 percent and Balochistan 75 and 86 percent. The underspend is largely in the development budget in all cases. If the average spend rate is considered over the past four years, KPK is at the top with the highest utilization rate of 112.75 percent, followed by the federal government (93 percent), Sindh (86 percent), Balochistan (80.25 percent) and Punjab (72 percent). The KPK and Punjab have consistently been on the top and bottom respectively in respect of the spending rates.
- 7.3.7 The under-spending of education budget largely occurs in school education. In 2010-11, the unspent budget in this sub-sector was the highest in Sindh (47 percent) followed by Punjab (33 percent), Balochistan (15 percent) and the federal government (4 percent). These figures also include the recurrent expenditure on school education. If the development budget alone is considered, the utilization rate becomes much poorer. For example, the federal government spent only 24 percent on primary education and 30 percent on secondary education in 2010-11. In the KPK province, spending on school education was the highest and stood at above 110 percent. However, this level of overspending has to be interpreted cautiously because it is a recurring phenomenon caused by overrun of the costs of development schemes.
- 7.3.8 The federal and provincial governments allocate a substantial proportion of their budgets to teacher education and training. There is considerable variation in the relative weightage attached to pre-service and in-service teacher education in each province. In Punjab, out of total allocation for teacher training, 24 percent is earmarked for pre-service and remaining 76 percent for in-service teacher training. Similar trend is observed over years, indicating that a higher priority is attached to in-service teacher training. In the KPK province, this is just the opposite. The pre-service and in-service teacher training comprise of 76 percent and 24 percent of the total teacher training budget, respectively. Unlike the province of Punjab, the share of in-service teacher training in the total budget is small. This highlights the need to balance the priorities as not all graduates of pre-service teacher training programs are likely to join teaching as a profession.

- 7.3.9 Since 2007-08, government grants for private educational institutions and public-private partnership, mainly through education foundations, have been increasing consistently. In 2011-12, the federal government has allocated Rs. 11.03 million for provision of free textbooks to registered private schools but its allocation for National Education Foundation is not traceable from the budget books. The Punjab government has allocated an amount of Rs. 6.02 billion as grant-in-aid for Punjab Education Foundation and some other private educational institutions, up by Rs. 1.47 billion from the previous year. While these regular allocations to private educational institutions indicate that both federal and provincial governments acknowledge the contribution of private sector in education, a clear policy for financing of private education institutions is still not in place.
- 7.3.10 A standard functional classification does not exist for education budget in Pakistan, except for a basic level of uniformity in the broad types of expenditure and object classification. The federal and provincial budgets are identical at the highest level to the extent that the total budget is a sum total of current and development expenditures. However, neither federal nor provincial budgets agree upon the sub-sectors that make up these categories. For example, In Punjab the current budget of Schools Department is not a part of the education budget and instead is charged under the Services and General Administration Department. In Balochistan, instances of misplaced budget heads abound. For instance, the regular budget of Government Boys Intermediate College Ziarat is accounted for under 'others'. If the standard classification were followed, it should have been included in the category of general universities, colleges, institutes. Similarly, the current expenditure on Government High School Killi Sheikhan Quetta is also charged under 'others' instead of secondary education. Such anomalies abound in all provincial education budgets due to which it is difficult to compare all provincial budgets.

While these issues and challenges remain to be addressed, it is important to acknowledge that the provincial governments have been able to raise education budget despite macroeconomic instability and fiscal stresses caused by multiple factors such as a narrow tax base, rising inflation, deteriorating law and order situation, post-floods rehabilitation, etc. However, this commitment has to be translated into better impact of the spending on participation and quality of education by strengthening government systems for a steady and predictable pattern of utilization. The government also needs to give greater attention to the need for increasing efficiency of spending through most appropriate distribution of the available resources among various sub-sectors of education.

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ANNEX 1

Pakistan's Educational Challenge: Statistical Insights

ANNEX 1

Pakistan's Educational Challenge: Statistical Insights

Pakistan has committed, under the MDGs, to achieve universal primary education (UPE) by 2015. The country is also a signatory to Dakar Framework of Action's six goals of Declaration of Education for All (EFA). Notwithstanding partial progress in some areas, Pakistan's indicators in education sector do not show promising progress that may help the country fulfill its commitments. The published data of Pakistan Social and Living Standard Measurement (PSLM) survey, National Education Management Information System (NEMIS), and such other data provides valuable insights into the situation.

Between 2006-07 and 2008-09, there has been some improvement on indicators of school attendance, enrollment and literacy. The proportion of 10 years and older population that has ever attended a school has increased by 2 percentage points—from 57 percent in 2006-07 to 59 percent in 2008-09. During the same period, the proportion of population 10 years and above that has completed primary or higher level of education increased by 3 percentage points—from 46 percent in 2006-07 to 49 percent in 2008-09; Gross Enrollment Rate (GER) at the primary level (including katchi) rose from 88 percent to 90 percent, while Net Enrollment Rate (NER) jumped from 59 percent in 2006-07 to 61 percent in 2008-09. The literacy rate of population aged 10 and above increased from 55 percent in 2006-07 to 57 percent in 2008-09¹.

While progress on these indicators is to be acknowledged, Pakistan's education challenges are myriad. Gaps in access, quality and equity continue to

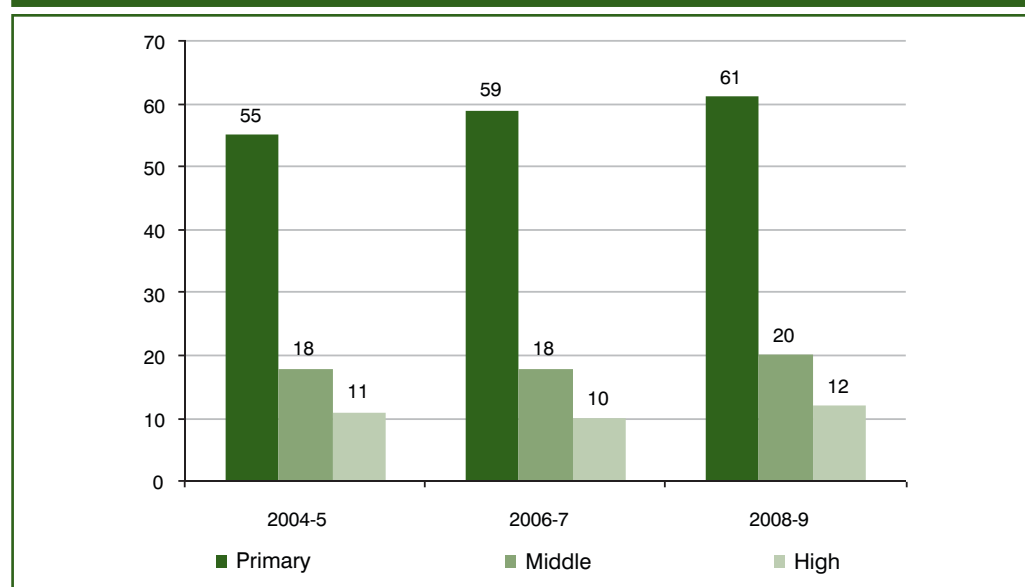
¹ Federal Bureau of Statistics (2010). *PSLM (National/Provincial)*. Government of Pakistan, Islamabad.

undermine the system at all levels. Regional and gender disparity further compound the problem. Given that there is so much ground to cover, there are serious apprehensions about the country's ability to meet the targets set in national education policy, Education for All and Millennium Development Goals.

The challenge of access is underscored by the low enrollment rates and insufficient number of educational institutions. At the primary level, NER (including katchi class) for children aged 4-9 years was 55 percent, 59 percent, and 61 percent respectively in 2004-05, 2006-07 and 2008-09. The NER of government primary schools for these years (for age group 4-9 years) was 37 percent, 37 percent and 39 percent respectively.

Over this period the NER for middle and matriculation is extremely low². Out of the total number of children enrolled in government schools in the first grade, only 56 percent reach the fifth grade. This percentage is even lower for eighth (39 percent) and tenth (23 percent) grades. The challenge is to bring out of school children into the system of education on the one hand, and to enhance survival at all levels on the other.

Figure A1.1: Net Enrollment Rates at Primary, Middle and High School Levels



Source: PSLM (National /Provincial) 2008-09

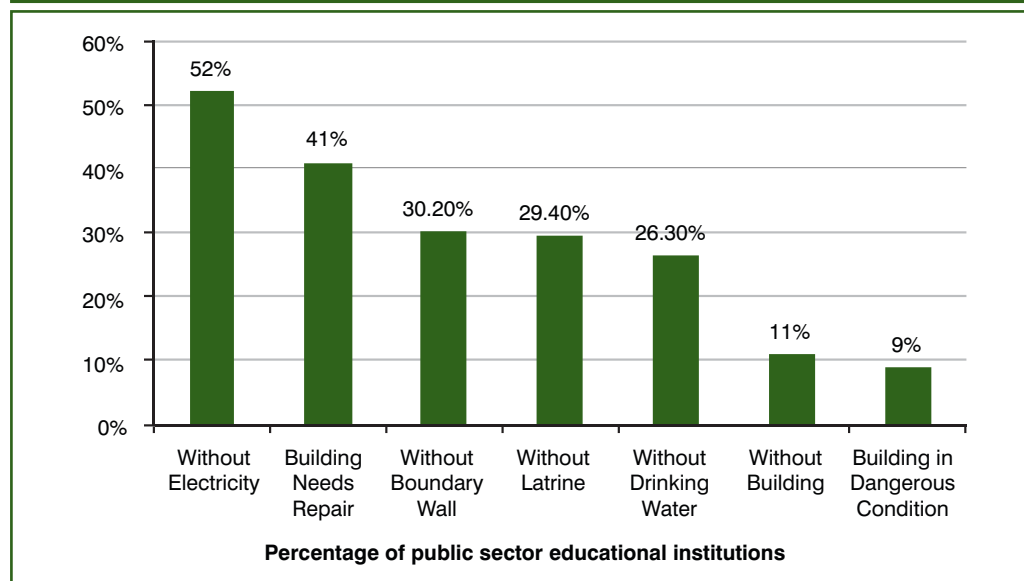
A critical aspect of the problem of access is the worsening deficit of educational institutions with the increase in educational level. In 2008-09, Pakistan had 227448 educational institutions in addition to 129 universities. Their distribution by educational level is as follows: preschool, 0.36 percent; primary school, 69.1 percent;

² PSLM (National/Provincial) 2008-09.

middle school, 18.02 percent; high school, 10.57 percent; higher secondary school, 1.07 percent; inter colleges, 0.34 percent and degree colleges, 0.53 percent. The implication of this decline in the number of institutions with the increase in the level of education is that if survival rates were to increase even by a few percentage points at one level, the number of educational institutions at next higher level would fall short of demand.

There is a need for up-gradation of the existing institutions and establishment of new ones. Another issue that is exacerbating the situation is the absence of basic facilities in most of the existing institutions. In 2008-09, of all the public sector educational institutions (162,347), 52 percent (84376) had no electricity; 41 percent (66654) were in need of building repair; 30.2 percent (49095) were without a boundary wall; 29.4 percent (47684) had to do without a latrine; 26.3 percent (42747) were without drinking water; 8.9 percent (14464) operated in buildings in 'dangerous' conditions; and 11 percent (17765) had no building (figure A1.2).

Figure A1.2: The Deficit of Amenities and Infrastructure in Public Sector Educational Institutions (2008-09)



Source: Pakistan Education Statistics 2008-09

A high priority must be attached to the reconstruction/ repair of all dangerous buildings without any delay; the need for more resources to help build and revamp physical infrastructure apart, the importance of cogent development priorities guided by evidence-based financial planning cannot be overemphasized.

Gender discrimination and the underrepresentation of girls in education system continue to be a defining feature of Pakistan educational challenge.

According to PSLM 2008-09, the proportion of male population of 10 years and older that has ever attended school (71 percent) is 25 percentage points higher than that of the female population (46 percent). In GER girls are behind boys by 16 percentage points in the primary level (age group 5-9); 16 percentage points at the middle level (age group 11-13); and 18 percentage points at the high school level (age group 13-14). The literacy rate of female population aged 10 years and above is much lower (45 percent) than that of the male population (69 percent)³.

The gender gap is also prominent in the number of male and female educational institutions. Of all (226615) educational institutions, 36.29 percent (82230) are for boys; 26.51 percent (60074) are for girls; and 37.20 percent (84311) are for both (mixed). In the public sector the gap is widest at primary (boys 47.26 percent, girls 32.83 percent and mixed 19.9 percent) and high school levels (boys 61.96 percent, girls 33.02 percent and mixed 5.02 percent)⁴.

Gender disparity in access to education is borne out particularly well in district level surveys. A case in point would be gender-aware beneficiary assessments of education services. The percentage of girls who never attended a school (64.1 percent) is higher than the dropouts (34.8 percent)⁵. The gender gap in education calls for integration of gender responsiveness in the planning and budgeting process of the education system.

Besides gender gap, there are other issues in Pakistan educational system that need the required attention: the rural-urban divide and the fact that some regions of the country lag behind others in terms of literacy and education. The proportion of population aged 10 and older that ever attended a school is highest in Punjab (62 percent) and lowest in Balochistan (44 percent). In rural Balochistan only 14 percent of females over ten years of age had completed primary school education in 2008-09, as compared to 41 percent in Punjab, 23 percent in Sindh and 29 percent in Khyber Pakhtunkhwa.

Similarly literacy rate is lower in rural areas than urban areas. Overall 48 percent of the population aged 10 years and above is literate in rural areas as compared to 74 percent in urban areas. These disparities underlie the need for embedding equity in financial planning and regional distribution of resources for educational development.

The need for improvement in quality of education can also not be ignored. Neglect of quality in education planning and management is evident from the fact

³ PSLM (National/Provincial) 2008-09.

⁴ Pakistan Education Statistics 2007-08.

⁵ Strengthening PRS Monitoring Project (2009). *Gender Aware Beneficiary Assessment: Education Services*. Gender Responsive Budget Initiative, Government of Pakistan, Islamabad.

that reliable data on learning achievements was not available in the country, due in part to the absence of the requisite assessment system. After the establishment of provincial, regional and national education assessment systems, it is now possible to evaluate the standards of learning.

The National Education Assessment System (NEAS) publishes results of annual student assessment. The 2005 assessment results revealed that the average score of grade 4 students in Urdu (369) and Mathematics (421) was below the scaled mean score of 500. The 2006 results showed that the average score of Grade 4 students was lower than 50 percent of the possible marks in each of the four subjects, i.e. language (Urdu and Sindhi), mathematics, science and social studies. The 2007 results of Grade 8 students showed slightly better results for Urdu. However, the average score of students was still below the 50 percent mark in Mathematics.

The 2008 results put the average score of grade 8 students in science at 477, still below the scaled mean score of 500 and considerably lower than the social studies score of 516. Mathematics (369), Urdu reading (377) and Urdu writing (498) scores of Grade 4 students that year were also below the mean score of 500. The performance of the private schools at Grade 8 level was better in social studies (561) than the science (512)⁶.

To sum up, there are signs of improving educational standards for some subjects; significant deficits prevail on the whole and the reality is fairly in line with the widespread perception of the low educational standards in Pakistan. A need for action in the areas of teachers and text book quality, curriculum and pedagogy, assessment approaches, and learning environment and facilities is indicated⁷.

The statistical insights reveal yawning gaps in Pakistan educational system; the critical areas are access, quality and equity. The requisite solution would be the allocation of adequate resources, but the most important prerequisite will be the prudent and judicious use of those resources.

⁶ NEAS, Ministry of Education *National Assessment Reports (2005 to 2008)*. Islamabad.

⁷ Ministry of Education (2009). *National Education Policy 2009*. Government of Pakistan, Islamabad.



ANNEX 2

Statistical Tables

ANNEX 2

Statistical Tables

Chapter 2

Federal Education Budget

Table A2.1: Salary & Non-Salary Budget of Education Division/ CAD Division

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	3,009.18	..	100	1,876.27	..	100	1,132.91	..	100
2008-09	3,338.54	11	100.53	2,123.13	13	100.48	1,215.41	7	100.62
2009-10	3,718.67	11	99	2,419.74	14	100	1,298.93	7	98
2010-11	4,316.16	16	91	2,649.94	10	99	1,666.22	28	76
2011-12	3,197.84	-26	..	2,608.98	-2%	..	588.86	-65	..

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Chapter 2

Table A2.2: Share of Salary and Non-Salary Budget (%)

	Salary					Non-Salary				
	2007-08	2008-09	2009-10	2010-11	2011-12	2007-08	2008-09	2009-10	2010-11	2011-12
Ministry of Education	62	64	65	61	0	38	36	35	39	0
*Higher Education Commission	-	-	-	-	-	-	-	-	-	-
AEPAM	62	66	74	75	79	38	34	26	25	11
**NEMIS	56	56	67	0	0	44	44	33	0	0
NEAS	0	70	77	63	64	0	30	23	37	36
Polytechnic Institute for Women	65	67	76	75	71	35	33	24	25	29
NISTE	60	67	68	70	71	40	33	32	30	29
FDE	8	7	9	6	14	92	93	91	94	86
Curriculum Development and Text Books Production	1	1	5	0	0	99	99	95	0	0
National Educational Equipment Centre	77	77	80	77	0	23	23	20	23	0

*Budget documents do not provide a breakdown of salary and non-salary expenditure.

** The budget has been merged with AEPAM in 2010-11.

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Table A2.3: Sectoral Distribution of Federal Education Budget

Year	School Education			Higher Education		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	1,472.55	..	92	36,576.05	..	96
2008-09	1,530.03	4	94	36,521.00	0	94
2009-10	1,760.02	15	94	47,538.37	30	90
2010-11	1,687.45	-4	96	42,167.52	-11	107
2011-12	1,983.59	18	..	42,275.77	0	..

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Table A2.4: Academy for Educational Planning and Management (AEPAM)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	27.81	..	100	17.19	..	100	10.62	-21	100
2008-09	24.92	-10	100	16.55	-4	100	8.37	-6	100
2009-10	30.22	21	100	22.35	35	100	7.87	-7	100
2010-11	29.46	-3	95	22.18	-1	93	7.29	-13	100
2011-12	30.80	5	..	24.44	10	..	6.36		

Note: NEMIS has been merged with AEPAM in 2010-11.

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Chapter 2

Table A2.5: National Education Assessment System

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	8.63	..	100	8.63	..	100	..	..	..
2008-09	13.48	56	100	9.47	10	100	4.01		100
2009-10	13.50	0	100	10.43	10	100	3.07	-23	100
2010-11	9.00	-33	94	5.65	-46	91	3.35	9	100
2011-12	9.00	0	..	5.77	2	..	3.23	-4	..

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Table A2.6: National Education Management Information System (NEMIS)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	4.77	..	100	2.66	..	100	2.11	..	100
2008-09	4.83	1	100	2.68	1	100	2.15	2	100
2009-10	4.83	0	100	3.22	20	100	1.61	-25	100
2010-11	..	..	..	..	..	..	..	..	..

The NEMIS has been merged with AEPAM.

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Punjab Education Budget

Table A3.1: Salary and Non-Salary Budget for Education

Year	Salary			Non-Salary			% of Education Budget	
	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %	Salary	Non-Salary
2007-08	7,701.77	..	99	14,052.80	..	46	35	65
2008-09	9,329.13	21	101	13,192.49	-6	150	41	59
2009-10	11,344.43	22	90	9,922.74	-25	99	53	47
2010-11	13,259.71	17	110	14,115.00	42	87	48	52
2011-12	17,984.60	36	..	7,609.94	-46	..	70	30

Source: Calculations of I-SAPS from Federal Education Budgets 2008-09 to 2011-12

Table A3.2: Sectoral Distribution of Education Budget

Year	*School Education		Higher Education		Special Education		Literacy	
	Rs. Million	Change %	Rs. Million	Change %	Rs. Million	Change %	Rs. Million	Change %
2007-08	8,512.24	..	16,539.40	..	1,048.44	..	1,200.00	..
2008-09	16,485.40	94	16,585.61	0	1,896.71	81	1,218.60	2
2009-10	16,702.56	1	14,276.26	-14	1,087.62	-43	800.00	-34
2010-11	17,231.07	3	20,068.14	41	605.40	-44	800.00	0
2011-12	23,556.18	37	22,617.06	13	794.82	31	800.00	0

*Excluding PMIU and Others

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Chapter 3

Table A3.3: Punjab Education Assessment System (PEAS)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %
2007-08	9.35	..	71	6.67	..	84	2.68	-	39
2008-09	8.87	-5	71	6.66	0	81	2.21	-18	41
2009-10	17.10	93	68	7.32	10	111	9.78	342	36
2010-11	23.85	40	110	8.31	14	128	15.54	59	100
2011-12	26.72	12	..	10.87	31	..	15.86	2	..

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Table A3.4: Program Monitoring and Implementation Unit (PMIU)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %
2007-08	8226.55	..	28	73.18	..	86	8,153.37	..	28
2008-09	9,497.55	15	36	66.72	-9	87	9,430.83	16	36
2009-10	5,765.00	-39	66	1,089.80	1533	7	4,675.20	-50	79
2010-11	6,023.55	4	42	1,103.68	1	18	4,919.87	5	48
2011-12	6,381.54	6	..	1109.39	1	..	5272.15	7	..

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Table A3.5: School Education Department (General Administration)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %
2008-09	57.04	..	103	41.13	..	82	15.91	..	156
2009-10	66.93	17	99	47.21	15	93	19.72	24	115
2010-11	77.02	15	106	55.67	18	103	21.35	8	114
2011-12	88.31	15	..	68.78	24	..	19.53	-9	..

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Table A3.6: Higher Education Department (General Administration)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %
2008-09	44.19		758	30.24		97	13.95		2193
2009-10	56.35	28	318	40.96	35	81	15.39	10	949
2010-11	299.79	432	87	42.65	4	112	257.14	1571	85
2011-12	91.87	-69		70.99	66		20.88	-92	

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Chapter 3

Table A3.7: Literacy Department (General Administration)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %	Rs. Million	Change %	Spend %
2008-09	12.16		106	10.00		73	2.16		260
2009-10	15.44	27	98	12.79	28	70	2.65	23	232
2010-11	18.04	17	84	15.20	19	64	2.85	7	191
2011-12	21.31	18		17.92	18		3.39	19	

Source: I-SAPS calculations from Punjab Budgets, 2008-09 to 2011-12

Sindh Education Budget

Chapter 4

Table A4.1 Salary and Non-Salary in Sindh Education Budget

Year	Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	5,141.37	..	97	9,414.86	-	58	35	65
2008-09	6,000.32	17	84	9,055.51	-4	78	40	60
2009-10	7,197.12	20	107	9,297.69	3	67	44	56
2010-11	8,606.38	20	108	10,817.75	16	95	44	56
2011-12	11,364.93	32	..	11,396.77	5	..	50	50

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Table A4.2 Expenditure on Primary and Secondary Education in Sindh

Year	Primary Education			Secondary Education			Total	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %
2007-08	755.66	-	145	364.41	..	150	1,120.07	..
2008-09	470.20	-38	171	1,040.84	186	126	1,511.04	35
2009-10	467.39	-1	40	399.75	-62	53	867.14	-43
2010-11	778.52	67	43	789.77	98	71	1,568.29	81
2011-12	390.79	-50	..	1,162.63	47	..	1,553.41	-1

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Chapter 4

Table A4.3 Current Budget of Sindh Reforms Support Unit

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	43.00	..	113	25.94	..	122	17.06	..	100
2008-09	42.40	-1%	86	26.40	2	73	16.01	-6	108
2009-10	50.69	20%	164	32.86	24	110	17.83	11	264
2010-11	85.63	69%	102	29.47	-10	101	56.16	215	103
2011-12	113.28	32	..	63.75	116	..	49.53	-12	..

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Table A4.4 Expenditure of Director Bureau of Curriculum Sindh

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	35.55	..	60	31.40	..	62	4.16	..	100
2008-09	24.79	-30	122	19.37	-38	123	5.42	30	118
2009-10	38.29	54	87	31.41	62	81	6.88	27	115
2010-11	43.21	13	117	37.65	20	87	5.56	-19	326
2011-12	59.65	38	..	48.94	30	..	10.71	93	..

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Table A4.5 Expenditure of Education Department in Sindh

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	8202.87	..	52	55.53	-	114	8,147.34	..	51
2008-09	8,346.10	2	26	517.03	831	13	7,829.06	-4	27
2009-10	1,634.88	-80	40	88.62	-83	51	1,546.20	-80	40
2010-11	2,104.88	29	38	468.20	428	15	1,636.68	6	44
2011-12	1,858.17	-12	..	577.02	23	..	1,281.14	-22	..

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Table A4.6 Current Budget for Teacher Education and Training

Year	Salary			Non-Salary			Total		
	Rs. Million	Change %	Rs. Million	Rs. Million	Change %	Rs. Million	Rs. Million	Change %	Rs. Million
2007-08	212.66	..	14.30	14.30	..	226.96	226.96	..	..
2008-09	310.31	46	23.32	23.32	63	333.63	333.63	47	47
2009-10	407.83	31	29.61	29.61	27	437.44	437.44	31	31
2010-11	429.60	5	64.35	64.35	117	493.95	493.95	13	13
2011-12	537.58	25	56.62	56.62	-12	594.19	594.19	20	20

Source: Calculations of I-SAPS from Sindh Budget Books, 2008-09 to 2011-12

Chapter 5

KPK Education Budget Statistics

Table A5.1: Salary and Non-Salary in KP Education Budget

Year	Salary			Non-Salary			% of Total Budget	
	Allocation (Rs. Million)	Change %	Expenditure (%)	Allocation (Rs. Million)	Change %	Expenditure (%)	Salary	Non-Salary
2007-08	1,472.15	..	99	330.35	..	23	82	18
2008-09	1,737.97	18	100	165.92	-50	88	91	9
2009-10	2,025.82	17	98	221.09	33	113	90	10
2010-11	3,108.05	53	90	383.30	73	122	89	11
2011-12	4,389.31	41	..	895.78	134	..	83	17

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

Table A5.2: Expenditure on Primary and Secondary Education in KPP Budget

Year	Primary			Secondary			Total		
	Allocation (Rs. Million)	Change %	Expenditure (%)	Allocation (Rs. Million)	Change %	Expenditure (%)	Allocation (Rs. Million)	Change %	Expenditure (%)
2007-08	1,530.60	..	128	2,192.51	..	94	3,723.11	..	101
2008-09	1,287.71	-16	147	2,871.03	31	133	4,158.74	12	137
2009-10	1,019.24	-21	148	3,555.72	24	163	4,574.96	10	151
2010-11	1,879.47	84	112	5,235.72	47	122	7,115.19	56	119
2011-12	1,113.74	-41	..	6,001.26	15	..	7,115.00	0	..

Source: I-SAPS calculations from KPK Budget Books 2008-09 to 2011-12

Balochistan Education Budget

Chapter 6

Table A6.1: Salary and Non-Salary Components in Balochistan Education Budget

Year	Salary			Non-Salary			% of Total Budget	
	Amount	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	1,525.98	-	89	546.47	-	83	74	26
2008-09	1,656.47	9	99.8	575.06	5	108	74	26
2009-10	2,022.39	22	89	781.83	36	116	72	28
2010-11	5,752.83	184	85	1,267.47	62	140	82	18
2011-12	6,197.53	8	..	1,596.70	26	..	80	20

Table A6.2: Expenditure of Education Department in Balochistan

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	58.93	-	44	54.85	-	31	4.08	-	220
2008-09	64.20	9	48	62.17	13	44	2.03	-50	163
2009-10	181.26	182	25	178.57	187	20	2.69	32	353
2010-11	3,530.63	1,848	28	3,526.86	1,875	26	3.77	40	2737
*2011-12	3,572.29	1	28	3,558.71	1	..	13.57	260	..

* Current budget for Secretary Higher & Technical Education Department is also included

Table A6.3 Sectoral Distribution of Current Budget 2011-12

	Allocation (Rs. Million)	% share in provincial education budget
Administration	3,958.37	51
Primary Education	..	0
Secondary Education	111.37	1
General Colleges	1,617.62	21
Professional Colleges	748.14	10
Archives, Libraries & Museums	27.11	0
Others	1,331.62	17
Total	7,794.22	100

Glossary

Actual expenditure	Amount actually spent by a spending unit out of the allocation for a particular account head
Aggregate	Total budgetary outlay of the federal or provincial governments
Budget	Government's annual financial plan which provides details of the proposed expenditure and sources of financing the expenditure
Budget estimates	Demands of expenditure for the next fiscal year – also known as 'allocations'
Current budget	Allocation and expenditure on goods and services consumed within the current year including recurrent costs of a spending unit
Development budget	Allocation and expenditure on development activities and schemes (e.g. infrastructure, capacity building project) which have generally a finite life Employees-related expenses Include salaries and allowances (but generally, do not include employees retirement benefits)
Functional	Refers to various categories that constitute the current or development budgets such as primary education, secondary education, professional universities/colleges/institutes, administration, etc.
Non-salary expenses	Includes all current expenditure other than employees related expenses such as operating

	costs, purchase of physical assets, repairs and maintenance Object Refers to the sub-categories of functional categories in the current budget and includes employees-related expenses, operational expenses, transfers, maintenance costs, physical assets, etc.
Operating expenses	Includes communications, utilities, occupancy costs, travel and transportation and general costs Physical assets Purchase of computers, transport, plant and machinery, furniture and fixture; cost of repairs and maintenance are covered under a separate head
Re-appropriation	Transfer of allocated amount from one unit to another unit in a fiscal year Repairs and maintenance Expenses for repair of transport, machinery and equipment and furniture and fixture, buildings and structures, etc.
Surrender	Relinquishment of allocated funds
Transfers	Grants for a special purpose not classified elsewhere (e.g. entertainment and gifts; benefits, certain scholarships)



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