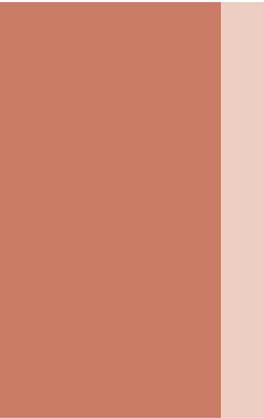




Public Financing of Education in Pakistan

Analysis of Federal and Provincial Budgets



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Contents

Foreword	v-vi
Acknowledgments	vii
Acronyms	ix-xi
List of Tables	xiii-xiv
List of Figures	xv-xvi
Chapter 1: Introduction	01-07
Chapter 2: Public Financing of Education: Federal	11-30
Chapter 3: Public Financing of Education: Punjab	33-47
Chapter 4: Public Financing of Education: Sindh	51-66
Chapter 5: Public Financing of Education: NWFP	69-83
Chapter 6: Public Financing of Education: Balochistan	87-102
Chapter 7: Summary and Conclusions	105-118
Bibliography	119-121
Annex 1: Pakistan's Educational Challenge: Statistical Insights	125-130
Annex 2: Statistical Tables	133-146
Glossary	147-148

Foreword

The planning and management of public finance, as it pertains to education, are inexorably linked with the persistent gaps in access, quality and equity in the provision of education in Pakistan. Scarcity of resources, low expenditure due to poor management capacities, constraints in timely and smooth fiscal flow, huge administrative expenditure, and poor oversight mechanisms are some of the most debated issues in public financing of education. Particularly, low public spending on education as a percentage of Gross Domestic Product is often cited as one of the most important causes of the educational challenge facing the country. While the need for expansion of the resource base can hardly be overstated, efforts to improve the educational outcomes have tended to overlook the significance of effectiveness of whatever meager resources are allocated by the government for education.

Dedicated to investigating this aspect, the present study provides an in-depth analysis of the federal and provincial education budgets over a period of three years. The study presents some striking insights into the similarities and differences in the budgetary priorities across provinces and within subsectors of education; traces emerging trends and considers their implications for access and quality; and identifies weak linkages between policy and political rhetoric, budgetary decisions, and actual needs as demonstrated by the education data. .

The Institute of Social and Policy Sciences (I-SAPS) undertook this study as part of a wider programme that aims to provide impetus to the efforts for enhancing the effectiveness, oversight, transparency and participation in education finance in Pakistan and stimulate the requisite policy response. The programme takes a process-oriented approach to engage a broad range of stakeholders including parliamentarians, policymakers, civil society activists, educationists, government officials, and media personnel. This study is an effort to make that engagement more meaningful by providing independent, original analysis of issues in the federal and

provincial education budgets for informed debate. The findings of the study indicate a substantive need for reforms in education budgeting.

I-SAPS plans to follow-up on this study with additional analyses in areas where the need for reforms and policy response is most pressing. We welcome feedback and suggestions from all stakeholders. It is our sincere hope that the study will provide useful insights to all those working for transformation of the Pakistani education sector for the better.

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

December 2009

Acknowledgments

The Institute of Social and Policy Sciences (I-SAPS) wishes to thank all those individuals who contributed to the technical part of the study. The research was undertaken by a core team led by Dr. Salman Humayun with Mazhar Siraj as the Principal Researcher along with technical support from Muhammad Siddique Tareen, Rabia Shabbir and Rizwana Shabbir. A number of individuals participated in data collection, analysis and presentation at the federal and provincial levels. Their support was central to the effort and is highly appreciated.

I-SAPS wishes to express gratitude to the Campaign for Quality Education (CQE) for its support to accomplish the research. Particularly, thanks are due to Abbas Rashid of CQE and Abrar Hafeez, Secretary General, Consumer Rights Commission of Pakistan (CRCP) for their facilitation in pre- and post-budget policy dialogues on education 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 unconditional 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
FGElS	Federal Government Educational Institutions in the Capital and Federal Areas
FPA	Foreign Project Assistance
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
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
NEAS	National Education Assessment System
NEMIS	National Education Management Information System
NER	Net Enrolment Rate
NISTE	National Institute of Science and Technical Education
NWFP	North West Frontier Province
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

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 are not available or are 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.

List of Tables

Chapter 2: Federal

Table 2.1	Overall Federal Education Budget	13
Table 2.2	Current and Development Budget	15
Table 2.3	Salary and Non-Salary Budgets	16
Table 2.4	Utilization of Federal Budgetary Allocations	20
Table 2.5	Difference in Released Amount and Expenditure of HEC	21
Table 2.6	Federal Grants for Private Educational Institutions	28
Table 2.7	Federal Government's Scholarships and Stipends	29

Chapter 3: Punjab

Table 3.1	Overall Provincial Education Budget	36
Table 3.2	Current and Development Budget	37
Table 3.3	Increase/Decrease in Salary and Non-Salary Budgets	38
Table 3.4	Increase/Decrease in Development Budget	39
Table 3.5	Utilization of Budgetary Allocations	40
Table 3.6	Allocation and Expenditure on School Councils	45
Table 3.7	Grants for Private Educational Institutions	45

Chapter 4: Sindh

Table 4.1	Overall Provincial Education Budget	54
Table 4.2	Current and Development Budget	55

Table 4.3	Changes in Salary and Non-Salary Budgets	56
Table 4.4	Sectoral Distribution of Allocations	57
Table 4.5	Utilization of Budgetary Allocations	59
Table 4.6	Current Budget for Teacher Education and Training	61
Table 4.7	Grants for Private Educational Institutions	62
Chapter 5: NWFP		
Table 5.1	Overall Provincial Education Budget	71
Table 5.2	Current and Development Budget	72
Table 5.3	Changes in Salary and Non-Salary Budgets	73
Table 5.4	Distribution of Development Budget	77
Table 5.5	Utilization of Budgetary Allocations	78
Table 5.6	Budget for Teacher Education and Training	80
Chapter 6: Balochistan		
Table 6.1	Overall Provincial Education Budget	90
Table 6.2	Current and Development Budget	91
Table 6.3	Shares of Salary and Non-Salary in Current Budget	92
Table 6.4	Distribution of Allocations by Sector	93
Table 6.5	Sectoral Distribution of Development Budget	96
Table 6.6	Utilization of Budgetary Allocations	97
Table 6.7	Provincial Budget for Teacher Education and Training	99
Table 6.8	Grants for Private Educational Institutions	101
Annex 2: Statistical Tables		
Table A1.1	Public Expenditure on Education in Pakistan	133
Table A2.1	Salary and Non-Salary Budget of Education Division	134
Table A2.2	Sectoral Distribution of Federal Education Budget	134
Table A2.3	Academy for Educational Planning and Management	135
Table A2.4	National Education Assessment System	135

Table A2.5	National Education Management Information System	136
Table A2.6	Federal College of Education	136
Table A3.1	Salary and Non-Salary in Punjab Education Budget	137
Table A3.2	Sectoral Distribution of Punjab Education Budget	137
Table A3.3	Punjab Education Assessment System	138
Table A3.4	Teacher Training and Education in Punjab	138
Table A3.5	Programme Management Implementation Unit	139
Table A3.6	Chief Minister's Monitoring Force/Cell in Punjab	139
Table A3.7	Scholarships and Stipends in the Punjab	140
Table A3.8	Punjab Education Department	140
Table A4.1	Salary and Non-Salary in Sindh Education Budget	141
Table A4.2	Expenditure on Primary and Secondary Education	141
Table A4.3	Expenditure of Sindh Reform Support Unit	142
Table A4.4	Expenditure of Director Bureau of Curriculum in Sindh	142
Table A4.5	Expenditure of Education Department in Sindh	143
Table A5.1	Salary and Non-Salary in the NWFP Education Budget	144
Table A5.2	Expenditure on Primary & Secondary Education in NWFP	144
Table A6.1	Salary and Non-Salary Budget in Balochistan	145
Table A6.2	Expenditure of Education Department in Balochistan	145
Table A6.3	Expenditure on School Education in Balochistan	146

List of Figures

Chapter 2: Federal

Figure 2.1	Arrangement of Federal Education Budget	12
Figure 2.2	Distribution of Federal Education Budget in 2009-10	14
Figure 2.3	Distribution of the 32 per cent Increase in Current Budget	15
Figure 2.4	Sectoral Distribution of Allocations	18
Figure 2.5	Difference in Released Amount and Expenditure of HEC	21
Figure 2.6	Salary and Non-Salary Budgets of AEPAM	23
Figure 2.7	Allocation of Development Budget for NEAS	24
Figure 2.8	Reduction in Non-Salary Budget of NEAS	25
Figure 2.9	Allocation of Development Budget for NEMIS	26
Figure 2.10	Share of Provinces in Federal Government's Allocations for In-Service Teacher Training	27

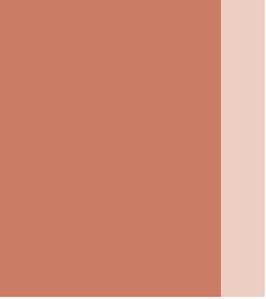
Chapter 3: Punjab

Figure 3.1	Arrangement of Punjab Education Budget	34
Figure 3.2	Sectoral Distribution of Allocations	39
Figure 3.3	Utilization of Budgetary Allocations	41
Figure 3.4	Salary and Non-Salary Budgets of PMIU	42

Chapter 4: Sindh

Figure 4.1	Arrangement of Sindh Education Budget	52
Figure 4.2	Department-wise Distribution of Current Education Budget	55

Figure 4.3	Sectoral Distribution of Allocations	57
Chapter 5: NWFP		
Figure 5.1	Arrangement of NWFP Education Budget	70
Figure 5.2	Salary and Non-Salary Budget	73
Figure 5.3	Sectoral Distribution of Allocations	76
Figure 5.4	Sectoral Distribution of Development Budget	77
Figure 5.5	Distribution of Allocations for Teacher Education and Training	80
Figure 5.6	Development Budget of PEAC	81
Chapter 6: Balochistan		
Figure 6.1	Arrangement of Balochistan Education Budget	88
Figure 6.2:	Foreign Project Assistance in the Education Sector of Balochistan	91
Figure 6.3:	Distribution of the 26 per cent Increase in Current Budget	92
Figure 6.4	Increase in Current and Development Budget	94



CHAPTER 1

Introduction

CHAPTER 1

Introduction

1.1 The Context

Notwithstanding the numerous policy shifts and reform initiatives undertaken in recent past, Pakistan has not been able to achieve the desired improvements in key education indicators. Without discounting the improvements in some policy areas and isolated success stories of individual teachers and government functionaries, it must be noted that about one-third of primary school-aged children and approximately three-quarters for secondary school-aged children remain out of school.¹ Apart from everything else, the widespread illiteracy alone is ample evidence of the poor performance of the education system. According to the government's own estimates, 45 per cent of Pakistani population aged 10 years and above is illiterate.² The physical infrastructure of education is also in poor shape. Educational institutions are sparsely equipped in terms of basic utilities, libraries, computer resources, sports and recreation facilities.³

Widespread concerns about the low quality of learning are a major reason for growing dissatisfaction with the public education system.⁴ The acute disparities between the rural and the urban, between the male and the female, and between the poor and the well-off—in terms of access as well as outcomes—greatly complicate

¹ Ministry of Education (2009). *National Education Policy 2009*. Government of Pakistan, Islamabad.

² Federal Bureau of Statistics (2008). *Pakistan Social and Living Measurement Standards Survey 2006-07*. Government of Pakistan, Islamabad.

³ Ministry of Education (2006). *National Education Census*. Government of Pakistan, Islamabad.

⁴ See 2006, 2007 and 2008 assessment reports of the National Education Assessment System (NEAS).

the situation. That is why, 'the issue of equity runs through the entire education system and has serious implications for sustainable and equitable development in the country'.⁵

The educational challenge of Pakistan is intricately linked to the manner in which public finance is planned and managed in this country. Some of the most important issues that are frequently reported and discussed include ineffective participation of legislature in the budget-making process; insufficient budgetary allocation vis-à-vis the actual needs; low spending due to poor management and problems related to timely and smooth fiscal flow; corruption and leakage; huge administrative expenditure; poor oversight mechanisms; and lack of transparency, to name a few. Linkages between resource allocation, policy stipulations and education data remain weak. As a result, public spending fails to bring about commensurate improvement in the educational outcomes.

While these issues have been identified repeatedly, there is a lack of compelling analysis based on empirical evidence to influence policymaking and budgeting. Indeed, the scope of relevant literature has been rather narrow, chiefly focusing on two issues: (i) low spending on education as a percentage of Gross Domestic Product (GDP) and in proportion to total public expenditure, and (ii) failure of the system to absorb what little funding is available.

Past education policies were also largely concerned with these two issues and barely commented on deeper problems in the allocations and expenditure. The National Education Policy 2009 is the first policy document which considers weaknesses in public finance as one of the fundamental causes of the gaps in access, quality and equity in education. It frames issues of resourcing in terms of 'commitment gap' and 'implementation gap', referring respectively to low budgetary allocations and underutilization of earmarked funding. The policy presses for political commitment to increasing educational spending from the present level to 7 per cent in 2015 (see table A1.1 in Annex 2 for past expenditure). While the policy aptly places great emphasis on increasing the resource base and enhancing the implementation capacities, it does not comment on a wide range of issues in the education budgeting some of which have been enumerated in the previous paragraph.

Nevertheless, interest in public financing of education is on the rise. The focus is now shifting, from the broad debate about the low spending on education and the lack of systemic capacity to absorb the meager funding that does become available, to more specific issues that compromise the effectiveness of public spending. Those include, for instance, confusion about financing responsibilities

⁵ National Education Policy 2009.

The educational challenge of Pakistan is intricately linked to the manner in which public finance is planned and managed in this country.

after the devolution of power to local governments, capacity deficit at district level, huge variation in per capita expenditure across provinces and districts, poor responsiveness of public expenditure to gender gaps, and questions about impact and sustainability of expenditure on higher education, etc.

While recognition of such issues is widespread, there is an utter paucity of in-depth research on public finance as it relates to public education. The Ministry of Education has undertaken a number of studies which provide data on education spending; however they hardly ever attempt to identify or deal with the issues that compromise the effectiveness of education spending or adversely affect it.⁶

The challenge of expanding educational opportunities while maintaining their quality and ensuring their equitable distribution is linked to questions of education finance.⁷ However, the mere expansion of resources will not solve the problems. There are a number of countries that doubled public spending on education during the past three decades without making substantial gains; and there are others that achieved greater impact by making their meager spending on education more effective, efficient and participatory.⁸ Globally, the focus of research is therefore now shifting towards investigating the effectiveness of public expenditure.

In the case of Pakistan, the need for expanding the resource base for education as a percentage of GDP and public expenditure can hardly be overemphasized—given the huge challenges of access, quality and equity. At the same time, whatever meager resources are being allocated need to be made more effective by strengthening their linkages with the education management information system, policymaking and action implementation.⁹ However, the policy debate has not moved in that direction due to the dearth of comprehensive analyses of how the federal, provincial and district governments are allocating and spending their resources within the education sector. There is a need to identify the issues in education budgets which, if addressed adequately, would pave the way for more equitable and efficient distribution of public spending.

This study goes beyond the conventional focus of research and looks at how the meager resources that are set aside by the government for education are being

This study goes beyond the traditional policy debate centered around the education expenditure as a percentage of GDP and looks at the deeper issues in allocation and spending of the meager resources that are actually set aside by the governments for education.

⁶ See, for example, Fazal et al (2003), Sabir (2007), Tahir, Saeed, and Ahson (2008), Ministry of Education (2007), Winkler and Hatfield (2002). See bibliography for a complete list of studies reviewed.

⁷ UNESCO Institute of Statistics (2002). *Financing Education—Investments and Returns*. Paris: UNESCO Publishing.

⁸ Whelan, Fenton (2009). *Lessons Learned: How Good Policies Produce Better Schools*. Fenton Whelan, London.

⁹ Institute of Social and Policy Sciences (2008). Report on Pre-Budget Policy Dialogue on Education. May 13, 2008, Islamabad.

allocated and spent. The study concentrates on the education budgets of the federal and provincial governments over three fiscal years, i.e. 2007-08, 2008-09 and 2009-10. It unpacks the budgets at three levels:

1. Aggregate level (e.g. total outlay, current budget, development budget);
2. Functional level (e.g. school education, higher education, special education, literacy); and
3. Object level (e.g. salary and non-salary).

The analysis explains the classifications of budgets; highlights changes in allocations and expenditure at the three levels; identifies issues and challenges; and discusses their implications for access, equity and quality in education. The Institute of Social and Policy Sciences (I-SAPS) has undertaken this study as part of a wider initiative that aims to generate demand and stimulate policy response for enhancing effectiveness of public spending on education.

The study aims to provide independent evidence grounded in budgetary data for broadening the debate on public expenditure in education sector to cover issues related to the effectiveness of resources.

1.2 Purpose of the Study

The study aims to provide independent evidence grounded in budgetary data for broadening the debate on public expenditure in education sector to cover issues related to the effectiveness of resources. The hope is that it would foster policy debate, inform public demand for enhancing the effectiveness of education financing, and generate the pertinent policy response. The findings of the study and future work emerging from them is expected to contribute to the development of an institutional framework to create and ensure organic connections between education data, policymaking and public finance so that they support each other.

1.3 Scope of Analysis and Data

The study concentrates on the education budgets of the federal and all provincial governments of Pakistan. These two tiers cover nearly fifty per cent of the total public expenditure on education in Pakistan. The analysis covers the past three fiscal years, i.e. 2007-08, 2008-09 and 2009-10. The data used in the study can broadly be divided into four categories as follows:

- i. The primary source of data for analysis presented in the next five chapters is budget books of the federal and provincial governments. At the federal level, statistics related to 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.

It is important to note that the study covers three years: 2007-08, 2008-09 and 2009-10. However, the source mentioned under the tables and figures indicates the use of budget documents for two years, namely 2008-09 and 2009-10. This is because each budget document provides information about the allocations and expenditure in the previous year along with those for the year to which it pertains. Therefore, in order to cover three years, it was sufficient to use the budget documents for 2008-09 and 2009-10.

- ii. 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 legislature like the budget books. The 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 HEC. The study overcomes this limitation by using the federal PSDP.
- iii. Review of the state of education sector in Annex 1 is based on the available data of National Education Management Information System (NEMIS), Pakistan Social and Living Measurements Standards Survey (PSLM), National Education Assessment System (NEAS). Although other databases such as that of Programme Management Implementation Unit (PMIU) in the Punjab are also available, the study relies on NEMIS, PSLM and NEAS for the purpose of comparability and consistency throughout the analysis.
- iv. In addition to the above, 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. Moreover, the research team interviewed a number of senior professionals in the public and private sector for qualitative information related to education spending.

The study concentrates on the education budgets of the federal and all provincial governments of Pakistan over a period of three fiscal years.

The meaning of technical terms is taken as they are understood and interpreted in the Glossary. The study aims to engage a broad range of stakeholders including 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.

1.4 Scheme of Chapters

The study is organized in seven chapters. This—the first chapter—introduces the context, purpose, and methodology of the study; the scheme of chapters; and limitations of the study. Chapters 2, 3, 4, 5 and 6 respectively analyze the education budgets of the federal, Punjab, Sindh, North-West Frontier Province (NWFP) and Balochistan governments.

In each of the five chapters, the findings are presented according to a standard format. Each of the federal and provincial education budgets has a distinct classification with different implications. The first section of each chapter explains the classification and its implications separately for the respective budget. The reader who is interested in 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 understand the unique composition of current and development budgets. Enumerated in these sections are categories included in the figures for total, development and current allocations and expenditure so that the reader can tell whether a certain category is included in a given budget.

The education financing of district governments and private sector is excluded from the purview of the study. Moreover, 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.

The analysis of allocations and expenditure begins at the aggregate level to give the big-picture view of the entire education budget. This is followed by a breakup of the budgetary outlay into the current and development budgets. Apart from a comprehensive overview of the changes in allocations for each, major issues that define the peculiar nature of current and development budgets are highlighted. Where possible, proportional shares of allocations for school education, higher education, literacy and special education have been worked out; the object of this exercise is to gain a perspective on government priorities in education sector through the lens of budget.

Considerable emphasis has been placed on identifying issues in the utilization of budgets, particularly with reference to development schemes. The study discusses the budgets of those institutions and sub-sectors which cut across the entire education sector, e.g. Academy of Educational Planning and Management (AEPAM), NEMIS, Teacher Education and Training, Financing of Private Sector, and Scholarships.

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.

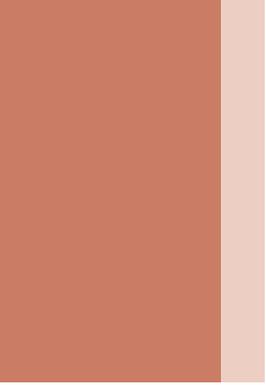
1.5 Limitations

The analysis presented in the study has the following limitations: First, it 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. 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, but usually the difference does not vary more than 15 per cent.

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 NWFP, 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 NWFP 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.

The data on utilization of earmarked resources is based on the Revised Estimates as given in the budget books.



CHAPTER 2

Public Financing of Education: Federal

CHAPTER 2

Public Financing of Education: Federal

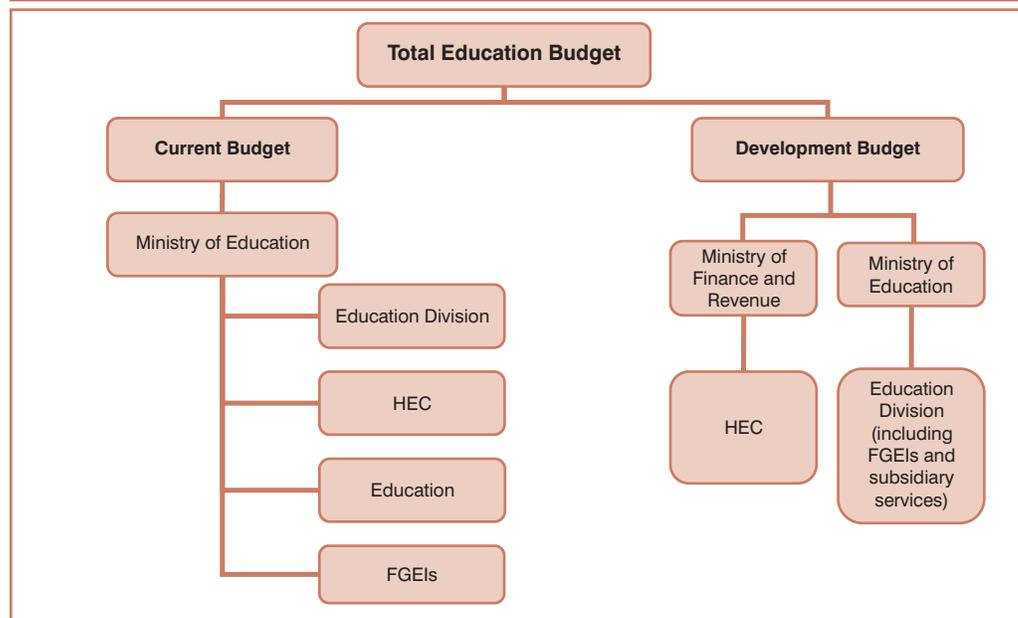
2.1 Classification of Federal Education Budget

The federal government's responsibilities in respect of education financing can broadly be placed in the following four categories: (1) overarching responsibilities that cut across the entire spectrum of education governance, e.g. policy formulation and coordination, development of core curriculum and setting the standards, (2) financing and development of higher education, (3) administration of educational institutions in the Islamabad Capital Territory (ICT) and Federal Areas, and (4) provision of financial and technical assistance to provinces and districts for improving access and quality of education. These four roles are clearly discernable from classification of the federal education budget.

The federal education budget is the sum total of current and development budgets. The first refers to regular expenses incurred by a spending unit such as employees-related expenses (e.g., salaries, regular allowances, retirement benefits, repair and maintenance of physical assets, purchase of physical assets, grants, subsidies and loan write-offs, transfers) and operating costs (e.g., communications, utilities, occupancy costs, travel and transportation). The second encompasses expenses for on-going and new 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).

Demands for current budget of education at the federal tier are presented on behalf of the Ministry of Education (MoE). They are organized into four categories:

Figure 2.1: Arrangement of Federal Education Budget



Source: Compiled from Federal Budget, 2009-10

The educational challenge of the federal government is compounded by the differences in stages of educational development in the ICT and each federally administered area.

(1) Education Division, (2) Higher Education Commission (HEC), (3) Education, and (4) Federal Government Educational Institutions in the Capital and Federal Areas (FGEIs).

The current budget of Education Division covers, inter alia, the secretariat of the MoE; Department of Libraries; Islamabad/Karachi; Federal Directorate of Education (FDE), Islamabad; Monitoring and Evaluation Cell; Revision of Curriculum; Revision of Education Policy; Discretionary Grants by the Minister for Education; Project Monitoring Unit; Office of the permanent representative to United Nations Education, Scientific and Cultural Organization (UNESCO); and, Education High Commission UK, London. The current budget of HEC refers to regular expenses of its secretariat, universities and other institutions of higher learning falling within the jurisdiction of the federal government.

The category of 'Education' includes current budget of secondary and tertiary education not classified elsewhere, and subsidiary services to education. Examples are provision of free textbooks to the students of registered private educational institutions of the ICT, grants-in-aid for subsidiary services to education, Academy for Educational Planning and Management (AEPAM), National Education Management Information System (NEMIS), National Education Assessment System (NEAS), cultural programmes in education, National Commission for Cooperation with UNESCO, National Book Foundation, and awards and scholarships, to name a few. A large number of educational institutions of the federal government are also

classified under this category including those located outside ICT, Federally Administered Tribal Areas (FATA) and Federally Administered Northern Areas (FANA). A case in point is the National College of Arts (NCA), Lahore. One implication of this arrangement is that the budget for such educational institutions is provided by the federal government, but their administrative control rests with the concerned provincial government.

The category of FGEIs includes pre-primary, primary, secondary and higher educational institutions which are located in the ICT and areas administered by the federal government. It is further broken down into primary education, secondary education (middle schools), secondary education (high schools) and colleges.

The classification of development budget is simpler compared with that of the current budget. It is presented separately for Education Division and HEC. Unlike the current expenditure, demands for development expenditure of the HEC are presented on behalf of the ministry of finance and revenue rather than the MoE (see figure 2.1). Therefore, financing for development of higher education and school and college education are segregated at the federal tier, as two different ministries account for their budgets. This arrangement calls for greater coordination for distribution of resources at different levels of the education system.

The functional classification of federal education budget is considerably different from those of the provincial budgets.

2.2 Overall Budgetary Allocation

Over the past two years, federal allocation for education was in the vicinity of Rs. 43 billion. In 2009-10, the allocation has been raised to Rs. 55.82 billion (see table 2.1). This amount is equal to 2.27 per cent of the total federal budget, lower than 2.77 per cent in 2007-08. However, in absolute terms, the allocation has been increased by one per cent in 2008-09 and 29 per cent in 2009-10. As a result, the federal education budget has swelled by an amount of Rs. 12.44 billion in the current fiscal year.

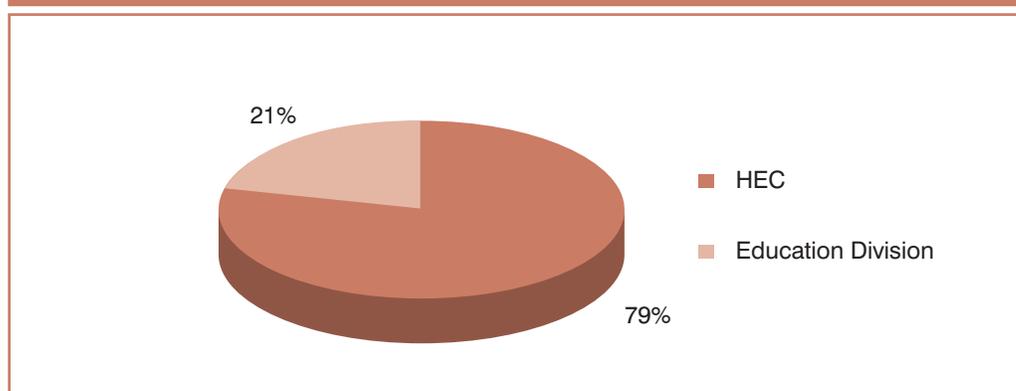
Table 2.1: Overall Federal Education Budget

Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	43,284.39	..	40,058.86	93
2008-09	43,374.61	1	39,710.45	92
2009-10	55,816.28	29	–	–

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

The highest proportion of this amount (82 per cent) has gone to higher education, as Rs. 10.23 billion has been added to its budget. At the aggregate level, about four-fifth of the total federal education budget goes to higher education, i.e. HEC's secretariat and programmes; general universities, colleges, institutes; and professional and technical universities, colleges and institutes. The remaining one-fifth goes to primary, secondary and higher secondary education and subsidiary education services (see figure 2.2). Indeed, the share of higher education in the total federal education budget has been increased by 1 per cent from 78 per cent in 2008-09 to 79 per cent in 2009-10.

Figure 2.2: Distribution of Federal Education Budget in 2009-10



Source: I-SAPS calculations from Federal Budget, 2009-10

In 2009-10, the federal allocation for education has been raised to Rs. 55.82 billion. This amount is equal to 2.27 per cent of the total federal budget, lower than 2.77 per cent in 2007-08.

From one point of view, the priority accorded to higher education makes sense because the federal government is the main source for financing of this sector, but at the same time, two concerns arise from the skewed distribution of federal spending. One, it appears from the budgetary pattern that the federal government has begun to envisage little role for itself in enhancing access and quality at the primary and secondary levels. There is a need to realize that unprecedented jumps in investment on higher education are likely to bear little fruit unless access and quality at the lower levels are also enhanced. The universities are less likely to produce good human resource if quality of learning is poor at the school and college levels. Two, due to absorption of the largest share at the tertiary level, resources left for FGEIs and key subsidiary institutions such as AEPAM, NEMIS and NEAS are modest. The functions of such institutions have an immediate impact on planning and governance of the entire education system, and therefore, they need more resources to perform their core functions well.

2.3 Current and Development Budget

The size of the current budget has been increasing consecutively for the last three years as it constituted 43 per cent of the total education budget in 2007-08, 44 per

cent in 2008-09 and 45 per cent in 2009-10. This implies that the federal government is according a higher priority to salaries and operational costs than to development schemes. This is evident from changes in the budgetary allocations. In 2008-09, while development budget was reduced by 1 per cent, current budget was increased by 2 per cent. Similarly, as table 2.2 shows, the percentage increase in the current budget was larger than the increase in the development budget in 2009-10.

Table 2.2: Current and Development Budget

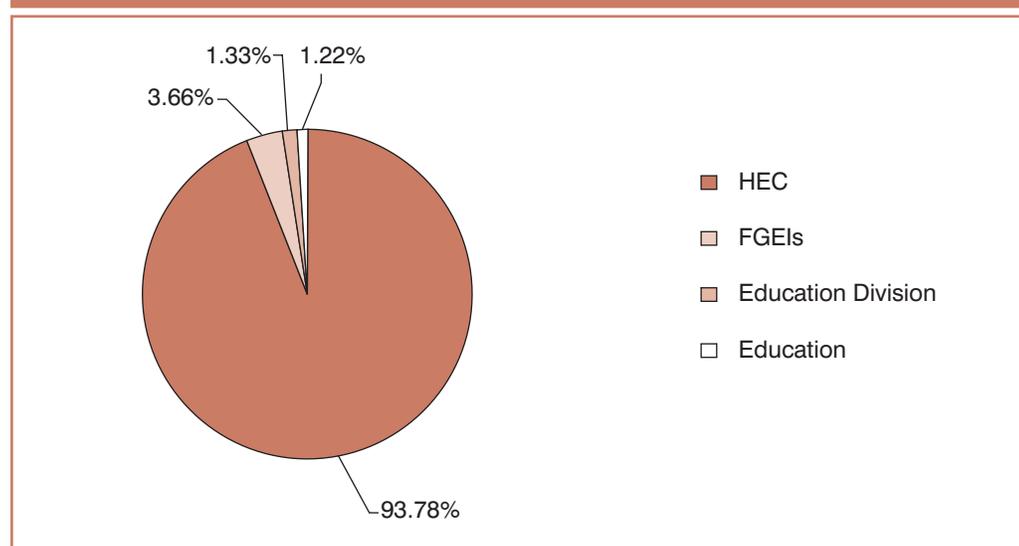
Year	Current		Development		% of Total Education Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	18,775.61	..	24,508.78	..	43	57
2008-09	19,104.96	2	24,269.65	-1	44	56
2009-10	25,218.67	32	30,597.61	26	45	55

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

In all, the federal government has injected Rs. 6.11 billion into the current budget for education in 2009-10. As figure 2.3 shows, the lion's share from this amount has gone to the HEC (93.78 per cent), followed by FGEIs (3.66 per cent), Education Division (1.33 per cent) and Education (1.22 per cent). The additional allocation for the HEC will be absorbed largely by the general universities, colleges and institutes; this

In 2009-10, 79 per cent of the total federal education budget has been allocated to higher education and the remaining 21 per cent to primary, secondary and higher secondary education and subsidiary education services.

Figure 2.3: Distribution of the 32 per cent Increase in Current Budget 2009-10



Source: I-SAPS' calculations from Federal Budget, 2009-10

includes Rs. 1.2 billion for the Tenure Track System. The development budget for education has been increased by 26 per cent in 2009-10—equal to Rs. 6.33 billion. Out of this amount, Rs. 4.5 billion (71.11 per cent) has been added to the HEC's and Rs. 1.83 billion (28.89 per cent) to the Education Division's development budget.

An issue associated with the enhancement of the education budget is that the share of salary as a percentage of the total current budget has been consistently increasing on a yearly basis. In most cases, the percentage of salary budget is higher in both 2008-09 and 2009-10 over 2007-08 (see table 2.3). This trend entails serious implications for institutional development and the performance of core functions of the concerned institutions because it is the non-salary budget which covers operating expenses and physical assets. While continued increase in salaries would certainly create incentives for the teaching and non-teaching staff but this would be at the cost of institutional growth. This issue is discussed separately for AEPAM, NEMIS and NEAS in their respective sections in this chapter.

The ratio of development and current budgets is fairly balanced in the federal education budget; each gets nearly half of the total budget.

Table 2.3: Salary and Non-Salary Budgets (% of Current Budget for Education)

	Salary			Non-Salary		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Ministry of Education	62	64	65	38	36	35
HEC *	..	..	..	..	..	..
AEPAM	62	66	74	38	34	26
NEMIS	56	56	67	44	44	33
NEAS	..	70	77	..	30	23
Polytechnic Institute for Women	65	67	76	35	33	24
National Institute of Science and Technology Education	60	67	68	40	33	32
Federal Directorate of Education	8	7	9	92	93	91
Curriculum Development and Text Books Production	1	1	5	99	99	95
National Equipment Centre, Lahore	77	77	80	23	23	20

* The budget document does not provide a breakdown of HEC's salary and non-salary expenditure.

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

The development budget for higher education is a lumpsum amount in the budget books whereas the details are available in Public Sector Development Programme

(PSDP). Therefore, the study relies on the PSDP for detailed analysis of federal allocations for higher education schemes. The following key issues emerge from the analysis.

- i. The development budget of the HEC has been increased by 25 per cent in 2009-10 despite slow and unsatisfactory progress of nearly 46 per cent projects, according to the Commission's own estimates two years ago¹. Viewed against this track record, only a miraculous improvement in performance can justify allocation of more funds for development projects of the HEC.
- ii. The total number of HEC schemes stands at 358 in 2009-10. Of these, 112 schemes that are as yet unapproved have also been allocated funds. This indicates the extent of haste with which development schemes for higher education are budgeted. One consequence of this haste is that certain schemes receive an allocation, but without being completed disappear midway from the PSDP. The Scholarships section in this chapter sheds more light on this point.
- iii. In some instances, the decisions for allocation of development budget appear to be influenced by personal biases. As a result, some institutions unjustifiably get a greater share than others. For example, eleven schemes were sanctioned just in 2007-08 for the Commission on Science and Technology for Sustainable Development in the South (COMSATS), an organization with which a former chairman of the HEC was previously affiliated. The total estimated cost of these schemes was about Rs. 5.45 billion. Similarly, the HEC initiated a development scheme for assistance to private universities, but after just one year, this scheme was wound up and funds were provided to a single private university (Lahore University of Management Sciences—LUMS) to establish an engineering school. This imbalance underlines the need for the HEC to adopt a broad-based approach that allows for a more equitable distribution of funds for the development of higher education.



The share of salary as a percentage of the total current budget has been consistently increasing on a yearly basis. In most cases, the percentage of salary budget is higher in both 2008-09 and 2009-10 over 2007-08.

¹ Tahir, Pervez and Nadia Saleem (2008). 'Financing Higher Education in Pakistan: Issues of Fiscal Sustainability' in Tahir Pervez, Asif Saeed and Uzair Ahson (eds) (2008). *Financing Higher Education in Pakistan*. GC University, Lahore.

- iv. The Education Division is spending a sizeable proportion of its development budget in establishing 25 cadet colleges in various districts at a total cost of around Rs. 8.2 billion—nearly equal to the Division's entire annual budget.² Although this amount would be spent over several years, Rs. 1.8 billion has already been allocated for these cadet colleges in 2009-10. The cadet colleges can make little difference to bridge the wide gap in access to education given that they cater to a small number of students. The amount allocated for cadet colleges could have been better utilized to upgrade several hundred primary schools to middle level.

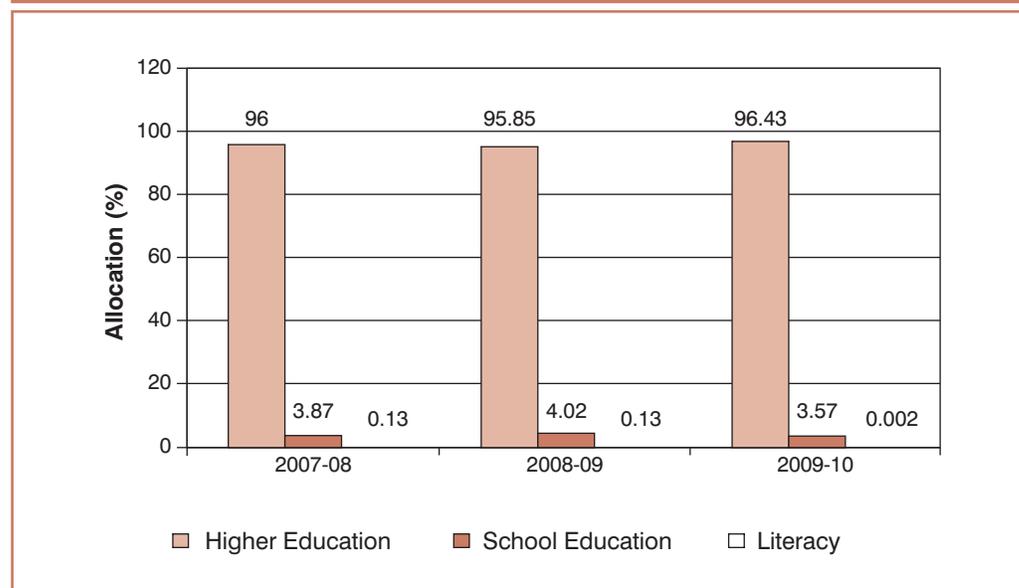
2.4 Sectoral Distribution of Allocations

A breakdown of the federal education budget shows that nearly 88 per cent of the total outlay goes to school education, higher education and adult literacy. In real terms, the allocation has increased from about Rs. 38 billion in 2007-08 to Rs. 49.3 billion in 2009-10 for these sectors. The remaining 12 per cent accounts for administration, attached institutions and subsidiary educational services such as those provided by AEPAM, NEMIS, NEAS, text book production, etc.

Higher education receives the largest chunk of allocations followed by school education and literacy. In 2007-08, the proportional shares were 96 per cent, 3.87 per cent and 0.13 per cent, respectively. In 2009-10, these changed to 96.43 per cent, 3.57 per cent and 0.002 per cent, respectively (see figure 2.4).

The Education Division is spending a sizeable proportion of its development budget in establishing 25 cadet colleges in various districts at a total cost of around Rs. 8.2 billion—nearly equal to the Division's entire annual budget.

Figure 2.4: Sectoral Distribution of Allocations



Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

² In 2009-10, the total outlay of Education Division's development budget is Rs. 8.5 billion.

Box 2.1:**HEC's Budget: Some Observations**

A number of concerns arise from the detailed analysis of the HEC budget . First, the current budget is provided in the form of single-line budgets for the HEC, universities and other institutions of higher learning falling within the jurisdiction of the federal government. Therefore, it is not known from the budget books how much of the allocated budget goes to salaries, operational expenses, and other types of regular expenses

Secondly, the development budget for higher education is a lump-sum provision and even single-line budgets for universities are not provided in the budget books. Although the PSDP provides information about the titles, estimated costs, expenditure and allocations for development schemes, it is printed before approval of the federal budget and does not represent the voted expenditure. Overall, 79 per cent of the total federal education budget comprises of lumpsum and single-line budgets. As a result, little information is available for an informed debate on the budget.

All autonomous institutions generally receive their budgets in lumpsum. So is the case with the HEC and universities. However, it defies common sense that while smaller institutions such as school and colleges are required to breakdown their budgets into standard categories, the larger institutions with huge funds at their disposal are exempt from providing such details. It should be required of the HEC and universities to provide a breakdown of their budgets even if that would involve a change in budget rules.

Thirdly, the revised estimates in the budget books (which are taken as an estimate of expenditure) of the HEC and almost all universities are unrealistic and misleading. What they mostly indicate are estimates of expenditure (around 95 to 100 per cent) but these are even higher than the amount actually released against the allocations (see table 2.5). This indicates that financial reporting for budgetary purposes is flawed and does not depict the revised estimates that are close to actual expenditure.

In 2009-10, 79 per cent of the total federal education budget comprises of lumpsum and single-line budgets. As a result, little information is available for an informed debate on the budget.

Keeping in view the gaps in educational achievements in the ICT, FATA and FANA identified in Education Census, the shares of school education appears to be too low to make any significant improvement. While allocations have increased for school and higher education in real terms (see table A2.2 in Annex 2), the share of the former

has decreased in terms of percentage. It is also evident that the federal government is no longer keen to pursue adult literacy programmes, as the budget for this purpose has been cut from Rs. 50 million each in 2007-08 and 2008-09 to a negligible amount of Rs. 1 million in 2009-10; this amount is mainly reserved for the celebration of the World Literacy Day.

2.5 Utilization of Budgetary Allocations

An analysis of the utilization of budgetary allocations suggests that there has been no worthwhile improvement in the spending rate of the education budget over the past two years. Indeed, utilization has declined by 1 per cent (from 93 per cent to 92 per cent) for the aggregate education budget and 2 per cent (from 87 per cent to 85 per cent) for the development budget. The entire current budget of which salaries comprise the largest part was fully utilized in both the years. Considered sector-wise, the highest decline has occurred in literacy, as only 15 per cent of its total budget was spent in 2008-09 (see table 2.4).

Higher education receives the largest chunk of allocations followed by school education and literacy. In 2007-08, the proportional shares were 96 per cent, 3.87 per cent and 0.13 per cent, respectively. In 2009-10, these changed to 96.43 per cent, 3.57 per cent and 0.002 per cent, respectively.

Table 2.4: Utilization of Federal Budgetary Allocations

	Utilization as % of Allocation	
	2007-08	2008-09
Total education budget	93	92
Current budget	100	100
Development budget	87	85
School education	92	94
Higher education (incl. colleges)	96	94
Literacy	62	15
Ministry of Education	78	79
HEC	97	95
Stipends and scholarships	100	100

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

It needs to be recognized that except for literacy and university programmes of the HEC in 2008-09, the spending rates appear quite high. However, this recognition is to be qualified by a number of caveats that are delineated as follows: First, instances of

utilization in areas other than budgeted ones in the current budget (re-appropriation) abound. For example, in 2008-09, an amount of Rs. 191.64 million was spent on 11 tertiary education institutions though there was no provision for them in the original allocation. Second, the HEC (including all universities) generally shows 95 to 100 per cent utilization of its budget. The estimates of expenditure are not realistic by any standard as they indicate nearly full utilization of allocation in all fiscal years. This becomes clearer when we compare the data from budget books and the Economic Survey of Pakistan (see table 2.5).

Table 2.5: Difference in Released Amount and Expenditure of HEC

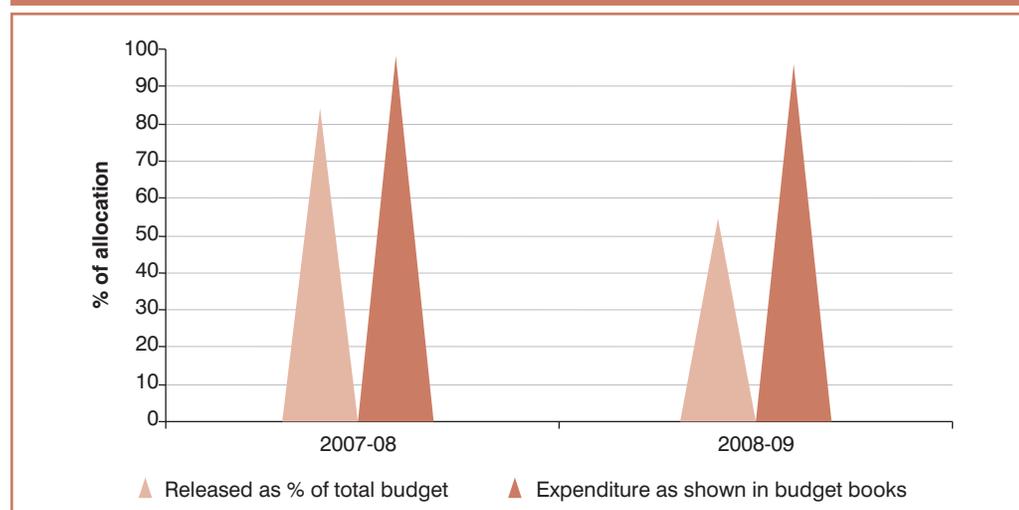
Year	Total budget (Rs. Million)	Released (Rs. Million)	Released as % of total budget	% Expenditure shown in budget books
2007-08	33,766.43	27,926.953	82.71	97
2008-09	33,766.43	18,415.936	54.54	95

Sources: (1) For released amount, Economic Survey of Pakistan, 2008-09
(2) For expenditure, I-SAPS's calculations from Federal Budget, 2008-09 and 2009-10

As figure 2.5 shows, the amount that was actually released to the HEC against the allocated amount. However, expenditure given in the budget book exceeds the released amount in both the years. There is a need to improve the budgetary reporting procedures so that they capture the revised estimates in the budget book as near the actual expenditure as possible.

Utilization has declined by 1 per cent for the aggregate education budget and 2 per cent for the development budget in 2008-09.

Figure 2.5: Difference in Released Amount and Expenditure of HEC



Sources: (1) For released amount, Economic Survey of Pakistan, 2008-09
(2) For expenditure, I-SAPS's calculations from Federal Budgets, 2008-09 and 2009-10

Table 2.5 also indicates a problem in the release of allocated budget, as 17.29 per cent and 45.46 per cent of the allocated budget for HEC was not released. While in the case of HEC, dissatisfactory performance could be a reason for cut in fiscal releases, it is not always the case. The spending entities frequently face delays in release or straightaway cuts in the allocated amount either due to unavailability of funds or instant changes in political priorities. Thus, low expenditure is not only due to poor implementation capacities of the organization concerned, but is also attributed to systemic problems in the release of funds.

2.6 Academy of Educational Planning and Management

The role of AEPAM cuts across the entire education system. It is tasked to build capacities of educational administrators and planners; conduct research on issues related to various aspects of education development; strengthen the management information system and activities related to statistics; perform documentation services; and provide professional advisory services to the MoE and provincial education departments. It is responsible for facilitating development and promotion of education through planning, innovation, capacity building and quality assurance. Because the mandate of the AEPAM is intimately related to education policy and governance, its performance has a direct effect on access and quality of education at both the national and sub-national levels. It is therefore important to look closely at the manner in which the AEPAM spends its budget.

The total budget of AEPAM lies in the region of Rs. 30 million. An analysis of the budget reveals two main issues. First, there is a considerable degree of unpredictability in budgetary allocations for AEPAM. In 2008-09, the allocation



decreased by 10 per cent, but increased by 21 per cent the very next year. The decrease was largely due to a 38 per cent cut in operating expenses. Second, the share of non-salary component in the total budget has decreased steadily both proportionally and in absolute terms: Rs. 10.62 million in 2007-8, Rs. 8.37 million in 2008-09 and Rs. 7.87 million in 2009-10 (see table A2.3 in Annex 2). At the same

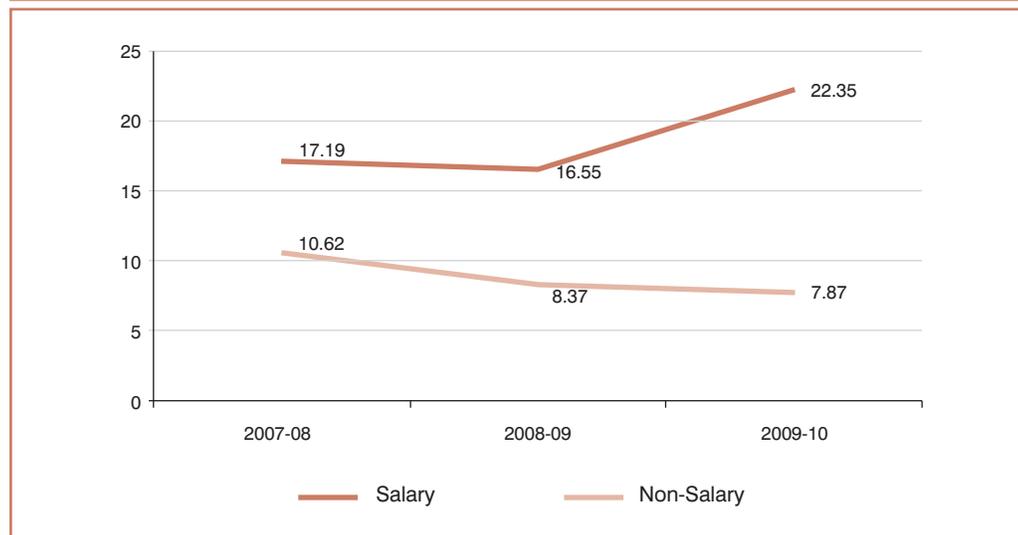
time, the salary component has increased by 30 per cent since 2007-08 though the number of posts (96 in total) has remained unchanged (see figure 2.6).

AEPAM can contribute little to planning and innovation in education if it does not have sufficient resources at its disposal for research and surveys. However, since 2007-08, the amount allocated for research, survey and exploratory operations has

The expenditure of HEC (including all universities), as given in the budget books, is misleading and unrealistic as it exceeds even the released amount (see table 2.5).

remained stagnant at Rs.0.5 million. This reinforces the need for greater resources to enable AEPAM for generating empirical data needed for evidence-based planning and management in the education sector.

Figure 2.6: Salary and Non-Salary Budgets of AEPAM (Rs. Million)



Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

AEPAM can contribute little to planning and innovation in education if it does not have sufficient resources at its disposal for research and surveys.

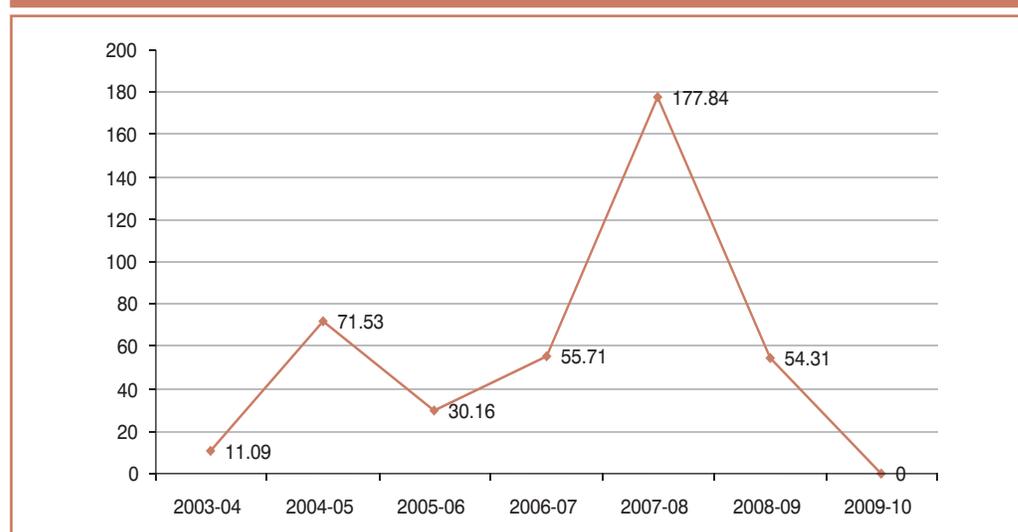
2.7 National Education Assessment System

The objective of the NEAS is to establish a system of student assessment and develop national capacity for conducting periodical assessments to monitor student achievements. For this purpose, a proclaimed 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 education 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 the NEAS can be taken as a good indicator of the government's commitment to enhancing the quality of education.

Initially, funds for operations of the NEAS were provided under the Education Sector Reforms (ESR) programme and with contributions from donors. It has now been switched over from a project-mode to a permanent programme within the MoE. Till 2007-08, only salaries of NEAS staff were provided from the current budget while other expenses were met from the development budget with a major share coming from the World Bank. Since 2008-09, a permanent budget line has been created for the NEAS to provide for both salary and non-salary costs.

The transformation of the NEAS into a regular program, however, is not reflected in the budget due to the high degree of inconsistency in allocations that is generally seen in the project-mode. In the beginning, the NEAS was funded from the PSDP at a total cost of Rs. 319.36 million. Out of this amount, Rs. 273.11 million (85.5 per cent) was met through a foreign loan. On its completion in 2007-08, a new scheme costing Rs. 54.31 million was included in the PSDP for the NEAS in 2008-09. The PSDP document indicates an expenditure of Rs. 47.38 million under this scheme for the NEAS although it appeared for the first time in the PSDP document in 2008-09. In 2009-10, this scheme has not been included the PSDP. Apart from this anomaly, it is clear from the variation in allocations shown in figure 2.7 that development of the national assessment system under the NEAS has been uneven showing a lack of coherence and consistency in strengthening the student assessment system.

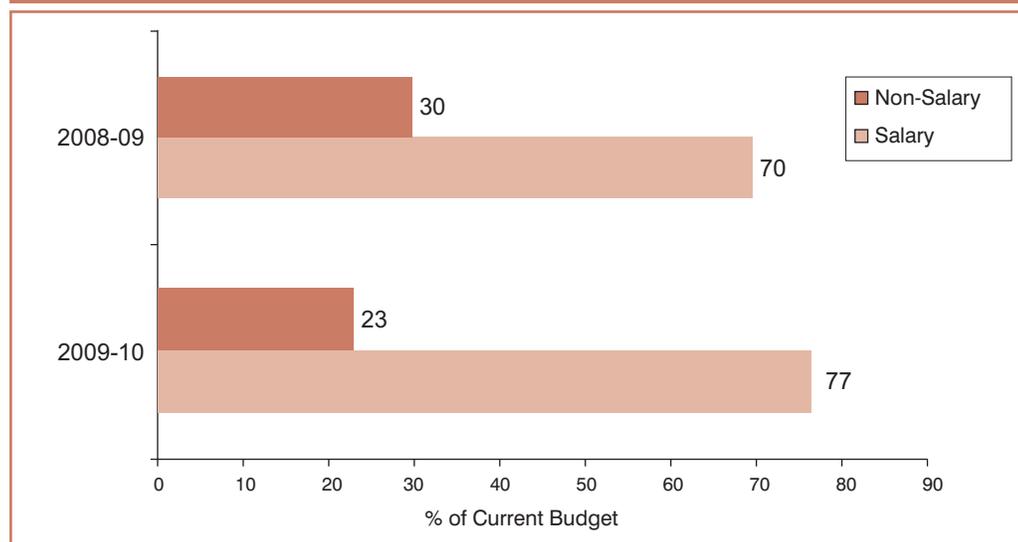
Figure 2.7: Allocation of Development Budget for NEAS (Rs. Million)



Source: I-SAPS' calculations from Federal PSDP, 2003-04 to 2009-10

The transformation of the NEAS into a regular programme is not reflected in the budget due to the high degree of inconsistency in allocations that is generally seen in the project-mode.

Moreover the scrapping of this scheme from the PSDP means that the NEAS will now depend solely on the current budget which lies in the vicinity of about Rs. 13 million (see table A2.4 in Annex 2). The real problem is scarcity of resources for performing core functions like research and large-scale surveys in the non-salary component. In 2008-09, allocation under this head was Rs. 1.9 million which has been cut to just Rs. 0.8 million in 2009-10. Indeed, the NEAS has been unable to maintain the share of non-salary budget in its total current budget. As the figure 2.8 shows, the share declined by seven percentage points in just one year from 30 per cent in 2008-09 to 23 per cent in 2009-10. Thus, the availability of resources that are necessary for day-to-day management has been squeezed to allow a faster growth of salaries.

Figure 2.8: Reduction in Non-Salary Budget of NEAS

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

2.8 National Education Management Information System

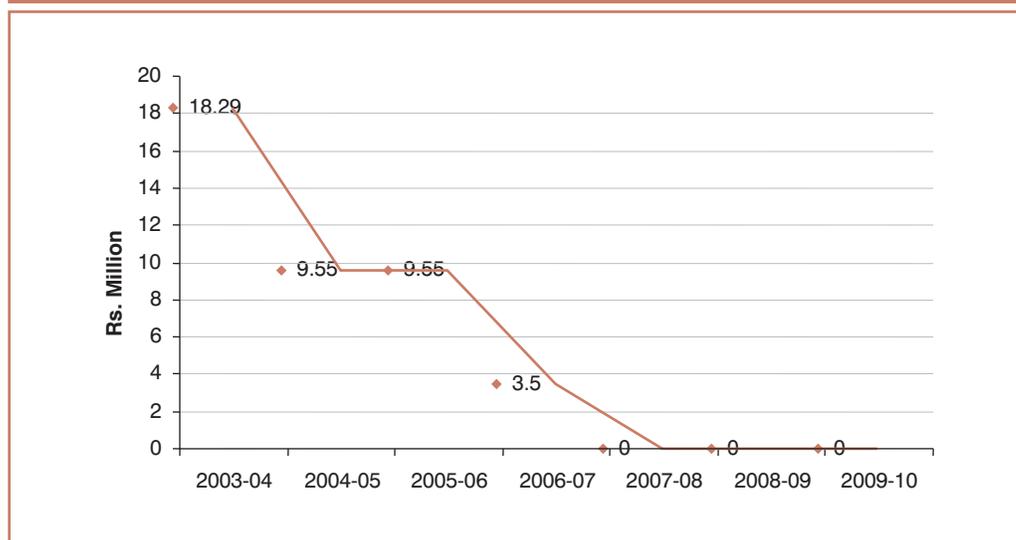
The mandate of the NEMIS is to consolidate education data transmitted by the provincial and regional Education Management Information Systems (EMISs). AEPAM, where NEMIS is based, has been publishing reports on national education statistics regularly since 1992-93. In addition, it provides technical support to the provincial and regional EMISs for improving their capacities and standards for generating reliable and up-to-date data. This role places NEMIS at the centre stage of evidence-based planning and management in Pakistan's education sector at the national and sub-national levels. It would be instructive therefore to look at the resources allocated to NEMIS for carrying out its mandate.

NEMIS has its regular budget of about Rs. 4.8 million per year. Till 2006-07, only salaries of its staff were charged from the regular budget whereas other expenses were met from the development budget. From 2007-08 and onwards, both salary and non-salary expenditures have been provided for in the regular budget.

A little more than half of its regular budget (56 per cent) of the previous two years was allocated for salaries. This represents the balance between the salary and non-salary expenditure. However, the share of salaries increased to 67 per cent in 2009-10. The amount for salaries was increased by 20 per cent whereas the non-salary budget was cut by 25 per cent (see table A2.5 in Annex 2). The budget books indicate that the increment in the salaries budget has been balanced by a cut in expenses on Project Pre-Investment Analysis (reduced from Rs. 200,000 to Rs. 50,000) and physical assets/computer equipment (reduced from Rs. 237,000 to nil).

NEMIS needs to allocate considerable resources for developing robust and advanced information management systems and effective communication mechanisms for dissemination of data.

Figure 2.9: Allocation of Development Budget for NEMIS



Source: I-SAPS' calculations from Federal PSDP, 2003-04 to 2009-10

In-service teacher training is getting more resources from the federal government than pre-service teacher education.

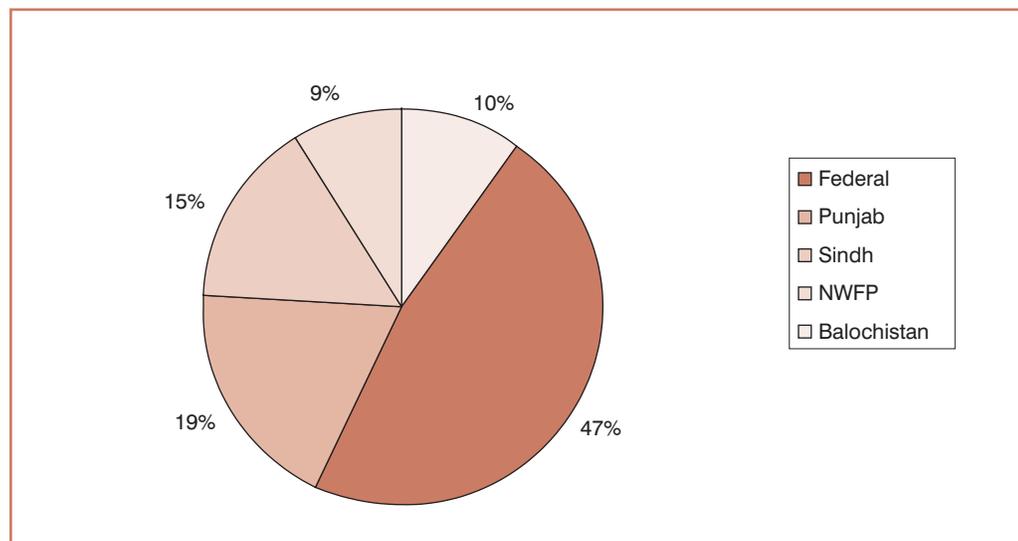
After having switched over from the project-mode to a regular program years ago, NEMIS has put in place the necessary physical infrastructure. However, there is still a need for developing robust and advanced information management systems and effective communication mechanisms for dissemination of data. This may include, for example, advanced information technology and online databases, which are still not available to researchers and policymakers. Therefore the policy of relegating projects like pre-investment analysis and ignoring the physical infrastructure should be reversed and allocations increased for these categories.

2.9 Teacher Training and Education

Provincial governments are largely responsible for both pre- and in-service teacher training and education. However, the federal government also allocates substantial funds for this purpose. The primary institution for pre-service training at the federal level is the Federal College of Education, Islamabad. The total budget of the College is in the vicinity of Rs. 26 million. The budget has been increased by just 1 per cent in 2009-10 over the previous year. Nearly 60-66 per cent of the allocated budget is spent on the salaries of the staff (see table 5 in Annex 2). In addition to the regular budget, the College gets a development budget for its scheme aimed to introduce MA (Education) and M. Ed classes. The total cost of this scheme is Rs. 99.24 million. In 2009-10, an amount of Rs. 7.15 million was allocated for this purpose – a decrease of Rs. 3.3 million over the previous year's allocation. The College also provides in-service training for the teachers of ICT, FATA, FANA and Azad Jammu and Kashmir (AJK). In 2008-09, only 16 per cent of the allocated amount of Rs. 14.53 million could be spent. In addition, NISTE and FDE also allocate budget for training of teachers.

In-service teacher training, however, is getting more resources from the federal government than pre-service training. The linchpin of in-service teacher training is a development scheme for capacity building of Teacher Training Institutions (TTIs) and the training of elementary school teachers across Pakistan. The budgetary shares of provinces in this scheme are shown in figure 2.10.

Figure 2.10: Share of Provinces in Federal Government's Allocations for In-Service Teacher Training



Source: I-SAPS' calculations from Federal PSDP 2009-10

A key issue in this programme is very low utilization of the allocated resources. In 2008-09, only 40 per cent could be spent in the Punjab and 46 per cent in the ICT, FATA, NA, and AJK while complete information about NWFP was not available in the budget book. The only exception was Balochistan where spending was 100 per cent. Thus, underspending stands out as a major issue in the federal spending on teacher training.

Underspending stands out as a major issue in the federal spending on teacher education and training. In the federal programme for capacity building of TTIs and school teachers, only 40 per cent could be spent in the Punjab and 46 per cent in the ICT, FATA, NA, and AJK in 2008-09.

2.10 Federal Grants for Private Educational Institutions

The private sector is playing a crucial role in meeting the educational needs of the population. The importance of this role has guided government policy in creating public-private partnerships. Public financing of private educational institutions is the dominant form of such partnerships in the country. At the federal tier, the government provides grant to National Education Foundation (NEF) for public-private partnerships. In addition, grants are provided to private sector for construction of physical facilities and provision of free text books to students of registered private educational institutions located in the ICT. The federal government's financial assistance for private educational institutions is increasing rapidly. Since 2007-08,

the assistance has more than tripled — from Rs. 45.16 million in 2007-8 to Rs. 153.68 million in 2009-10 (see table 2.6).

Table 2.6: Federal Grants for Private Educational Institutions

Scheme	Estimated Cost (Rs. Million)	Allocation (Rs. Million)		
		2007-08	2008-09	2009-10
National Education Foundation	-	6.66	6.46	7.46
Establishment of School of Science and Engineering, LUMS, Lahore	1500	0	50	125
Grants to private universities	800	30	0	0
Grants to private educational institutions	-	8.50	6	11.22
Provision of free text books to registered private schools of ICT	-	0	8	10
Total	-	45.16	70.46	153.68

Source: I-SAPS's calculations from Federal Budget and PSDP, 2008-9 and 2009-10

The federal government's financial assistance for private educational institutions is increasing rapidly. Since 2007-08, the assistance has more than tripled – from Rs. 38.5 million in 2007-8 to Rs. 146.22 million in 2009-10.

Since 2007-08, LUMS has been the largest recipient of federal grants in the private sector. The HEC is providing funds to LUMS for establishing a School of Science and Engineering which will cost Rs. 1.5 billion. Already Rs. 50 million and Rs. 150 million have been allocated in 2008-09 and 2009-10, respectively.

It is important to note that the HEC launched a scheme for provision of grants to private universities in 2007-8 at an estimated cost of Rs. 800 million. An amount of Rs. 30 million was provided in the budget for it. However, the scheme disappeared from the budget books in 2008-09 – the year when LUMS began to receive grants for its project of School of Science and Engineering.



This could be due to either financial constraints or a change in priority in favour of the private sector. In either case, it makes no sense that a scheme which was meant to provide assistance to a number of universities should be scrapped apparently in order to bolster the program of a single private university at more than double the

cost. Such concerns underline the need for a regulatory framework to ensure informed debate on priorities, transparency and equity in the public financing of private educational institutions.

2.11 Scholarships and Stipends

Provision of scholarships and stipends is very important for bringing out-of-school children into the education system, increasing retention rate, promoting quality, and rewarding the high achievers. In addition, they serve as an instrument of equity by providing financial aid to those who do not have the resources to afford quality education.

Since 2007-08, the amount allocated by the federal government for scholarships and stipends has been in the vicinity of Rs. 4.8 to 5 billion. This is equivalent to about 9 to 11 per cent of the total federal education budget. In 2009-10, however, allocation for scholarships and stipends was reduced by 3 per cent (see table 2.7). This is attributed mainly to the slashing of the budget by Rs. 184 million in order to fund the HEC's 'Overseas scholarship scheme for MS/MPhil/PhD'.

Since 2007-08, the amount allocated by the federal government for scholarships and stipends has been in the vicinity of Rs. 4.8-5 billion. This is equivalent to about 9-11 per cent of the total federal education budget. In 2009-10, however, allocation for scholarships and stipends was reduced by 3 per cent.

Table 2.7: Federal Government's Scholarships and Stipends

Year	No. of Schemes	Allocation (Rs. Million)	Change (%)	Utilization (%)
2007-08	64	4809.57	..	100
2008-09	61	5022.42	4	100
2009-10	63	4877.64	-3	-

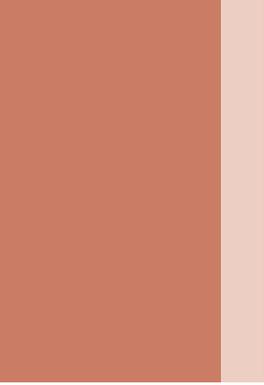
Source: I-SAPS's calculations from Federal Budget and PSDP, 2008-9 and 2009-10

The amount for scholarships allocated in the current budget for a public sector institution is generally very modest and may be as low as Rs. 0.01 million. Major scholarship schemes are charged from the development budget. Currently, the Education Division is administering four major scholarship schemes from its development budget at an estimated cost of Rs. 333.95 million. Out of these, three schemes provide funds to foreign students: (1) from Bangladesh, (2) those in bilateral programmes with other countries, (3) students from Indian Occupied Kashmir studying in the fields of medicine, engineering and information technology, and (4) merit scholarships for students of minority communities pursuing engineering, medical and post-graduate studies. In 2009-10, an amount of Rs. 47.88 million has been allocated for all these four schemes.

³ The source of data on allocation for scholarships administered by HEC is the federal PSDP; the budget does not provide a breakdown of allocations for scholarships in higher education.

Scholarships for students and faculty of higher education are provided in the current budgets of universities. However, major scholarship schemes are administered by the HEC from its development budget.³ At present, budget is provided to fund over 20 schemes that offer scholarships to students for Master and PhD studies abroad and in Pakistan. A review of the PSDP documents shows that a scheme titled 'Foreign MS/MPhil leading to PhD Programme for Faculty Strengthening of Public Sector University/Degree Awarding Institutions' was initiated in 2008 at an overall estimated cost of Rs. 16.48 billion. For this purpose an amount of Rs. 30 million was allocated in the PSDP of 2008-09. This scheme was the third largest of all HEC schemes – the other two are the establishment of a University of Engineering, Science and Technology in collaboration with Germany (Rs. 39.56 billion) and Austria (Rs. 37.65 billion). However, in the PSDP for 2009-10, the scheme has been completely dropped. The second largest scholarship scheme—the 'Overseas scholarship scheme for MS/MPhil leading to PhD in selected fields (Phase II)'—at a cost of Rs. 14.52 billion continues to exist with an increase of Rs 100 million over the previous year's budget, raising it to Rs. 2 billion in 2009-10.

The above analysis suggests that the federal education budget is not only profoundly skewed towards higher education but also invites questions about transparency and accountability as 79 per cent of the total outlay consists of lump sum and single-line budgets. Some of the issues that need attention are the small share of school education in the overall outlay, the decrease in the proportion of non-salary budgets, allocation of meager resources for core functions of key institutions such as AEPAM, NEAS and NEMIS, low spending in key areas, disappearance of schemes from the PSDP without completion and establishment of cadet colleges when resources are needed for enhancing the poor's access to quality education.



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 the Punjab comprises of current and development budgets. As indicated in the previous chapter, the categories of current and development are common to the federal, provincial and district education budgets. However, their composition in the Punjab is considerably different from the federal and other provincial budgets (see figure 3.1; for comparison, see figures 2.1, 4.1, 5.1 and 6.1 in chapters 2, 4, 5, and 6).

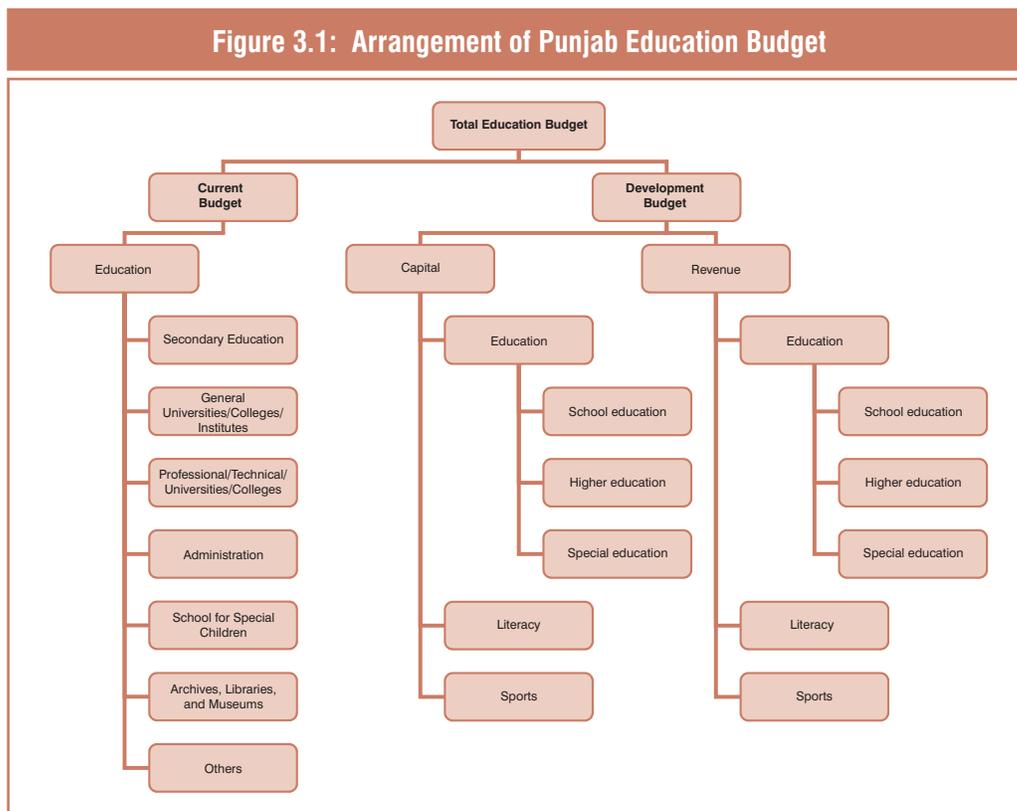
The provincial current budget comprises of six functional categories: (1) Secondary Education, (2) General Universities, Colleges and Institutes, (3) Professional and Technical Universities and Colleges, (4) Administration, (5) School for Special Children, (6) Archives, Libraries and Museums, and (6) Others. In 2009-10, in total, 35 institutions and programs are organized under these categories.

The first category—Secondary Education—refers only to Science Education Project in schools. As the primary responsibility of financing school education has been devolved to the districts, the provincial government does not contribute to regular expenditure on primary and secondary schools except this project worth Rs. 15.82 million. The second category—General Universities, Colleges and Institutes—covers regular expenses of Arts colleges only. The third category—Professional and Technical Universities and Colleges—refers to regular expenses of professional colleges and Elementary Teachers Training College. The fourth category—Administration—includes regular budgets of directorates of elementary and secondary education, Program Management and Implementation Unit (PMIU), grant-in-aid to school councils, Punjab Education Assessment System (PEAS), Chief Minister's Monitoring Force/Monitoring and Evaluation Cell, and

inspection for colleges. The fifth category—School for Special Children—includes regular budgets of the directorate of special education. The sixth category—Archives, Libraries and Museums—refers to Children Library Complex Lahore, Quaid-e-Azam Library Lahore, and other libraries.

The seventh category—Others—covers regular budgets of a large number of institutions. They include Cadet College Hassanabdal, Queen Marry College Lahore, Kinnaird College for Women Lahore, Government Fatima Jinnah College for Women Chuna Mandi Lahore, Lawrence College Ghora Gali Murree, Government Degree College Kahuta, Sadiq Public High School Bahawalpur, Government Central Model School Lahore, Punjab Examination Commission Lahore, and in-service teachers training, miscellaneous grants. Moreover, the provincial government is providing regular budgets of six universities which include: Government College University Faisalabad, University of Gujrat, Government College University Lahore including School of Mathematical Sciences, Lahore College for Women University Lahore, University of Education Lahore, Fatima Jinnah University, Rawalpindi and University of Sargodha. In addition, the federal government also contributes to regular expenditure of these universities.

The grants for universities are shown in 'Others' rather than in 'General Universities, Colleges and Institutes'. This classification is misleading, as it understates the provincial government's allocations for higher education in the budget books.



Source: Compiled from Punjab Budget, 2009-10

Two issues emerge from the classification of the current budget. First, the budget of universities is shown in 'others' rather than 'general universities, colleges and institutes'. This classification is misleading, as it understates the provincial government's expenditure on higher education in the budget books. In this study, statistics on higher education that are provided in tables are according to the official classification of budget, i.e. allocations and expenditure of the six universities is counted in the category of 'others'. As it could be deceptive, additional narrative has been added to explain what scenario emerges when allocations and expenditure of the six universities, drawn from 'others', is included in 'general universities, colleges and institutes'.

Secondly, the provincial administrative set up for education in the Punjab is divided into three departments, namely, School Education, Higher Education, and Literacy. Each department is headed by a secretary. 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



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 comparative terms as the federal and other provincial education budgets include the allocations and expenditure on education department(s). Keeping in view the allocations for the three departments, Punjab's provincial education budget is understated by Rs. 138.71 million in 2009-10. Calculations in this study conform to the official classification of budget, and accordingly, do not count the budget of the three departments. However, a separate table showing their budgets, charged from 'General Administration', is provided for information (see table 13 in Annex 2).

The provincial development budget for education consists of two categories: capital and revenue. Simply put, the capital budget is allocated for 'brick work' 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. However, the budget books do not give totals for capital and revenue budgets at a single place. Each of the capital and revenue

The provincial administrative set up for education in the Punjab is divided into three departments, namely, School Education, Higher Education, and Literacy. Each department is headed by a secretary. The current budget of each of these three departments is charged from 'General Administration' rather than 'Education'.

budgets comprises of five functions, namely (1) School Education, (2) Higher Education, (3) Special Education, (4) Literacy, and (5) Sports. The budget statistics in this study are calculated according to this classification of the Punjab's provincial budget (see figure 3.1). The only exception is the development (capital) budget for 2007-08, in which the Chief Minister's Accelerated Programme for Social Development (Education) is also accounted for, in addition to the above five functions. The allocation of Rs. 783.16 million under this program was earmarked for higher education.

As the budget books do not provide a consolidated figure, calculation of the development budget becomes a time-consuming and cumbersome process. Although consolidated development budget is provided in the Annual Development Programme (ADP) and the Medium Term Development Framework (MTDF), figures given in these two documents at times do not match those calculated from the budget books. For example, Punjab's development budget for education in 2009-10 amounts to Rs. 26,125 million in the budget books, but Rs. 23,125 million in the MTDF. This study relies on the budget books, as they represent the voted expenditure.

In 2009-10, Punjab is the only province which has cut its education budget by 10 per cent despite that the size of its provincial budget has increased significantly.

3.2 Overall Budgetary Allocation

The provincial education budget lies in the region of Rs. 47.39 billion. As table 3.1 indicates, the Punjab government has slashed the budget by 10 per cent in 2009-10—a move that undermines the policy commitments in this sector. In absolute terms, the budget has been cut to the tune of Rs. 5.2 billion. About two-thirds of this amount represents a reduction in the development budget and the remaining one-third in the current budget (for sector-wise details, see section 3.3). A high degree of inconsistency in the budget is evident from the fact that Rs. 42.06 billion was allocated for education in 2007-08; the allocation was increased by 25 per cent in 2008-09 but was cut by 10 per cent the very next year.

Table 3.1: 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	-	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

The percentage share of education in the total provincial budget was 10.76 per cent in 2008-09 but it dropped to 7.99 per cent in 2009-10. Although the share of education in total budget is largest in the Punjab but being the largest province, the enormity of its educational challenge can also not be overlooked. In 2009-10, Punjab is the only province which has cut its education budget by 10 per cent despite that the size of its provincial budget has increased significantly.

There are serious gaps in access and quality of education at all levels in the province. To address these gaps, policy commitments for increasing school enrolment, enhancing literacy rates and reforming the education system have repeatedly been made by all governments. As a result, there is a natural expectation that investment in this sector will be increased consistently every year. This expectation has been and continues to remain unfulfilled despite the acknowledgment at the decision-making level of the huge challenges facing the education sector.

3.3 Current and Development Budget

A breakdown of the provincial education budget informs that allocations for current and development expenditure on education lie in the region of Rs. 21.27 billion and Rs. 26.13 billion, respectively (see table 3.2). The development budget for 2009-10 has been slashed by 13 per cent which indicates declining political commitment for growth of the education sector. This cut has been made following a 40 per cent increase in the development budget for education in 2008-09. As far as percentage shares are concerned, 50 per cent of the total education budget was earmarked for development in 2007-08 which was subsequently increased to 57 per cent. In 2009-10, the percentage has declined to 55 per cent. As table 3.2 indicates that reduction in the current budget is smaller than the development budget. But overall, the ratios of the current and development budgets are still fairly balanced.

The percentage share of education in the total provincial budget was 10.76 per cent in 2008-09 but it dropped to 7.99 per cent in 2009-10. Although the share of education in total budget is largest in the Punjab but being the largest province, the enormity of its educational challenge can also not be overlooked.

Table 3.2: Current and Development Budget

Year	Current		Development		% of the Education Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	21,754.57	..	20,303.26	..	50	50
2008-09	22,521.63	4	30,078.00	40	43	57
2009-10	21,267.17	-6	26,125.00	-13	45	55

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

The salary budget was increased by 21 per cent and 22 per cent in 2008-09 and 2009-10 respectively. In comparison, the non-salary budget was slashed by 6 per

cent and 25 per cent during the same period (see table 3.3, also see table A3.5 in Annex 2). The largest cut (50 per cent) has been made in the non-salary budget of PMIU, whereas its salary budget has been increased by 1315 per cent. This increase is largely due to the allocation of Rs. 1 billion as incentive allowance for employees in the education sector. In most cases, the percentage share of salary in 2009-10 is significantly higher than in 2008-09. One implication of this pattern of budgeting is that the pace of institutional development is adversely affected. This is because the non-salary budget covers operational costs, maintenance and repairs, communication, printing and publication, etc. which are necessary for the growth of an institution.

Development budget for 2009-10 has been slashed by 13 per cent which indicates declining political commitment for growth of the education sector.

Table 3.3: Increase/Decrease in Salary and Non-Salary Budgets (% of Current Budget)

	Salary		Non-Salary	
	2008-09	2009-10	2008-09	2009-10
Total current budget	21	22	-6	-25
Chief Minister's Monitoring Force/Cell	426	20	144	7
PEAS	0	10	-18	343
PMIU	5	1315	16	-50
Punjab Education Department	11	24	0	18

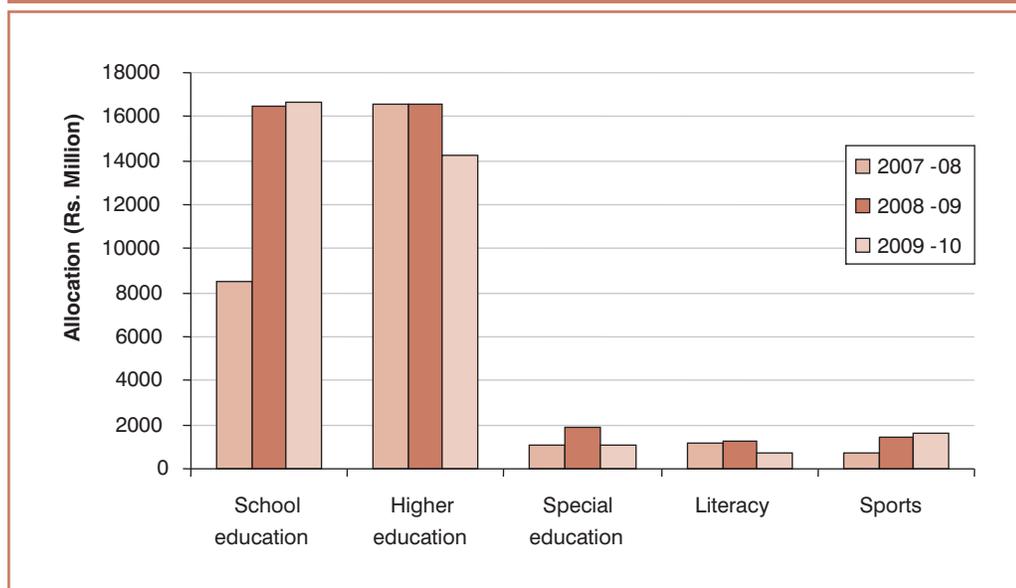
Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

The reduction in the development budget (13 per cent) is larger than in the current budget (6 per cent) in 2009-10. The largest cut has been made in higher education (mostly colleges), followed by special education and literacy (see table 3.4). Taken together, these cuts constitute about two-thirds of the total reduction in Punjab's education budget for 2009-10. In addition, the size of the development budget is shorter by Rs. 9.2 billion than projections of MTFD. The MTFD 2008-11 projected that the development budget for education would reach Rs. 35,346 million in 2009-10, whereas the actual provision in the provincial budget is Rs. 26,125 million.

3.4 Sectoral Distribution of Allocations

The Punjab government has increased allocations for school education (from Rs. 8.5 billion to Rs. 16.62 billion), sports (from Rs. 1.4 billion to Rs. 1.6 billion) and special education (from Rs. 1.04 billion to Rs. 1.08 billion) over the allocations for 2007-08. Conversely, the size of budgets for higher education and literacy has been reduced from Rs. 16.54 billion to Rs. 14.28 billion, and from Rs. 1.2 billion to Rs. 725 million,

Figure 3.2: Sectoral Distribution of Allocations



Source: I-SAPS' calculations from Punjab Budget, 2008-09 and 2009-10

respectively, over 2007-08 (see figure 3.2, also see table A3.2 in Annex 2). While the allocations for school education have doubled since 2007-08, higher education has faced huge cut of approximately Rs. 3 billion in 2009-10 which will affect largely the college education. The importance of college education for quality of learning can hardly be overemphasized because it is this level from where school teachers come. The Punjab government's cut in the budget for college education calls into question its proclaimed commitments for quality education in the province.

While the allocations for school education have doubled since 2007-08, higher education has faced huge cut of approximately Rs. 3 billion in 2009-10 which will affect largely the college education.

Table 3.4: Increase/Decrease in Development Budget (Rs. Million)

	2008-09	2009-10	Change (±)
School education	16485.4	16600	114.6
Higher education	9145	6125	-3020
Special education	1825	1000	-825
Literacy	1218.6	800	-418.6
Sports	1404	1600	196
Total	30078	26125	-3953

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

In 2008-09, school education received the largest and literacy the smallest share of education's development budget. The share of school education was 55 per cent, higher education 30 per cent, special education 6 per cent, sports 5 per cent, and literacy 4 per cent). The order of priorities remained unchanged for 2009-10, as out of the total provincial development budget for education, school education received 63 per cent, higher education 23 per cent, special education 4 per cent, sports 6 per cent, and literacy 4 per cent.

3.5 Utilization of Budgetary Allocations

As far as the utilization of budgetary allocations is concerned, revised estimates in the budget books portray a dismal picture. Four distinct features of utilization are noted. First, a considerable proportion of the total allocation for education is not utilized. In 2008-09, a quarter of Punjab's education budget could not be spent (see table 3.5).

In 2008-09, a quarter of Punjab's education budget could not be spent. At the sub-sector level, there is a high degree of inconsistency and unpredictability in the utilization of education budget.

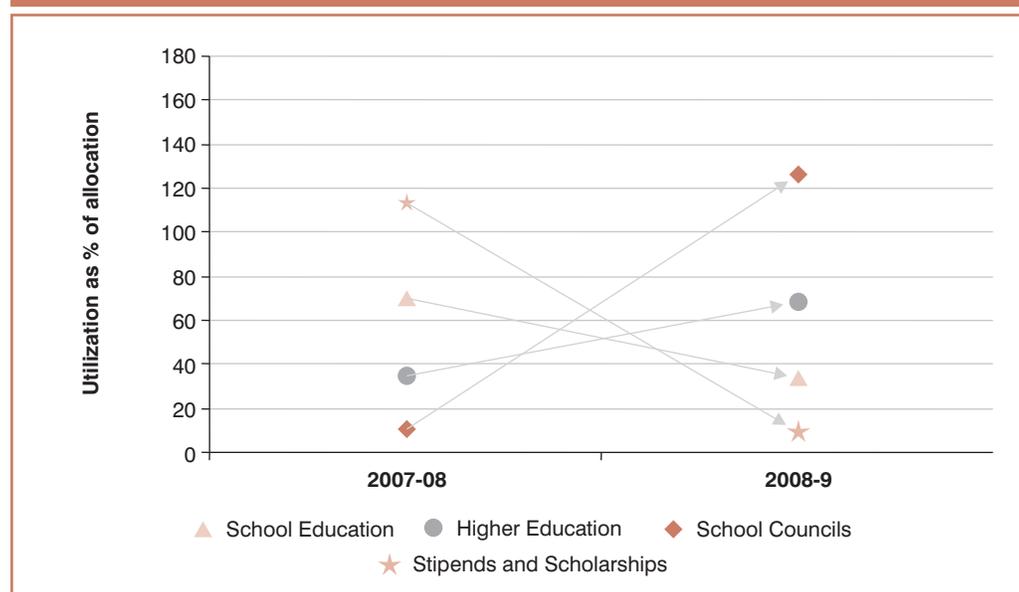
Table 3.5: Utilization of Budgetary Allocations

Category	Utilization as % of Allocation	
	2007-08	2008-09
Total education budget	72	75
Current budget	65	129
Development budget	43	34
School education	69	35
Higher education	39	69
Special education	7	8
Literacy	..	5
Pre-service teacher training	96	131
In-service teacher training	45	58
PMIU	28	36
School councils	7	124
Stipends and scholarships	118	5
Scholarships/stipends for girl students in Class 6–10 under PERSP	..	0.04

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Secondly, the extent of non-utilization of the development budget is much greater than that seen in the current budget. A part of this problem is attributable to overspending in regular expenses which necessitates re-appropriation of funds from the development budget to employee-related and non-salary expenses. Thirdly, there is a high degree of inconsistency in expenditure. In one year, expenditure exceeds the allocated budget, whereas in the other it may be negligible. For example, expenditure on stipends and scholarships was 118 per cent in 2007-08, but just 5 per cent in 2008-09. Similarly, in the case of school councils, the expenditure varied from 7 per cent to 124 per cent over the same period (see figure 3.3). Fourthly, special education and literacy are continuously being neglected due to extremely low expenditure.

Figure 3.3: Utilization of Budgetary Allocations



Source: I-SAPS' calculations from Punjab Budget, 2008-09 and 2009-10

In 2007-08, there were 352 schemes in the provincial education budget on which spending was zero; a majority of these schemes pertained to school infrastructure.

A further breakdown of the figures given in table 3.5 reveals worse picture of utilization. The spending on school education, for example, was very low in both years. If we concentrate only on development budget, the spending was much lower than the aggregate. In 2007-08, there were 352 schemes in the provincial education budget on which spending was zero; a high majority of these schemes pertained to school infrastructure. Conversely, there were 59 schemes, most pertaining to higher education, for which originally no budget was allocated, but they were implemented by re-appropriating the budget from school education schemes. As a result, spending of development budget was the lowest for school education (19 per cent) and highest for higher education (67 per cent). In 2008-09, the spending of development budget has improved for school education (35 per cent) but declined

for higher education (37 per cent). Underspensing stands out as one of the most important problems in public financing of education in the Punjab.

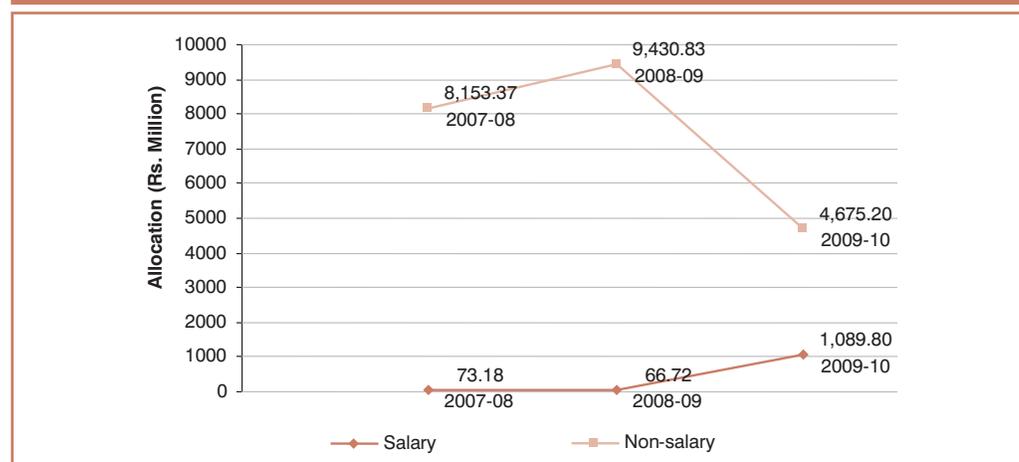
3.6 Programme Management and Implementation Unit

The PMIU is mandated to play a pivotal role in reforms and development of schools. It performs this role through management and implementation of a host of programs, notably the Punjab Education Sector Reforms Programme (PESRP). Some important initiatives which are funded from the regular budget of the provincial government under PERSP are provision of free text books and uniform, publicity and advertisement, up-gradation of schools, and provision of scholarships/stipends for girl students studying in classes 6–10.

The annual recurrent budget of PMIU has been in the vicinity of Rs. 8 to Rs. 9.5 billion for the past two years. In 2009-10, the budget was reduced to Rs. 5.8 billion—a decrease of about 39 per cent over 2008-09. The total reduction in the 2009-10 budget (39 per cent) is attributed to the non-salary budget, whereas the salary budget has been increased by 1315 per cent—from Rs. 66.72 million to Rs. 1089.80 million. As indicated earlier, this increase was largely due to the allocation of Rs. 1 billion as incentive allowance for employees in the education sector (see figure 3.4).

Underspensing stands out as one of the most important problems in public financing of education in the Punjab.

Figure 3.4: Salary and Non-Salary Budgets of PMIU



Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

An analysis of these figures highlights serious level of underspensing of the allocated budget. According to the revised estimates shown in the budget books, PMIU spent just 28 per cent and 36 per cent of its total allocation over the past two years. Of this amount, a large proportion was utilized for salary expenditure—86 per cent and 87 per cent in 2007-08 and 2008-09 respectively. This shows that PMIU was unable to

effectively utilize a sizeable proportion of its non-salary budget which includes allocations for programs identified above, in addition to operational expenses. Non-salary expenditure for PMIU was just 28 per cent and 36 per cent in the past two years.

3.7 Punjab Education Assessment System

The mandate of PEAS is to conduct research on students' learning achievements in the province. Its role therefore is extremely important for improving the quality of education. The data collected by PEAS is published in provincial assessment reports, and is also fed into the National Education Assessment System (NEAS). PEAS has been regularly publishing annual assessment reports since 2005.

The current budget of PEAS has been in the range of Rs. 8 to Rs. 9 million over the past two years. For 2009-10, the budget has been increased to nearly Rs. 7 million—up by 93 per cent as compared to 2008-09. The largest increase is in the non-salary budget which has gone up by 343 per cent in comparison with a 10 per cent increase in the salary budget. A closer look at the non-salary budget reveals that this increase is largely due to addition of Rs. 7.93 million for travel and transportation for domestic training in 2009-10. The need for domestic training can hardly be overemphasized, but what outcome one can expect when nothing was spent from its allocated budget of Rs. 0.1 million in 2008-09 (see table A3.3 in Annex 2).



The expenditure on teacher education and training has been low, 54.59 per cent in 2007-08 and 74.53 per cent in 2008-09.

3.8 Teacher Education and Training

Investment in teacher education and training is crucial for improving the quality of students' learning. Recognizing this, the Punjab government has developed an elaborate infrastructure for both pre- and in-service teacher training which works under the umbrella of the Directorate for Staff Development (DSD). Provincial Institute of Teacher Education (PITE) and Government Colleges of Elementary Teachers (GCETs) have been placed under the administrative control of the DSD.

The Punjab government's budget for teacher training was in the vicinity of Rs. 2.2 billion in 2007-08, but it decreased to Rs. 1.5 billion in 2008-09. The amount was increased to Rs. 1.7 billion in 2009-10—up by 11.97 per cent. The expenditure during the first two years was 54.59 per cent and 74.53 per cent. The low expenditure is particularly attributable to capacity deficit of the DSD to implement in-service training

programs on a regular basis (see table A3.4 in Annex 2). In addition to the provincial expenditure, the federal government is also implementing a capacity building program for in-service teachers in the country. The total cost of this scheme is Rs. 6.69 billion, with 47 per cent of the share for the Punjab. In 2008-09, only 40 per cent of the allocated budget was spent under this scheme. No predictable pattern is observed either in allocations or in expenditure on pre- as well as in-service teacher training.

In the Punjab, budgetary allocations for school councils have consistently increased. From Rs. 772 million in 2007-08, the allocation was raised to Rs. 1.02 billion in 2008-09 and to Rs. 1.5 billion in 2009-10. Thus, the allocation for school councils has nearly doubled since 2007-08.

Box 3.1:

Under-spending of Allocations for Teacher Training

DSD surrendered an amount of Rs. 1.5 billion in two years (Rs. 950 million in 2007-08 and Rs. 560 million in 2008-09). This amount was allocated for appointing 2296 district teacher educators (DTEs) in 23 districts. However, postings of the DTEs could not be notified during the reference period. It calls for better coordination within the concerned government bodies for generating a coherent response to the need for teacher training.

About 80 per cent of the provincial budget for teacher training is earmarked for in-service training. If teachers have poor content knowledge due to neglect of college education, one cannot expect major improvement in teachers' knowledge and pedagogy through in-service training. The government must demonstrate its commitment to quality education by enhancing allocations and expenditure on college education alongside the emphasis on pre-service teacher training.

3.9 School Councils

School councils have been set up in all districts of the province, though not in all schools. They are an important mechanism for enlisting community participation in school management. Each school council receives an annual budget for improvement of the school's infrastructure, according to a defined criterion. In the Punjab, budgetary allocations for school councils have consistently increased. From Rs. 772 million in 2007-08, the allocation was raised to Rs. 1.02 billion in 2008-09 and to Rs. 1.5 billion in 2009-10. Thus, the allocation for school councils has nearly doubled since 2007-08. Unlike the steady upward change in allocation, expenditure remains uneven. Out of the total allocation, expenditure was just 7 per cent in 2007-8, but reached 124 per cent in 2008-09 (see table 3.6). Given that school councils operate at the community level, they are well placed to identify and follow-up on the needs of a school. Therefore, ensuring consistent and effective utilization of

budgetary allocations by school councils would be very promising for the development of education.

Table 3.6: Allocation and Expenditure on School Councils

Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	%
2007-08	772	..	53.33	7
2008-09	1,022	32	1,267.40	124
2009-10	1,500	47	-	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

3.6 Grants for Private Educational Institutions

The Punjab government provides grants to the private sector institutions, mainly through the Punjab Education Foundation. The mandate of the Foundation is 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. Special grants are also provided to selected institutions. In addition, Sadiq Public School receives a regular grant every year. Budgetary allocations for private educational institutions have been in the range of Rs. 3 billion to Rs. 4 billion, equivalent to 10.13 per cent, 5.72 per cent and 8.4 per cent of Punjab's

Allocation to private educational institutions has been increased by 33 per cent (equivalent to about Rs. 1 billion) when the overall budget has been cut by 10 per cent. Thus, it is the public sector that will be entirely affected by the budgetary cut.

Table 3.7: Grants for Private Educational Institutions

	2007-08	2008-09	2009-10
Punjab Education Foundation	3,848	3,000	4,000
CARE Foundation	150	0	0
Beacon House National University	200	0	0
Al-Khair Public School	3.8	0	0
Sadiq Public High School, Bahawalpur	8.1	8.1	9.32
Pakistan Public School	50	0	0
Total	4,259.90	3,008.10	4,009.32
% of Total Education Budget	10.13	5.72	8.4

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

total education budget in 2007-08, 2008-09 and 2009-10, respectively (see table 3.7). An analysis of these figures highlights two main issues.

First, allocation to private educational institutions has been increased by 33 per cent (equivalent to about Rs. 1 billion) when the overall budget has been cut by 10 per cent. Thus, it is the public sector that will be entirely affected by the budgetary cut.

Secondly, originally the budget did not allocate any grants for Care Foundation, Beacon House National University, Al-Khair Public School and Pakistan Public School in 2007-08. However, in the revised estimates, these institutions received Rs. 150 million, Rs. 200 million, Rs. 3.8 million and Rs. 50 million, respectively (see table 3.7). This implies that grants to these institutions were managed



through re-appropriation of allocations. If certain private educational institutions have to be supported through public money, grants must be provided in the budget estimates, rather than in the revised estimates, so as to provide an opportunity for stakeholders to debate the issue during the budget-making process. Moreover, the selection of these institutions must be based on a pre-defined criterion guided by equity and pro-poor orientation of educational services.

Budgetary allocations of the Punjab government do not appear in conformity with the policy priorities. This is evident from the cut in the provincial education budget by 10 per cent in 2009-10.

3.11 Scholarships and Stipends

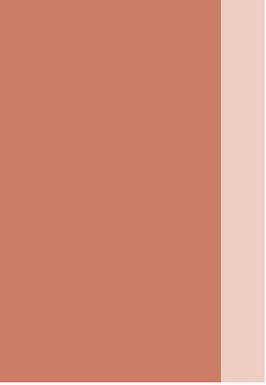
A considerable amount from the Punjab's current budget for education goes to scholarships and stipends. The provincial government provides stipends to girl students under PERSP, in addition to regular merit scholarships in schools and colleges. Initially, stipends were provided only to girl students of primary schools, but the program has now been extended up to the secondary school level in order to increase enrolment. Over the past two years, this amount has exceeded Rs. 1 billion.

Viewed from another perspective, it may be said that utilizing the budget allocated for scholarships and stipends is a relatively straightforward exercise which does not involve the complexities associated with other budgetary allocations like, for example, undertaking development projects. Funds for scholarships and stipends can be transferred to the intended beneficiaries with little difficulty, provided the eligibility criterion and transparency arrangements are adhered to. Yet, statistics indicate a high degree of inconsistency in utilization of the scholarship budgets in the Punjab. In 2007-08, Rs. 167.23 million was spent in excess of the allocated budget

whereas in 2008-09, only Rs. 45.52 million was utilized against an allocation of Rs. 1011.76 million—just 5.4 per cent of the total allocation (see table 12 in Annex 3).

This abnormality is largely attributed to over-spending in 2008-09 and under-spending in 2009-10, in scholarships/stipends for girl students in Class 6-10 under the PESRP. While over-spending might be condoned due to the fact that a larger number of girl students than originally estimated were provided coverage, a cause for concern is the under-spending. A deeper look into the budget books reveals that only Rs. 0.386 million was spent in this programme against the allocated budget of Rs. 957.5 million—just 0.04 per cent of the total allocation in 2008-09. Similarly, only Rs. 0.1 million was spent in the 'Others' category of scholarships against an allocation of Rs. 0.4 million. This pattern calls for a further tracking of the budget under this head to understand the factors responsible for under-spending.

The budgetary allocations of the Punjab government do not appear in conformity with the policy priorities. This is evident from the cut in the provincial education budget by 10 per cent in 2009-10. Huge cuts in allocations for higher education and literacy seriously undermine efforts aimed at enhancing access at higher levels of education and increasing the rate of literacy in the Punjab. Probably the most serious issue is the high underspending in the development budget and programs run by the PMIU. Moreover, non-salary expenditure is gradually decreasing as a share of the total current budget. These problems are compounded by a high degree of inconsistency in allocations and spending across the board. Financial investment in education at the provincial level is less likely to make a major difference until such issues are resolved. This requires rationalization of allocations according to evidence-driven educational needs and continuous tracking and monitoring of expenditure.



CHAPTER 4

Public Financing of Education: Sindh

CHAPTER 4

Public Financing of Education: Sindh

4.1 Classification of Sindh Education Budget

The provincial education budget of Sindh is divided into two broad categories: current and development. The current education budget consists of allocations and expenditure of educational services of five departments: (1) Education and Literacy, (2) Health, (3) Antiques, (4) Information and Archives and (5) Culture and Tourism (see figure 4.1). This classification stands in sharp contrast to the federal education budget and that of the other provinces which exclude the 'other public sector' such as health, antiques, information, culture, and communications, etc. They include allocations for educational services of the other public sector in the budget of respective department or as a separate head. In the Punjab, North-West Frontier Province (NWFP) and Balochistan, for example, medical colleges and public health schools are budgeted in health, instead of education. Similarly, the budget of the federal government's educational institutions located in cantonments and garrisons is presented under a separate head on behalf of the ministry of defence and is not included in the education budget.

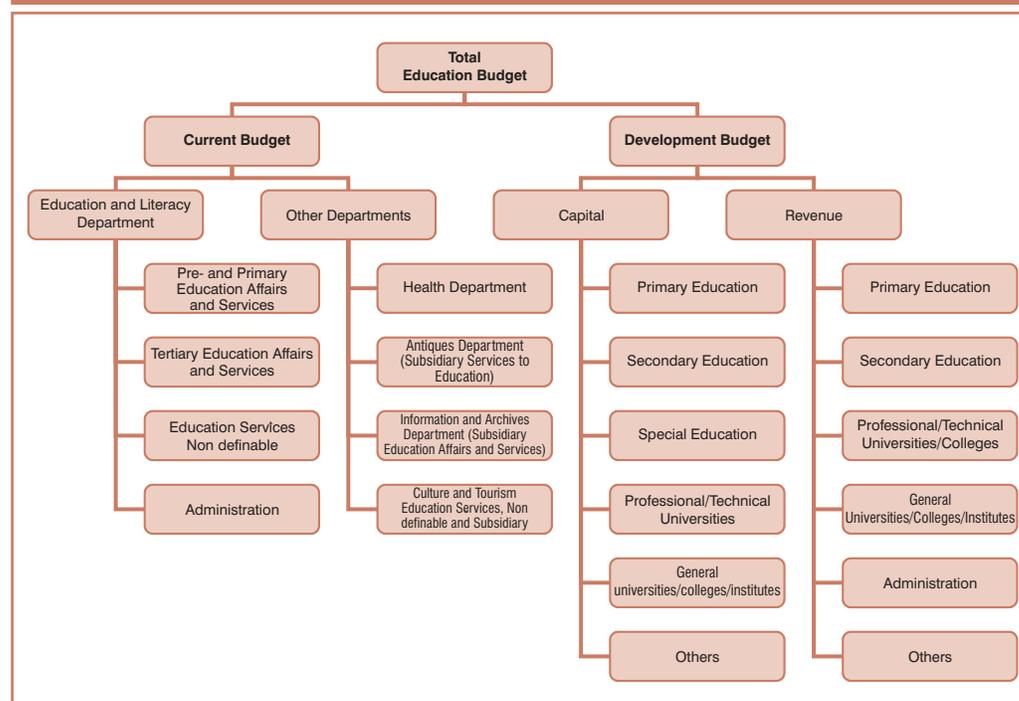
What is the implication of including education-related services of health, antiques, information and archives, and culture departments in the provincial education budget? In comparative terms, it enlarges Sindh's education budget vis-à-vis the federal and other provincial education budgets thus making 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.

The current budget is divided into the following four functional categories: (1) Pre- and Primary Education Affairs and Services, (2) Tertiary Education Affairs and Services, (3) Education Services Non-definable, and (4) Administration.

The current budget for pre- and Primary Education Affairs and Services includes the recurring expenditure of the directorate of literacy and non-formal education, and inspection and evaluation committee. The regular expenditure of in-service teacher training and attached government elementary colleges of education (GECs), the director of technical education, and the Provincial Institute of Teacher Training (PITE) are also included in the current budget for pre- and primary education. Generally, teacher training and technical education are classified under the head of 'Others'. In NWFP, technical education is an independent budgetary demand and is not included in the education budget. One implication of Sindh's classification is that the budget shown as a contribution to the costs of pre- and primary schools is in fact spent elsewhere and in this sense is misleading. As far as secondary education is concerned, the Sindh government does not contribute to its recurring costs, as those are entirely met by the district governments.

Figure 4.1: Arrangement of Sindh Education Budget



Source: Compiled from Sindh Budget, 2009-10

The category of Tertiary Education Affairs and Services includes recurring expenditure of general, professional (including medical) and technical colleges and universities, inspection/registration of private institutions, and regional directorates of colleges. The recurring expenditure of in-service teacher training centres, government schools for the blind, elementary colleges of education, district health development centres/hostels and public health schools are also budgeted under tertiary education. The inclusion of most of these institutions in tertiary education is questionable.

The non-definable educational services are those which are not classified elsewhere. They include the Sindh Reform Unit, the Planning Development Monitoring and Implementation Cell, the Sachal Academy Khairpur, the directorate of heritage antiques, the secretariat of culture and tourism, the heritage cell, archives and libraries, to name a few. Budgetary details suggest that the recurring expenditure of some spending entities that have little educational role (e.g. the secretariat of culture and tourism) is also included in the education budget which results in inflated figures.

The current budget for Administration includes the recurring expenditure of the Secretariat of Education Department, Bureau of Curriculum, Sindh Education Reform Programme (SERP), Sindh Education Foundation and other miscellaneous items. In comparison, the federal and all provincial governments charge the education-related current expenditure on administration from the education budget except the Punjab which charges the administrative expenditure of the departments of school education, higher education and literacy from 'General Administration'.



The provincial current education budget is overstated due to the inclusion of education-related expenditure of the departments of health, antiques, information and archives, and culture and tourism. These four departments get about 13 per cent of the total current education budget of Sindh.

The development budget is organized into the following six categories: (1) Primary Education, (2) Secondary Education, (3) Special Education, (4) Professional/Technical Universities, (5) General Universities/Colleges/Institutes, and (6) Others. Each of these categories draws capital as well as revenue expenditure. All of these categories may not appear simultaneously as some of these can be either replaced or others added in the budget for a given year. In 2008-09, for example, there was no allocation for special education in the development budget. Overall, classification of the development budget is simpler than that of the current budget.

4.2 Overall Budgetary Allocation

The education budget of Sindh has increased consecutively over the past two years. In 2007-08, the Sindh government allocated about Rs. 17 billion for education but this was increased by 16 per cent in 2008-09. In 2009-10, the total outlay for education lies in the region of Rs. 22.44 billion, up by 14 per cent from Rs. 19.75 billion in 2008-09 (see table 4.1). However, the percentage share of education in the total provincial budget has declined from 7.04 per cent in 2008-09 to 6.15 per cent in 2009-10. This indicates that the priority accorded to education vis-a-vis other sectors is lower than the past year.

Table 4.1: 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	-	-

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

The percentage share of education in the total provincial budget has declined from 7.04 per cent in 2008-09 to 6.15 per cent in 2009-10. This indicates that the priority accorded to education vis-a-vis other sectors is lower than the past year.

Where has this increase in allocation been absorbed? In 2008-09, the total increase was to the tune of Rs. 2.7 billion. About 82 percent (Rs. 2.2 billion) of this amount went to the development schemes, whereas the remainder (nearly Rs. 450 million) was earmarked for recurring expenses. This division clearly indicated the Sindh government's intent to accord a higher priority to development which had been previously neglected due to extremely low development vis-à-vis recurring budget (see table 4.2). However, this prioritization was reversed the very next year. In 2009-10, from the total addition of Rs. 2.7 billion in the education budget, Rs. 1.4 billion (53 per cent) went to salaries and operational costs and Rs. 1.2 billion (47 percent) to development.

4.3 Current and Development Budget

A comparative analysis of the current and development budgets suggests three distinct issues in financing of education by the provincial government: First, the development of the education sector has been grossly neglected. In 2007-08, about four-fifth of the total education budget went to salaries, operating expenses, grants, subsidies and loan write-offs, physical assets, and repairs and maintenance. This position improved in 2008-09 with an 88 per cent increase in the development budget.

Table 4.2: Current and Development Budget

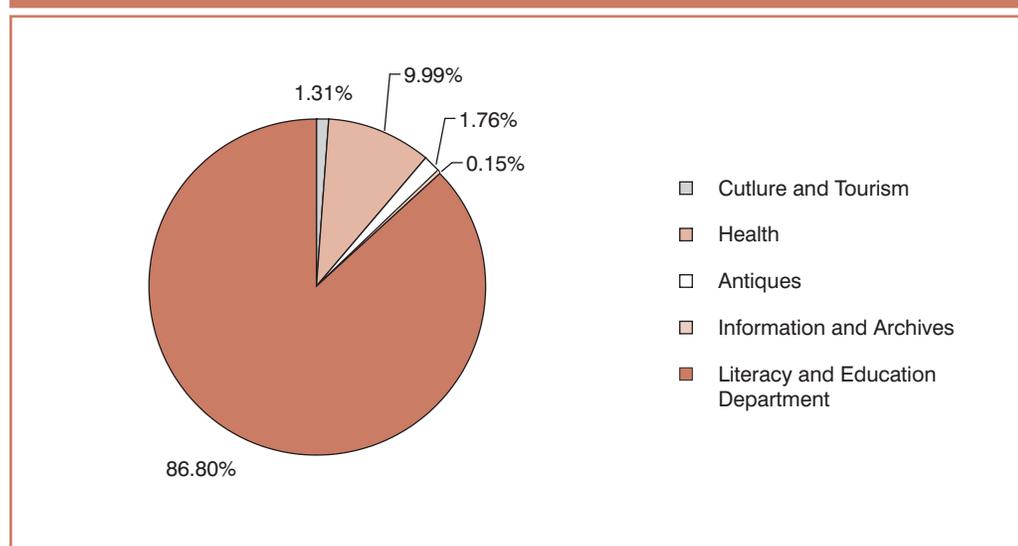
Year	Current		Development		% of Total Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	14,556.23	..	2,500.00	..	85	15
2008-09	15,055.83	3	4,700.00	88	76	24
2009-10	16,494.81	10	5,950.00	27	73	27

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

Although the share of development allocation in the total education budget grew from 15 per cent in 2007-08 to 24 per cent in 2008-09 and 27 per cent in 2009-10, it is the current budget which continues to receive a higher priority as 73 per cent of the total education budget went to salaries and other recurring expenditure. In 2009-10, Rs. 1438 million were added to the current budget as compared to Rs. 1250 million to the development budget. Even though the development-current budget ratio has improved over the previous three years, it still does not compare well with the education budgets of the federal and Punjab governments in which about half of the total education budget goes to development work.

Secondly, the provincial current education budget is overstated due to the inclusion of education-related expenditure of the departments of health, antiquities, information and archives, and culture and tourism. These four departments get about 13 per cent of the total current education budget of Sindh (see figure 4.2). As

The development of the education sector has been grossly neglected at the provincial tier in Sindh. In 2007-08, 85 per cent of the total education budget went to current expenses whereas the remaining 15 per cent to development. In 2008-09 and 2009-10, the share of development budget has been increased to 24 per cent and 27 per cent, respectively.

Figure 4.2: Department-wise Distribution of Current Education Budget in 2009-10

Source: I-SAPS' calculations from Sindh Budgets, 2009-10

indicated above, the education-related allocations of these departments in the other provinces are provided in the respective departmental budgets. It is therefore the remaining 87 per cent of Sindh's current education budget that is comparable to the current education budgets of the other three provinces.

Thirdly, salary budget is growing faster than the non-salary budget. Overall, the share of non-salary items in the total current budget has decreased from 65 per cent in 2007-08 to 56 per cent in 2009-10. The gradual reduction of non-salary budget is evident in most institutions and services in the education sector. A few examples are given in table 4.3. The declining share of non-salary budget is likely to restrict institutional performance because of the diminished resources available for operational costs, maintenance and repairs, communication, printing and publication, etc.

The Sindh government has reduced the budget for school education by 42.61 per cent in 2009-10 whereas the budget for higher education (including colleges) and special education has been increased by 39.5 per cent.

Table 4.3: Changes in Salary and Non-Salary Budgets (% of Current Budget)

	Salary			Non-Salary		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Total Current budget	35	40	44	65	60	56
Education Department	1	6	5	99	94	95
Sindh Reforms Support Unit	60	62	65	40	38	35
Bureau of Curriculum	88	78	82	12	22	18

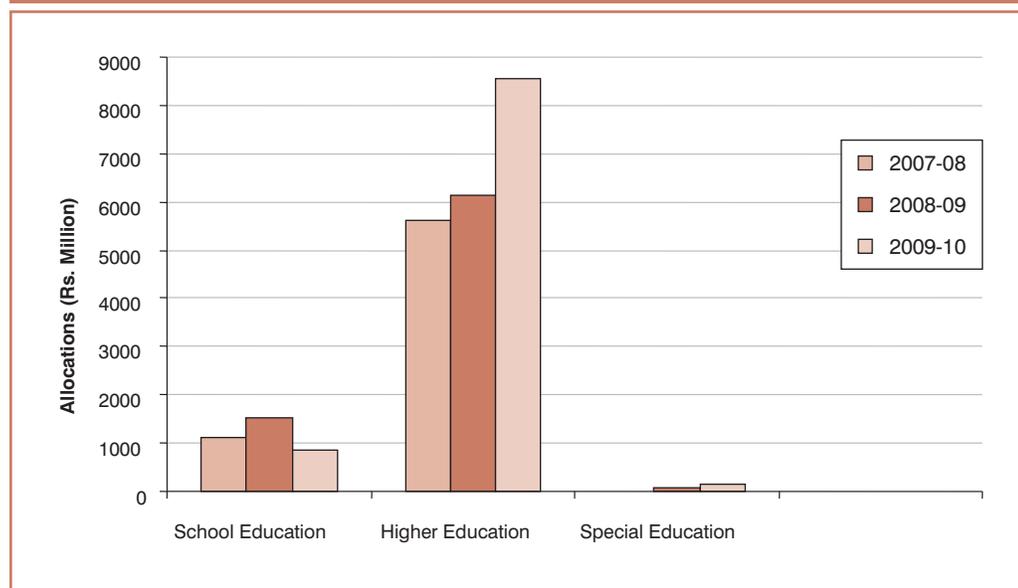
Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

4.4 Sectoral Distribution of Allocations

The Sindh government has reduced the budget for school education by 42.61 per cent in 2009-10—equivalent to Rs. 643.88 million. The budget for higher education (including colleges) and special education has been increased by 39.5 per cent (Rs. 2.4 billion) and 64 per cent (Rs. 51.2 million), respectively.

The Sindh government allocated Rs. 58.49 million and Rs. 78.39 million in 2008-09 and 2009-10 for recurrent expenses on pre- and primary education affairs and services whereas the spending units under this head include the In-Service Teachers Training Centre, attached government elementary colleges of education (GECs), literacy and non-formal education, charter and inspection and evaluation committee, technical education and PITE. Thus, the allocation for pre- and primary education is largely spent on teacher education.

Figure 4.3: Sectoral Distribution of Allocations



Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

In the chapters on other provinces, changes in allocations for literacy have been discussed. In the case of Sindh, the current budget is combined for literacy and non-formal education which means that allocation for literacy cannot be separately identified. If the combined budget is considered, it is noted that the allocation for literacy and non-formal education in Sindh has increased by 21.2 per cent in 2009-10 (from Rs. 7.75 million in 2008-09 to Rs. 9.39 million in 2009-10), whereas in 2008-09, allocation was increased by only 2.92 per cent (from Rs. 7.53 million in 2007-08 to Rs. 7.75 million in 2008-09).

Even though the development-current budget ratio has improved over the previous three years, it still does not compare well with the education budgets of the federal and Punjab governments in which about half of the total education budget goes to development work.

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

Sector	Allocation		
	2007-08	2008-09	2009-10
School Education	1120.07	1511.03	867.15
Higher Education (inc. colleges)	5,617.89	6,120.06	8,536.30
Special Education	8	80	131.25

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

These percentages do not provide a definitive indication of government priorities because it is not known how much money is spent on each of the two, i.e. literacy and non-formal education. In the development budget, there was no allocation for adult literacy under Education Sector Reforms (ESR) in 2007-08, but an amount of Rs. 4.8

million was spent as “OSB” (Outside Budget). The amount was reduced to Rs. 1.4 million in 2008-09.

4.5 Utilization of Budgetary Allocations

Overall, utilization of the education budget at the provincial tier in Sindh is considerably high and stands at 93 per cent in 2008-09—up by 12 percentage points from 81 per cent in 2007-08 (see table 4.5). However, there are extremes of overutilization and underutilization which point to the inconsistent pattern of expenditure on education.

The development expenditure, as table 4.5 indicates, was higher than budgetary allocations by 32 per cent and 30 per cent in 2007-08 and 2008-09, respectively. What are the factors that might explain the overspending? In 2007-08, overspending to the tune of 32 per cent is attributed to a large number of N-ADP (Non-Annual Development Programme) and OSB schemes. There were 338 schemes for which initially no development budget was allocated but all of which were



funded during the year thereby causing a sharp rise in expenditure. Most of these schemes were funded under the priority programme for MPAs (Members of Provincial Assembly) at a cost of Rs. 207.45 million and a special package for rural development costing Rs. 25.376 million. These schemes were aimed at the development of physical infrastructure for elementary education. In addition, the OSB grants amounted to Rs. 116.82 million. It should be noted that whereas funds for these 338 schemes were expended when not a single rupee was allocated for them in the budget, in the 23 schemes for which budget was allocated, the spending was zero.

The practice of funding N-ADP and OSB schemes was maintained in 2008-09 and largely explains the overspending of 30 per cent. There were 84 schemes for which initially no development budget was allocated, but funds were provided for their implementation through re-appropriation. Most of these schemes were funded under the Priority Programme for MPAs at a cost of Rs.187.43 million. Conversely, there were 43 schemes for which funds were allocated in the budget, but the spending was zero. Thus, the number of schemes with zero spending almost doubled in 2008.

Overall, utilization of the education budget at the provincial tier in Sindh is considerably high and stands at 93 per cent in 2008-09—up by 12 percentage points from 81 per cent in 2007-08 (see table 4.5). However, there are extremes of overutilization and underutilization which point to the inconsistent pattern of expenditure on education.

Table 4.5: Utilization of Budgetary Allocations

	% of Allocation	
	2007-08	2008-09
Total education budget	81	93
Current budget	72	81
Development budget	132	130
School education	147	147
Higher education	102	112
Technical education	87	97
Special education	13	0
Education Department	52	26
Teacher education and training	90	93
Sindh Reforms Support Unit	113	86

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

In 2007-08, spending was zero on 23 development schemes. In 2008-09, this number increased to 43. Thus, the number of schemes with zero spending almost doubled in 2008.

While overspending might be an indicator of improved capacity, it is also symptomatic of a structural problem in the education budgeting, i.e. many unbudgeted schemes get the necessary funds, but those that are the budgeted remain unimplemented due to re-appropriation or low spending. In the case of Sindh, it appears that the N-ADP and OSB schemes are implemented at the cost of the budgeted schemes. This phenomenon questions the relevance of the budget document as a guide and planning mechanism for public expenditure in Sindh.

In addition to the problems of overspending, underspending also raises many questions about institutional capacity. In 2008-09, the education department could spend just 26 per cent of the allocated budget, lower by 26 percentage points over 2007-08. This is attributed to underspending in employee related expenses and grants, subsidies and loan write-offs. The department could spend only Rs. 68.07 million out of an allocation of Rs. 517.03 million. The real matter of concern lies in underspending of domestic grants budget. The department could spend just Rs. 2.1 billion (26.9 per cent) out of an allocation of Rs. 7.8 billion. Special education is another area marred by acute underspending (see table 4.5). This state of affairs provides further evidence to support the view that unbudgeted schemes get the necessary funds because of political pressures or other reasons, but budgeted

schemes remain unimplemented on account of re-appropriation or poor capacities for utilization of the allocated budget.

4.6 Sindh Education Reforms Programme

The Government of Sindh started the Sindh Education Sector Reform Programme (SERP) in 2006 to improve access, equity and quality in the education sector. The World Bank has been supporting the reforms under this programme, initially in the form of a programmatic investment credit, and then the Sindh Education Sector Project. Major programme initiatives include infrastructure rehabilitation of shelterless schools and provision of missing facilities, merit-based recruitment of new teachers, delivery of girls' stipends and textbooks, and establishing public-private partnerships to increase access in underserved rural localities.

The budget for SERP is a block allocation with no breakdown of expenditure for employee related expenses, operating expenses, repairs and maintenance, etc. One implication of making an exception of the SERP from the standard budget classification is that little information is available to the stakeholders, in particular the members of the provincial assembly, about the expenditure on education reforms in Sindh. In 2009-10, Rs. 6.23 billion (37.8 per cent of the total current budget for education) has been allocated to the SERP. The budget books do not provide any details about the specific reforms on which this money is to be spent. Similarly, the budget books indicate that an amount of Rs. 3.65 billion was spent under this programme in 2008-09 but corresponding information about the budgetary allocation for the programme in that year has been omitted. As a result, it has not been possible to determine the rate of utilization. There is an immediate need to address the information gap by providing full details about allocations and expenditure and further breaking down the budget into categories of employee related expenses, operating expenses, etc.

4.7 Teacher Education and Training

Investment in teacher education and training is of paramount importance for raising the standards of learning. At the provincial level, funds for this purpose come from the federal as well as the provincial government. The federal government is providing resources in the annual development budget for implementation of a countrywide scheme for capacity building of teacher training institutions and in-service training of elementary school teachers. Out of the total estimated cost of Rs. 6.69 billion for this programme, Rs. 1.27 billion (19 per cent) is to be spent in Sindh. In 2008-09, Rs. 481.60 million were allocated to Sindh under the programme, but only 40 per cent of this amount was actually spent. In 2009-10, Rs. 225 million has been allocated.

The budget for SERP is a block allocation with no breakdown of expenditure. One implication of making an exception of the SERP from the standard budget classification is that little information is available to the stakeholders about the expenditure on education reforms in Sindh.

Table 4.6: Current Budget for Teacher Education and Training

Year	Salary		Non-Salary		Total	
	Rs. Million	Change(%)	Rs. Million	Change(%)	Rs. Million	Change(%)
2007-08	212.66	..	14.30	..	226.96	..
2008-09	310.31	46	23.32	63	333.63	47
2009-10	407.83	31	29.61	27	437.44	31

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

In addition to the federal grant, a considerable proportion of the Sindh government's provincial education budget goes to pre- and in-service teacher education and training. The current budget shown in table 4.6 includes the regular expenses of PITE, attached GCETs, College of Education, Government College of Physical Education, Regional Education Extension Services and Education Technology Resource Centre. It is evident that allocations for teacher education and training in Sindh have shown a sharp increase, from Rs. 226.96 million in 2007-08 to Rs. 437.44 million in 2008-09. The utilization is much higher than that of the federal grants for teacher training because nearly 93 per cent of the total allocation is spent on salaries. But this also means that fewer resources are left for the non-salary components (e.g. training materials and operating expenses) which in turn has adverse effects on the quality of training.

The provincial government is gradually scrapping teacher training and education schemes in the Annual Development Programme but is steadily increasing the regular budget for this purpose.

Box 4.1

Expenditure on Provincial Education Assessment Centre

The budget books have included the expenditure on Provincial Education Assessment Centre (PEAC) in teacher education in 2007-08 and 2008-09. Therefore, the figures given in the above paragraph include the allocations of Rs. 5.69 million and Rs. 4 million for PEAC for the two fiscal years, respectively. But this classification is difficult to understand because PEAC is not mandated to perform this function. Moreover, it is a major reason for overspending in 2008-09, as Rs. 27.25 million were spent on PEAC against an allocation of Rs. 4 million.

In addition to the regular programmes, the Sindh government provides considerable funds from the development budget for teacher training schemes. In 2007-08, there were 11 schemes with a total allocation of Rs. 79.7 million, out of which Rs. 62.4 million (78 per cent) was actually spent. In 2008-09, the number of schemes was

reduced to seven with a total allocation of Rs. 46.7 million, 41 per cent lower than that in 2007-08. The spending, however, was much higher and stood at Rs. 86.05 million (184 per cent). In 2009-10, only one teacher training scheme was budgeted with an allocation of Rs. 41.25 million. These statistics suggest that while the provincial government is gradually scrapping teacher training and education schemes in the Annual Development Programme, it is steadily increasing the regular budget for the same purpose.

4.8 Grants for Private Educational Institutions

The government of Sindh is promoting public-private partnerships, mainly through the Sindh Education Foundation (SEF). The Foundation has been working since 1992 with a diverse portfolio of programmes that seek to establish public, private and community partnerships for addressing the goals of Education for All. It also seeks to improve the quality of education and create greater ownership and sustainability of educational interventions. The budgetary analysis suggests that initially the Foundation's concept of public-private partnerships was predominantly based on setting up of new, rural community-based schools but the focus has now shifted to promoting the existing private sector educational institutions in the rural areas and urban slums. This is evident from the decrease in allocations for community-based schools from Rs. 120 million in 2008-09 to Rs. 100 million in 2009-10 and a quantum jump in allocations for the latter during the same fiscal years from Rs. 200 million to Rs. 800 million (see table 4.7).

The budgetary resources for the private sector have tripled from 1.6 per cent (Rs. 322.5 million) of the total provincial education budget in 2008-09 to 4.3 per cent (Rs. 958.81 million) in 2009-10. These statistics suggest that the Sindh government is according a higher priority to the promotion of private sector educational institutions.

Table 4.7: Grants for Private Educational Institutions

Scheme	Allocation (Rs. Million)		
	2007-08	2008-09	2009-10
Education Foundation: Setting up of Rural Community-based Schools through Public-Private Partnership	9	120	100
Education Foundation: Promotion of Private Schools in Rural Areas/ Urban Slums	0	200	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
Total	11.5	322.5	958.8
% of Total Provincial Education Budget	0.07	1.6	4.3

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

In addition, in 2009-10 the Sindh government allocated Rs. 50 million for Adopt a School Programme and Rs. 8.81 million for improvement in the functions and quality of education in the chartered institutions of the province. The expenditure of allocated budget in the case of public-private sector was near 100 per cent in the previous two years. Overall, the budgetary resources for the private sector have tripled from 1.6 per cent (Rs. 322.5 million) of the total provincial education budget in 2008-09 to 4.3 per cent (Rs. 958.81 million) in 2009-10. These statistics suggest that the Sindh government is according a high priority to the promotion of private sector educational institutions.

4.9 Scholarships and Stipends

The educational institutions of Sindh provide regular need- and merit-based scholarships from the 'general expenditure' in the non-salary budget. In addition, the Sindh government provides scholarships under the World Bank-assisted ESR programme to all girls studying in Class 6 to 10 in government schools. The Reforms Support Unit (RSU) is responsible for delivery of the scholarships through the Pakistan Post. In 2007-08, 330,000 girls received the scholarship. In addition, another stipend programme targets those talukas in which the progression rate of students from the primary to the middle level is very low¹.

Despite the fact that the Sindh government implements regular scholarship programmes, the budget documents do not show the funds it spends on these programmes. There is no separate head for regular expenditure on scholarships in the provincial education budget. Apart from the 'hidden' current budget for scholarships, the development budget may also include schemes for providing financial assistance, scholarships and stipends to students. However, no such scheme was provided for in the 2008-09 and 2009-10 budgets². Keeping in view the centrality of scholarships and stipends for the poor's access to education, there is a need to track expenditure which in turn requires the creation of a separate budget line for scholarships. A good practice in this regard is found in the federal education



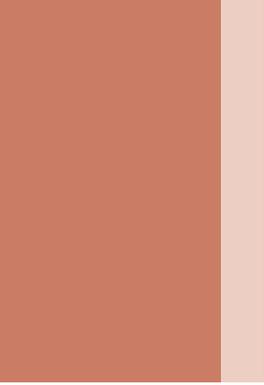
Keeping in view the centrality of scholarships and stipends for the poor's access to education, there is a need to track expenditure which in turn requires the creation of a separate budget line for scholarships.

¹ Government of Sindh. Sindh Education Reform Programme (SERP). Sindh Development Review 2008-09. Planning and Development Department, Karachi.

² Though there is no scholarship scheme, the development budget does include a scheme for assistance to girls' primary education with the support of World Food Program (WFP). Under this scheme, girls receive one 4-litre tin of oil every month, provided they attend school for a minimum of 20 days during the nine-month school year.

budget wherein a budget line exists for scholarships offered to students of the federal educational institutions.

While summarizing the chapter, three main issues stand out in the budgetary analysis. First, the education budget is overstated due to the inclusion of education-related services of health, antiquities, information and archives, and culture and tourism departments. As a result, it is difficult to draw direct comparisons with the federal and other provincial budgets which exclude the education-related services of these departments. Secondly, the development of education sector has been and continues to remain grossly neglected. The ratio between current and development expenditure is highly unfavourable for addressing the access and quality issues in education. Nearly three-quarters of the total education budget goes to salaries and operational expenses. Thirdly, the provincial government is playing little role for development of school education; its expenditure on school education is presently limited only to teacher education and training.



CHAPTER 5

Public Financing of Education: NWFP

CHAPTER 5

Public Financing of Education: NWFP

5.1 Classification of the NWFP Education Budget

The provincial education budget of the North West Frontier Province (NWFP) is divided into two broad categories: current and development. Till recently, the administrative organization for education in the province was headed by an officer in the grade of a provincial secretary and the entire education budget was accounted for on his behalf. The current budget was placed under a single Demand for Grants, further divided into eight functional categories: (1) Primary Education, (2) Secondary Education, (3) General Universities, Colleges and Institutes, (4) Professional Universities, Colleges and Institutes (5) Administration, (6) Archives, Library and Museums (7) Secretariat, Policy and Curriculum, and (8) Others. In 2009-10, this arrangement has changed due to separation of elementary and secondary education from higher education, archives and libraries. As a result, the provincial current budget for education is separately allocated for each of these two domains (see figure 5.1). Given that the enrolment, survival rate and quality of elementary and secondary education determines the extent and nature of demand for higher education, the need for coordinating decisions regarding the allocation and utilization of resources for these domains has become greater.

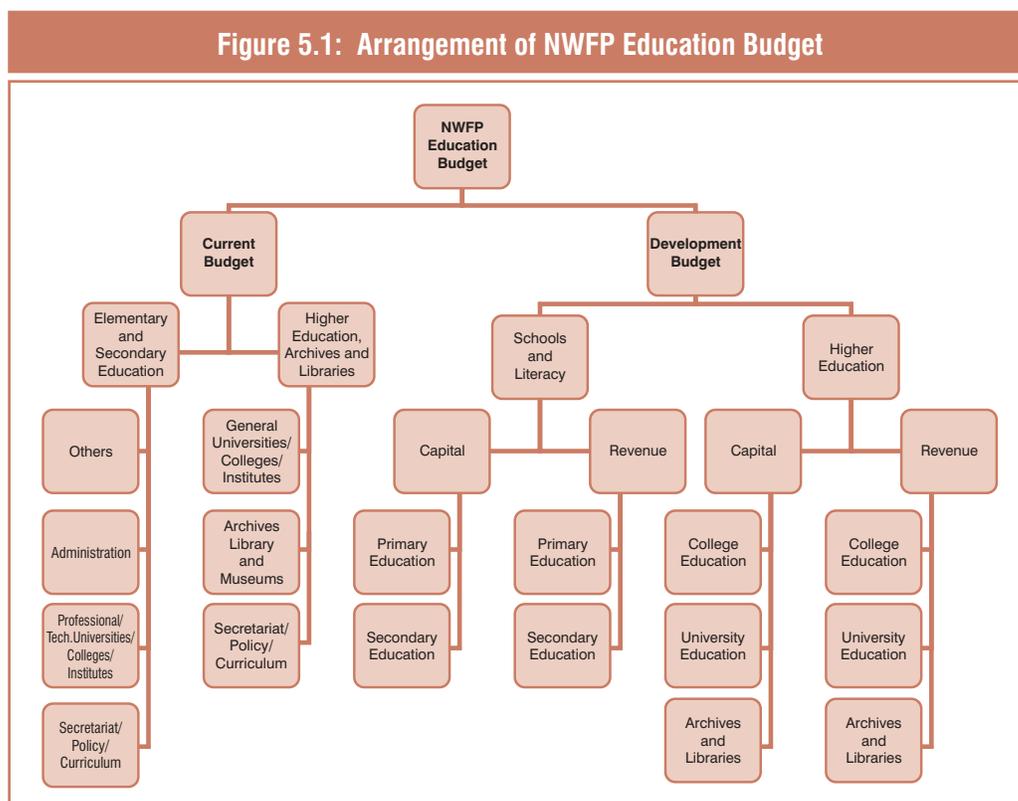
In the new arrangement, the current budget for the first domain, Elementary and Secondary Education, comprises of four categories. The first category—Others—includes twenty Regional Institutes for Teachers Education (RITEs). The second category—Administration—refers to regular expenses of the directorate of elementary and secondary education. The third category—Professional/Technical Universities/Colleges/Institutes—includes regular expenses of the directorate of

curriculum and teacher education, Government College of Physical Education, 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 second domain, 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, although in 2009-10, there was no allocation for museums. The third category covers regular expenses of Higher Education, Archives and Libraries Department and the Director Higher Education (Colleges).

The development budget for education is similarly divided into two domains: (1) Schools and Literacy, and (2) Higher Education. The development schemes for primary and secondary education fall under the first and those for colleges, university and archives and libraries are covered under the second domain. The allocations for each of these categories are further divided into capital and revenue budgets (see figure 5.1).

In the NWFP, considerable proportion of the provincial education budget comprises of lump sum grants, which restricts the availability of information.



Source: Compiled from NWFP Budget, 2009-10

Before proceeding further, three clarifications concerning classification of the budget need to be considered. 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 NWFP 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 NWFP.

5.2 Overall Budgetary Allocation

The NWFP government's allocation for education in 2009-10 lies in the region of Rs. 8 billion. As table 5.1 shows, the budget has grown consistently since 2007-08. The increase was to the tune of 12 per cent in 2008-09 and 8 per cent in 2009-10. In both years, the largest proportion of the increase went to secondary education and colleges. The percentage share of education in total provincial budget was 4.35 per cent in 2008-09, which has declined to 3.88 per cent in 2009-10.

The percentage share of education in total provincial budget was 4.35 per cent in 2008-09, which has declined to 3.88 per cent in 2009-10.

Table 5.1: Overall Provincial Education Budget

Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	6,645.84	..	6,690.87	101
2008-09	7,411.27	12	8,925.19	120
2009-10	8,009.86	8	-	-

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

In 2009-10, Rs. 724.192 million were allocated for technical education and manpower training. If this amount is also included in the provincial education budget like in other provinces, the education budget increases to Rs. 8.734 billion. It is very evident that the provincial government is according high priority to technical education, as its budget has increased by 748 per cent in 2009-10.

5.3 Current and Development Budget

The provincial government's current and development budget for education lies in the vicinity of Rs. 2 billion and Rs. 6 billion, respectively. In comparative terms, two major changes are visible during the past three years. One, both current and development budgets have increased in every successive year. Two, the increase in development budget has been higher than that for the current budget. About three-fourth of the total education budget goes to development projects and one-fourth to regular expenses (see table 5.2).

Table 5.2: Current and Development Budget

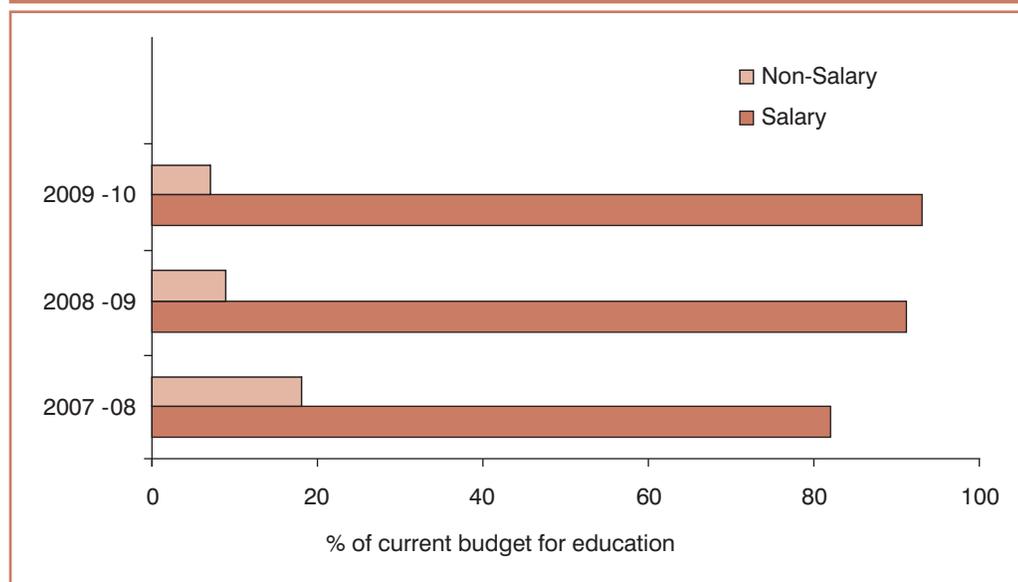
Year	Current		Development		% of Total Budget	
	Rs. Million	Change (%)	Rs. Million	Change (%)	Current	Development
2007-08	1,802.49	..	4,843.35	..	27	73
2008-09	1,903.89	6	5,507.38	14	26	74
2009-10	1,950.51	2	6,059.35	10	24	76

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

About three-fourth of the total education budget goes to development projects and one-fourth to regular expenses. The percentage share of development projects in the total education budget is the highest in the NWFP among the federal and all provincial budgets.

As table 5.2 indicates, the current budget has increased steadily: 6 per cent in 2008-09 and 2 per cent in 2009-10. In 2008-09, the largest increase was in the budget for general universities and colleges (Rs. 225.01 million), followed by professional universities and colleges (Rs. 91.38 million) and archives and museums (Rs. 6.09 million). The total volume of this increase was Rs. 322.48 million. Out of this amount, Rs. 221.08 came from budget cuts—Rs. 81.85 million in primary education, Rs. 115 million in secondary education, Rs. 9.06 million in administration and Rs. 12.85 million in secretariat/policy. This means that 68.56 per cent of the increase was met from these cuts. In 2009-10, the largest cut (Rs. 72.78 million) was made in the budget for professional colleges and universities whereas the highest increase (Rs. 285.5 million) was for the general higher education institutions.

A breakdown of the current budget into salary and non-salary shows that the proportional share of the latter has been sharply decreasing. The non-salary budget has been cut from 18 per cent in 2007-08 to 9 per cent in 2008-09 and further to 7 per cent in 2009-10 (see figure 5.2). This shift in resource allocation is evident from the budgets of many spending entities (for examples, see table 5.3). The non-salary budget covers operational costs, maintenance and repairs, communication, printing and publications, which are pre-requisites for the growth of an institution. While continued increase in salaries would certainly create incentives for the staff but this should not compromise the institutional growth.

Figure 5.2: Salary and Non-Salary Budget

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

Of particular note is the drastic cut in the non-salary budget of the schools and literacy department from 84 per cent in 2007-08 to just 33 per cent in 2009-10. In absolute terms, the salary budget has been increased from Rs. 6.04 million in 2008-09 to Rs. 28.74 million in 2009-10, up by 475 per cent in one year. The additional budget is meant to cover the salary budget for thirty-eight new posts comprising thirty officers (two in BPS-20, two in BPS-19, four in BPS-18, twenty in BPS-17 and two in BPS-16) and eight other staff. This cadre has been inducted because of the

The non-salary budget has been cut from 18 per cent in 2007-08 to 9 per cent in 2008-09 and further to 7 per cent in 2009-10.

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

	Salary			Non-Salary		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Current budget	82	91	93	18	9	7
Directorate of Schools and Literacy	93	93	89	7	7	11
Schools and Literacy Department*	16	25	67	84	75	33
Provincial Institute for Teacher Education	93	94	95	7	6	5
Director Higher Education (Colleges)	92	92	94	8	8	6
Director of Curriculum and Teacher Education	95	96	96	5	4	4

* Schools and Literacy Department has been renamed as Elementary and Secondary Education Department in 2009-10.

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

separation of higher education from elementary and secondary education. The additional cost of more than Rs. 22.7 million per year for salaries of the new staff indicates how reforms create their own political economy.

In 2007-08, 15 per cent of the total current budget for education comprised of lump sum allocations. In 2008-09 and 2009-10, lump sum allocations were to the tune of 7 per cent and 9 per cent, respectively.

Box 1:

Expenditure on Surplus Staff

In 2007-08, Rs. 32.3 million was allocated in the provincial education budget for surplus staff of the Regional Institute for Teachers Education (Male) and the Office of EDO Schools and Literacy D.I. Khan, teaching staff in Government Primary Schools (Male) Nowshehra and staff of the defunct GCETS. Out of this amount, Rs. 10.58 million was spent. In 2008-09, Rs. 0.164 million was again allocated for the surplus staff of the Regional Institute for Teachers Education (Male), D.I. Khan. No details on allocations for the surplus staff are provided in the education budget for 2009-10.

From one point of view, disclosure of these statistics calls for appreciation of the provincial government for making this information available in the budget books. The federal and other provincial governments do not disclose the expenditure on surplus staff in their budgets. At the same time, however, the statistics underline the need for improvement in the internal efficacy of the system by cutting down unnecessary expenditures.

Apart from the above, sizeable lump sum and single-line allocations in the current budget is a cause for serious concern. In 2007-08, 15 per cent of the total current budget for education comprised of lump sum allocations. In 2008-09 and 2009-10, lump sum allocations were to the tune of 7 per cent and 9 per cent, respectively. Similarly, there are many single-line allocations which do not provide information about where and how the money was actually spent. A case in point is the grants-in-aid. In 2007-08, there was no budgetary allocation for grants-in-aid, but Rs. 16.274 million were spent under this head. In 2008-09, Rs. 13 million was allocated for this purpose, but Rs. 46.98 million were spent—361 per cent in excess of the allocated budget. The budget books do not show where the grants were spent in any of these fiscal years. In 2009-10, Rs. 50 million have been allocated. While lump sum and single-line budget lines provide greater flexibility for spending resources where they are most needed, they also raise questions of transparency. It is therefore important

that even if lump sum and single-line Budget Estimates (allocations) are inevitably needed, Revised Estimates (expenditure) must be broken down into details.

Increase in the development budget was higher than the current budget: 14 per cent in 2008-09 and 10 per cent in 2009-10. In 2008-09, the 14 per cent increase was absorbed in secondary education (Rs. 641 million), college education (Rs. 15 million) and university education (Rs. 28 million). The size of the development budget for primary education was reduced by Rs. 160 million. The 10 per cent



increase in 2009-10 would be absorbed in secondary education (Rs. 790 million) and college education (Rs. 163 million). The development budget for primary education has been reduced by Rs. 268 million. There was no allocation for university education in 2009-10 as well as 2007-08. This analysis suggests that the provincial government intends to play a key role in the development of secondary and college education. In primary education, its role has been confined largely to teacher education and coordination only.

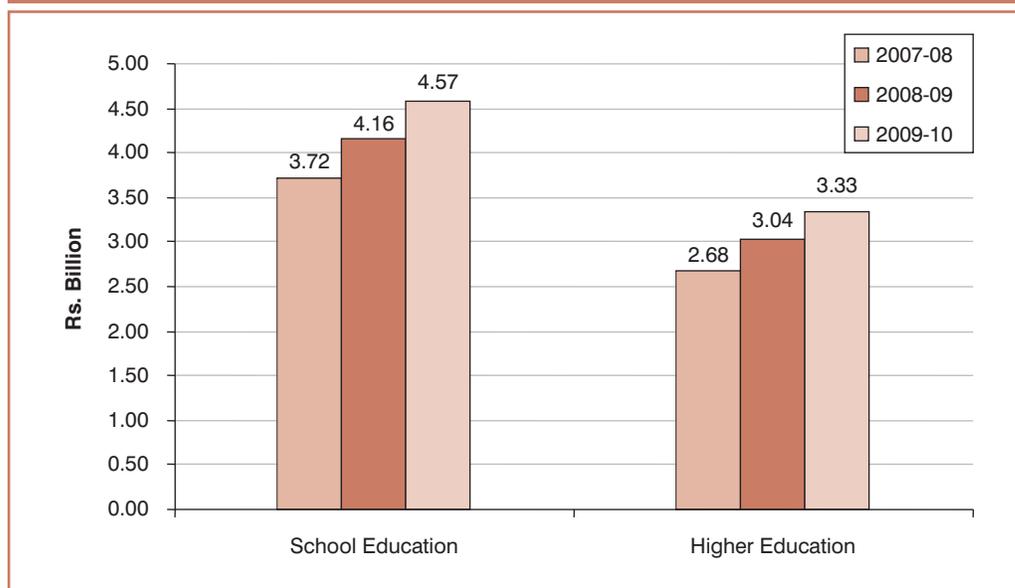
A serious issue in the development budget is the neglect of a large number of schemes. In 2007-08, there were forty-one schemes, mostly in college education, on which the spending was zero. In 2008-09, the situation improved as the number of schemes with zero spending, albeit still high, stood at twenty-one. Conversely, in 2007-08, funds were managed for implementation of eighteen such schemes for which no budget was allocated. This arrangement points to the primacy of political will in overcoming financial constraints in order to carry out work which is perceived to be of a higher priority. At the same time, it raises questions about the practice of re-appropriating funds from existing development schemes to new ones for which budget was not originally allocated and hence not debated in the parliament.

5.4 Sectoral Distribution of Allocations

Sector-wise distribution of the provincial budget indicates that school education continues to receive higher priority by the provincial government as compared to general higher education. In 2009-10, 57 per cent of the total education budget (Rs. 4.57 billion) was allocated to the former compared with 42 per cent (Rs. 3.33 billion) for the latter (see figure 5.3). This sectoral prioritization stands in sharp contrast to Sindh where the allocation for higher education is nearly ten times higher than that for school education.

In 2007-08, the NWFP government spent Rs. 10.58 million on the salaries of surplus staff (see Box 1).

Figure 5.3: Sectoral Distribution of Allocations



Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

The provincial government has been gradually reducing the development budget for primary education and consistently increasing it for secondary and college education.

A further breakdown of the allocations reveals two important drifts. First, in 2009-10, 78 per cent of the total allocation for school education went to secondary education, a sizable increase from the 59 per cent allocated in 2007-08 and 69 per cent in 2008-09. This is a clear indication that the provincial government accords a lower priority to primary education vis-à-vis secondary education. One could argue that this might be due to the devolution of responsibility for financing primary education to the districts, but this argument does not work because the districts are responsible for financing secondary education as well.

Secondly, the largest proportion of the allocations for school education comprises of development budget. This implies that the provincial government is playing a key role in giving direction and formulating policies for the development of secondary education. If the development budget is considered alone, the same pattern emerges for the past three years. As table 5.4 shows, the provincial government has been gradually reducing the development budget for primary education and consistently increasing it for secondary and college education (see also figure 5.4).

As for as literacy is concerned, the budget books do not separate the provincial government's current budget for literacy from that for schools. Till 2008-09, combined allocations were provided in the budget for the schools and literacy department and for the directorate of schools and literacy, but it was not known how much of the allocations were spent separately on schools and on literacy. In 2009-10, these institutions were renamed as the elementary and secondary education

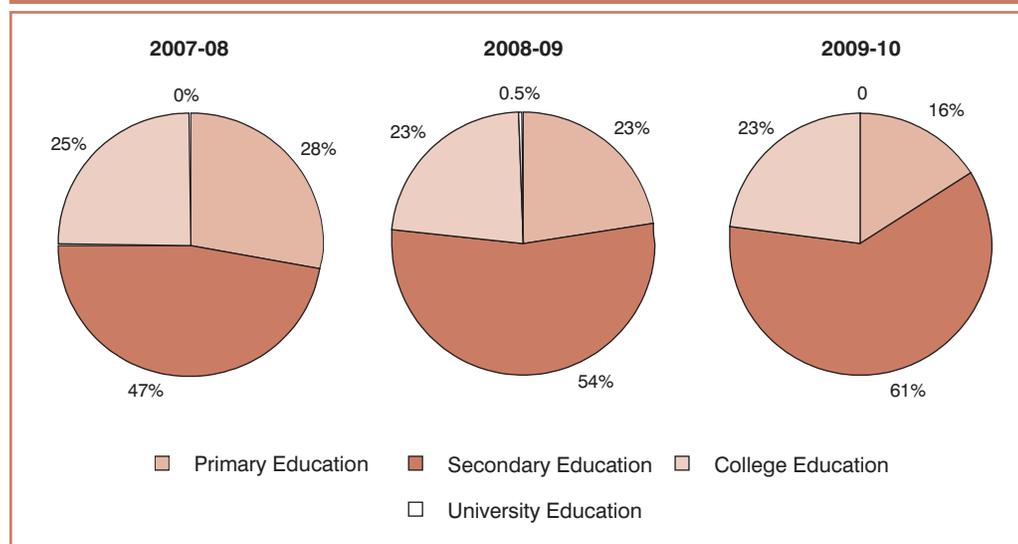
Table 5.4: Sectoral Distribution of Development Budget

	Allocation (Rs. Million)		
	2007-08	2008-09	2009-10
Primary Education	1448.29	1287.71	1019.24
Secondary Education	2416.54	3057.65	3848.18
College Education	1281.71	1296.65	1460.09
University Education	0	28	0

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

department and the directorate of elementary and secondary education. Implicit in this renaming is the thinking that literacy no longer needs attention on the scale it received in the past. This inference is validated by the sharp reduction in allocation for literacy in the development budget over years. There is only one literacy scheme in the development programme for education which was allocated Rs. 150 million, Rs. 50 million and Rs. 60 million in 2007-08, 2008-09 and 2009-10, respectively.

In 2007-08, there were 41 schemes, mostly in college education, on which the spending was zero. In 2008-09, the situation improved as the number of schemes with zero spending, albeit still high, stood at 21.

Figure 5.4: Sectoral Distribution of Development Budget

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

5.5 Utilization of Budgetary Allocations

Analysis of the provincial education budget suggests a high tendency for overspending. In 2007-08 and 2008-09, the spending rates for the overall education

budget were 101 per cent and 120 per cent, respectively. The overspending (in excess of the allocated budget) was to the tune of 28 per cent in the development budget, 47 per cent in primary education and 33 per cent in secondary education (see table 5.5). How should one interpret this overspending? Does it indicate good spending capacities or hints at problems in education budgeting? Are the initial cost estimates intentionally kept low so that the actual expenditure should look higher? Although the budget books do not provide sufficient information to answer these questions fully, some inferences may be drawn to explain the overspending as follows.

Table 5.5: Utilization of Budgetary Allocations

	% of Allocation	
	2007-08	2008-09
Total education budget	101	120
Current budget	85	99
Development budget	106	128
Primary education	128	147
Secondary education	94	133
Higher education	92	97
Teacher education and training	83	104

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

Analysis of the provincial education budget suggests a high tendency for overspending. In 2007-08 and 2008-09, the spending rates for the overall education budget were 101 per cent and 120 per cent, respectively.

It is evident from table 5.5 that there was overspending in the development budget in both years. In 2007-08, Rs. 158.48 million could not be spent from the allocated budget of Rs. 1281.71 million for college education, but spending on primary and secondary education exceeded the allocated budget by Rs. 492.51 million and Rs. 71.57, respectively. Similarly, in 2008-09, Rs. 601 million and Rs. 1179.23 million were spent in excess of the allocated budgets for primary and secondary education, in college education, underspending was to the tune of Rs. 57.91 million. Such an outcome is a result of 'selective implementation', i.e. excessive spending on some schemes, low spending on others, zero spending on some, and diversion of funds from the allocated budget to unbudgeted schemes. The provincial government's spending pattern on education thus appears to be inconsistent.

An illustrative example of selective implementation is the development expenditure on primary education in 2008-09. Out of a total of thirty-two schemes for

primary education, there was overspending on fourteen schemes, low spending on three schemes, zero spending on five schemes, 100 per cent spending on six schemes and diversion of allocated funds to four unbudgeted schemes.

These statistics suggest that the manner in which education budgeting is done in the NWFP is unusual. In the first instance, budget allocations are kept lower than realistic cost estimates would suggest. At the implementation stage, the cost exceeds the allocation resulting in a high spending rate. For example, Rs. 0.17 million was allocated in 2008-09 for strengthening the planning cell of the schools and literacy department. This amount was clearly too meager to be able to bring about any meaningful and substantive change in the department. At the implementation stage, however, an amount of Rs. 3.8 million was spent, twenty-two times the allocated budget. A large number of other such examples can be found in the development budget. Moreover, implementation of non-budgeted schemes is also a major factor responsible for overspending. In 2008-09, there was no allocation for giving stipends to girl students in secondary schools, but Rs. 700 million was spent for this purpose which sharply increased the expenditure under this head.



Out of a total of 32 schemes for primary education, there was overspending on 14 schemes, low spending on three schemes, zero spending on five schemes, 100 per cent spending on six schemes and diversion of allocated funds to four unbudgeted schemes.

5.6 Teacher Education and Training

As is the case in the other provinces, funds for teacher education and training in the NWFP are provided both by the federal and the provincial governments. The federal government is providing resources in its development budget to implement a countrywide scheme for capacity building of teacher training institutions and in-service training of elementary school teachers. Out of the total estimated cost of Rs. 6.69 billion for this federally-funded programme, Rs. 1.04 billion (16 per cent) is to be spent in the NWFP. Of this amount, Rs. 214.60 million was allocated in 2008-09 but spending was nil. In 2009-10, Rs. 194.28 million has been allocated to the NWFP under this programme.

In addition to the federal grant, a considerable proportion of the NWFP government's provincial education budget goes to pre- and in-service teacher education and training. The institutional set up comprises of the directorate of curriculum and teacher education, twenty regional institutes for teacher education (RITEs), the Provincial Institute for Teacher Education (PITE), Government Agro-

Technical Teachers Training Centre, Peshawar, and Government College of Physical Education, Karak.

The provincial budget for teacher education and training is Rs. 1.7 billion for 2009-10, equal to nearly 2 per cent of total education budget. The largest proportion (95 per cent) comprises of current budget (see table 5.6). The remaining 5 per cent comprises of two separate development schemes for school and college teachers. In 2009-10, a new scheme for a multi-level, integrated supervision and in-service training system has been introduced with a total budget of Rs. 20 million. Given that it is not wholly dedicated to teacher education, this budget is not included in the figures shown in table 5.6.

Table 5.6: Budget for Teacher Education and Training

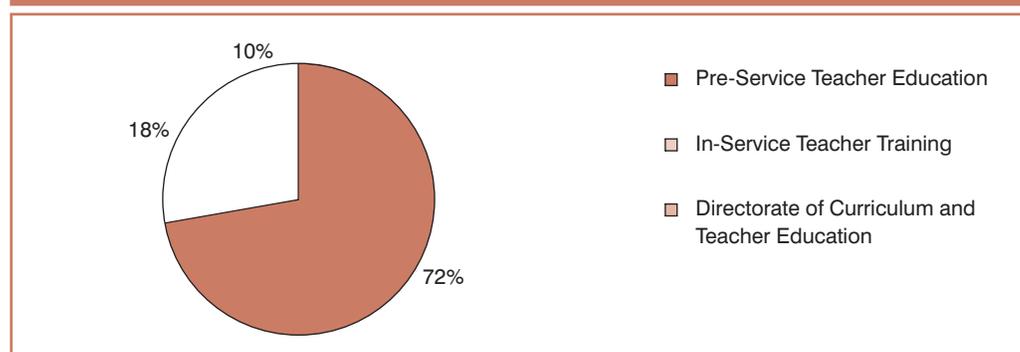
Year	Current		Development		Total	
	Allocation	Change (%)	Allocation	Change (%)	Total	Change (%)
2007-08	118.41	..	40	..	158.41	-
2008-09	135.90	14.77	5	-87.50	140.90	-11.05
2009-10	159.73	17.53	7.92	58.48	167.65	18.98

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

Out of Rs. 1.7 billion for teacher education and training in 2009-10, 72 per cent has been allocated to pre-service education and 18 per cent to in-service teacher training.

As far as the distribution of funds budgeted for teacher education and training is concerned, the largest share, equalling 72 per cent of the total funds, has been allocated to pre-service teacher education and 18 per cent to in-service teacher training in 2009-10. The remaining 10 per cent has been earmarked for the directorate of curriculum and teacher education (see figure 5.5). The same order of priority was maintained in 2007-08 and 2008-09 as well.

Figure 5.5: Distribution of Allocations for Teacher Education and Training

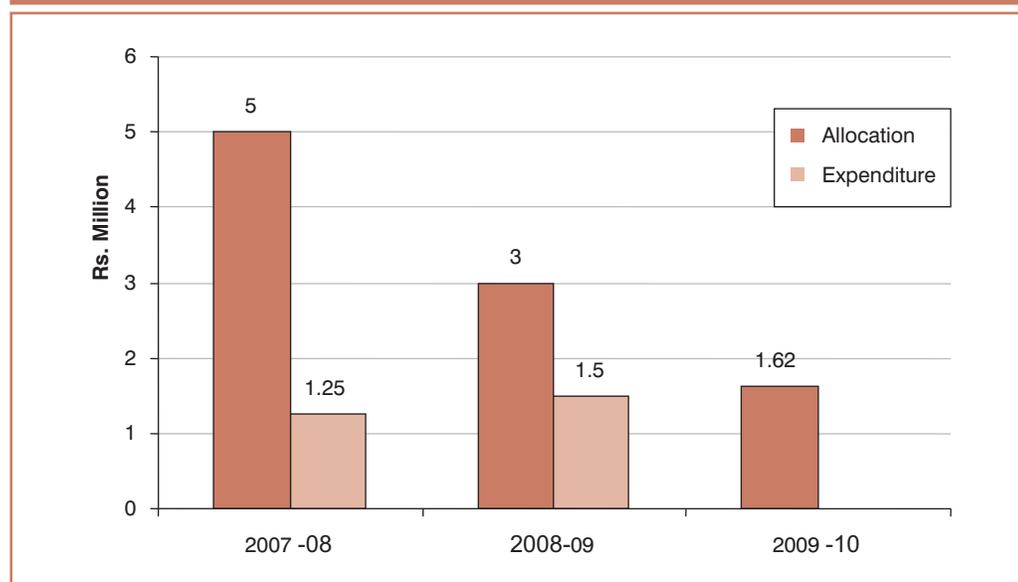


Source: I-SAPS' calculations from NWFP Budget, 2009-10

5.7 Provincial Education Assessment Centre

The mandate of the Provincial Education Assessment Centre (PEAC) is to conduct research on students' learning achievements in the province. Although the PEAC has a critical role to play in improving the quality of education, no budget line is traceable for this institution in the current budget for education. This implies that the PEAC is working in a project mode as its budget is provided from the development budget. In 2007-08, it was allocated Rs. 5 million but only 25 per cent of this amount was utilized. In 2008-09, the allocation was reduced to Rs. 3 million of which only 50 per cent was utilized. In 2009-10, the allocation has been further slashed to Rs. 1.62 million (see figure 5.6). The continued reduction of allocations for PEAC raises question over the importance the provincial government attaches to strengthening the institutional mechanism for assessing learning outcomes of students.

Figure 5.6: Development Budget of PEAC



Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

The continued reduction of allocations for PEAC raises question over the importance the provincial government attaches to strengthening the institutional mechanism for assessing learning outcomes of students.

5.8 Grants for Private Educational Institutions

Unlike the practice in the federal education budget and those of the other provinces, no information is provided in the NWFP's education budget on grants for private educational institutions. Presumably, a part of the lump sum provisions (which constitute nearly 9 per cent of total current budget for education) might be going to private institutions, but further research and information beyond the budget documents is needed to establish the validity of this assumption. Strangely, even the Frontier Education Foundation (FEF)—a corporate body established by the NWFP government under Act III of 1992 with the mandate to promote and develop public-

private partnerships in higher education—fails to merit a single line in the budget document. Similarly, no information is available in the budget about Elementary Education Foundation (EEF) which is mandated to foster public-private partnerships in school education. This information gap makes it difficult to carry out a comparative assessments of the NWFP with the federal and other provinces' spending on private sector education wherein funding for private sector has increased sharply during the past three years.

5.9 Scholarships and Stipends

The provincial government's overall expenditure on scholarships and stipends cannot be determined from the budget documents. Although scholarships are provided to needy and meritorious students from the regular expenditure of colleges and domestic grants-in-aid, it cannot be tracked because there is no separate budget line that shows this spending. The development budget for scholarships is spent through a scheme that provides stipends to girl students of secondary schools with the aim of encouraging transition from primary to secondary schools. In 2007-08, Rs. 40 million were allocated for this scheme and increased to Rs. 660 million and further to Rs. 700 million in 2008-09 and 2009-10, respectively. The allocated budget was fully utilized in 2007-08 while spending exceeded the allocation by 6 per cent in 2008-09. In 2009-10, allocation for scholarships under this scheme constitutes 12 per cent of the provincial development budget for education.

In addition, the provincial government is providing free text books to girl students in government secondary schools up to intermediate level. Allocation for this programme has been successively increased from Rs. 440 million in 2007-08 to Rs. 700 million and Rs. 800 million in 2008-09 and 2009-10, respectively. Utilization of

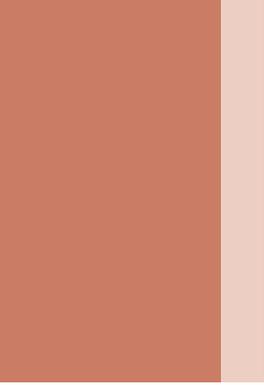


funds in the first two years was 104 per cent and 137 per cent. In 2009-10, the allocation for this programme constitutes 13 per cent of the provincial development budget for education. Thus, taken together, 25 per cent of the provincial development budget for education goes to provision of stipends and free text books to girl students in the NWFP.

While summarizing the chapter, five features stand out distinctively from the analysis. First, the classification of education budget needs consideration because of misplaced budget heads and a high tendency of lumpsum provisions. Secondly,

25 per cent of the provincial development budget for education goes to provision of stipends and free text books to girl students in the NWFP.

the percentage share of education in total provincial budget was 4.35 per cent in 2008-09, which has declined to 3.88 per cent in 2009-10. Thirdly, the share of development schemes in the total budget is the highest in the province, as compared to the federal and all provincial governments. Fourthly, there is high overspending of the allocated budget which, like underspending, is equally a matter of concern. Fifthly, secondary education is at the top in the provincial government's development priorities within the education sector.



CHAPTER 6

Public Financing of Education: Balochistan

CHAPTER 6

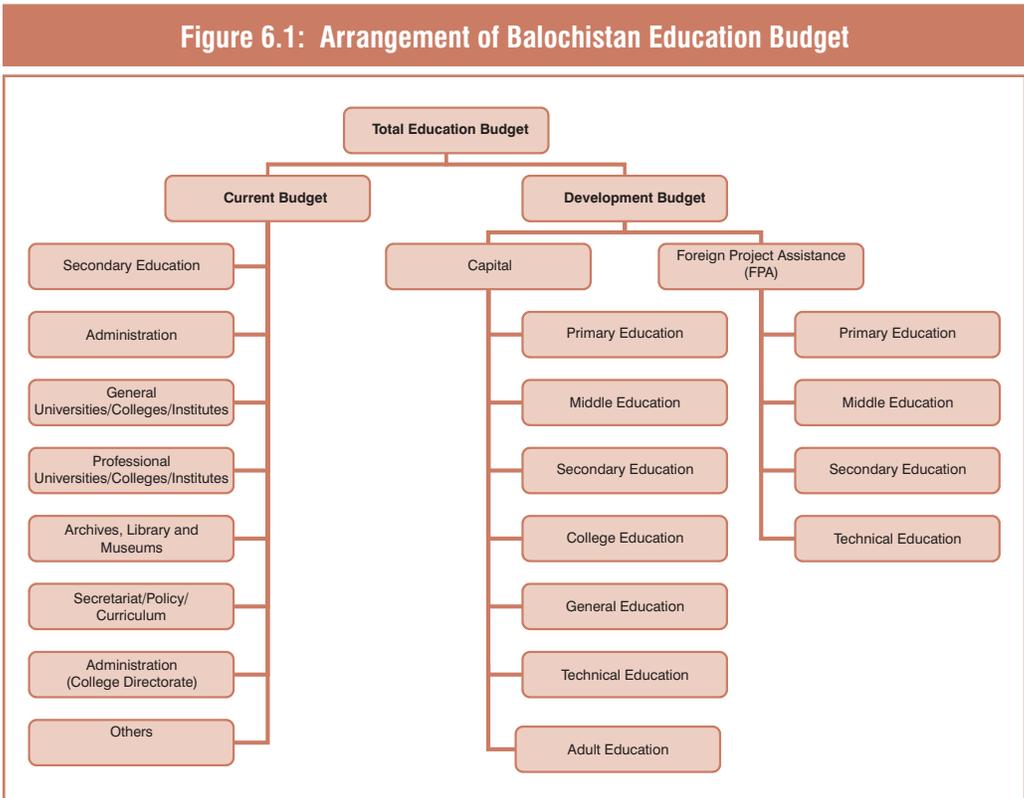
Public Financing of Education: Balochistan

6.1 Classification of Balochistan Education Budget

The provincial education budget of Balochistan is the sum total of the current and development budgets. The current education budget refers to the regular expenses of the following eight functional categories: (1) Secondary Education, (2) Administration, (3) General Universities, Colleges, Institutes, (4) Professional and Technical Universities and Institutes, (5) Archives, Library and Museums, (6) Secretariat, Policy and Curriculum, (7) Administration (College Directorate), and (8) Others (see figure 6.1). The composition of each is explained below.

The first category—secondary education—covers three residential model colleges located in Turbat, 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 and/or high schools. In reality, however, these colleges provide education from grade six to twelve and are therefore classified as secondary education institutes. The provincial government's contribution to the regular expenses of primary education is largely confined to teacher education and training, and the provision free text books.

In administration—the second functional category—regular expenses of the schools directorate are provided. The third category—general universities, colleges, institutes—covers all the degree and intermediate colleges for boys and girls in the province. The provincial government also provides grants to universities but these are accounted for under 'others'. The fourth category—professional and technical universities and institutes—includes regular expenses of the Government Polytechnic Institute for Girls Quetta and the College of Technology. The fifth



Source: Compiled from Balochistan Budget, 2009-10

In Balochistan, regular expenses of the Bolan Medical College, Institute of Public Health and Post-Graduate Medical Institute are also charged from the education budget.

category— archives, library and museums—includes the provincial library in Quetta, directorate of archaeology and museums, Museum Ketch Turbat, Gwadar Fort Museum, a library in Panjgar, and the public libraries in Turbat and Khanozai. The sixth category— secretariat, policy and curriculum—covers the administrative expenditure of the provincial education department, the bureau of curriculum and extension, and the literacy cell (non-formal education). The seventh category covers the administrative expenditure of the college directorate.

The eighth category—others—covers the regular expenses of the Government College of Commerce Quetta, Government Boys Inter College Ziarat, Government High School Killi Sheikhan Quetta, scholarships and grants-in-aid. In 2009-10, twenty-eight schemes received a grant-in-aid including the provision of free text books in primary schools, language academies and societies, five cadet colleges, five universities, Balochistan Education Foundation, etc. In addition, the expenditure on teacher education and training is also included in the category of 'others'.

Two issues stand out in Balochistan's current budget for education in. First, regular expenses of the Bolan Medical College, Institute of Public Health and Post-Graduate Medical Institute are charged from the education budget. This practice is

also noted in Sindh which too includes medical colleges in the education budget (see section 4.1 in chapter 4). In the federal, Punjab and the NWFP budgets, medical education is charged from the health budget (see sections 2.1, 3.1 and 5.1 in chapters 2, 3 and 5, respectively). 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. One implication of this classification is that the Balochistan education budget is overstated, as the allocations for these three institutions make about 13 per cent of the total current education budget in 2009-10.

Box 6.1:

Foreign Project Assistance in Balochistan

A unique feature of Balochistan's development budget is that a complete section is dedicated to foreign project assistance (FPA). Therefore, it is possible to analyze the development schemes in education that are supported, fully or on cost-share basis, by the international donors. However, the FPA represents the donor contributions that are channeled through the government. There is considerable off-the-budget foreign assistance but it is not covered in the study. 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 NWFP was not possible.

In the provincial education budget, instances of misplaced budget heads abound. For instance, the regular budget of Government Boys Inter College Ziarat is accounted for under 'others' rather than in 'General Universities, Colleges, Institutes'.

Secondly, instances of misplaced budget heads abound in Balochistan. For instance, the regular budget of Government Boys Inter College Ziarat is accounted for under 'others'. If the standard classification were followed, it should have been included in the third functional category, i.e. general universities, colleges, institutes. Similarly, the current expenditure on Government High School Killi 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 is understated because university grants are not included in these two categories and instead are covered in 'others'. Having

highlighted this anomaly, the chapter is based on the official classification and presents the analysis accordingly.

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. The allocations and expenditure on schemes funded through loans from foreign donors are provided separately in the FPA component. From the standpoint of research, 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, hidden or almost impossible to find from the budget books.

6.2 Overall Budgetary Allocation

The provincial education budget lies in the region of Rs. 5.16 billion in 2009-10, up by 16 per cent over Rs. 4.45 billion in 2008-09. As table 6.1 shows, the size of the budget has been growing consistently since 2007-08. While the resource base for education has expanded in real terms, the proportional share of education in the overall provincial budget has steadily declined. This is evident from the changes in the share of the education budget in the total provincial budget: 5.87 per cent in 2007-08, 5.45 per cent in 2008-09 and 5.41 per cent in 2009-10. This implies that the priority given to education relative to other sectors has successively declined in Balochistan since 2007-08.

The proportional share of education in the overall provincial budget has steadily declined. This is evident from the changes in the share of the education budget in the total provincial budget: 5.87 per cent in 2007-08, 5.45 per cent in 2008-09 and 5.41 per cent in 2009-10.

Table 6.1: Overall Provincial Education Budget

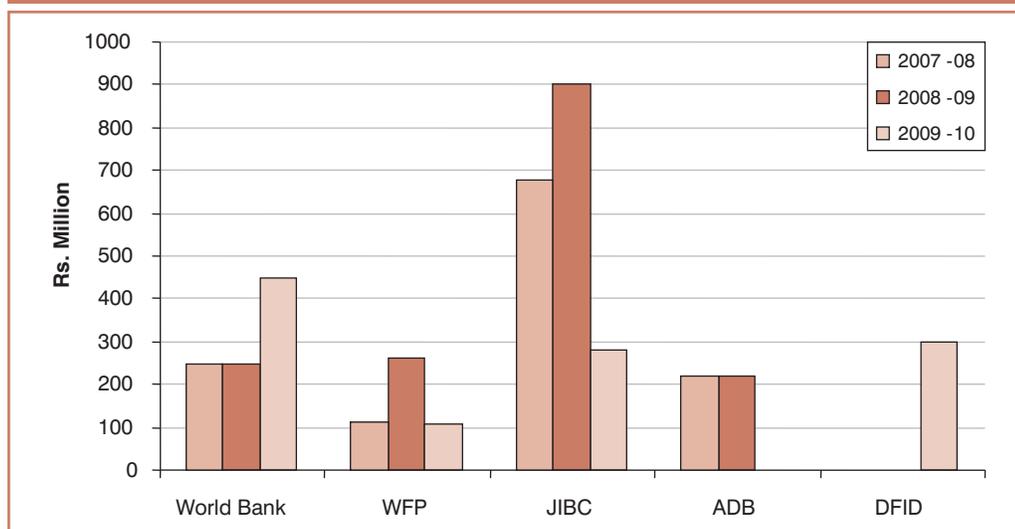
Year	Allocation		Expenditure	
	Rs. Million	Change (%)	Rs. Million	% of Allocation
2007-08	4,028.18	..	3,473.50	86
2008-09	4,450.32	10	3,349.31	75
2009-10	5,161.72	16	-	-

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

It is important to note that the provincial education budget shown in the Table 6.1 also includes the FPA which is in the form of loans from foreign donors and used by the provincial government to finance development schemes on a cost-sharing basis. The amount of FPA in education was to the tune of Rs. 1.26 billion in 2007-08, Rs. 1.63 billion in 2008-09, and Rs. 1.14 billion in 2009-10, representing 31 per cent, 37 per

cent and 22 per cent of the total education budget, respectively. This includes the World Bank-assisted Balochistan Education Support Project, World Food Programme (WFP)-supported Assistance for Girls Primary Education Project-III, the Japan Bank for International Cooperation (JIBC)-assisted Balochistan Middle Level Education Project, the Asian Development Bank-assisted Science Education Project for Secondary School (Phase II), the Department for International Development (DFID)-assisted Education Support to Government of Balochistan and the Asian Development Bank (ADB)-assisted Restructuring of Technical Education for Poverty Reduction Project. The contributions of all donors for these projects are shown in figure 6.2.

Figure 6.2: Foreign Project Assistance in the Education Sector of Balochistan



Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

The proportional share of development in the total education budget has been cut by 4 per cent in 2009-10, but it still compares well with the federal and Punjab budgets in which almost equal allocations have been made to the current and development budgets.

6.3 Current and Development Budget

Balochistan's current and development budgets for education in 2009-10 lie in the region of Rs. 2.80 billion and Rs. 2.36 billion, respectively. As table 6.2 shows, both the current and development budgets have consistently expanded. The increase is much higher for the former in 2009-10 because of which the current-development ratio which had remained balanced during the previous two years has now been altered. The proportional share of development in the total education budget has been cut by 4 per cent, but it still compares well with the federal and Punjab budgets in which almost equal allocations have been made to the current and development budgets. The share is considerably lower than that in the NWFP budget wherein nearly 75 per cent goes to development, but is much better than that in Sindh wherein the share of development in the total budget is only about 25 per cent.

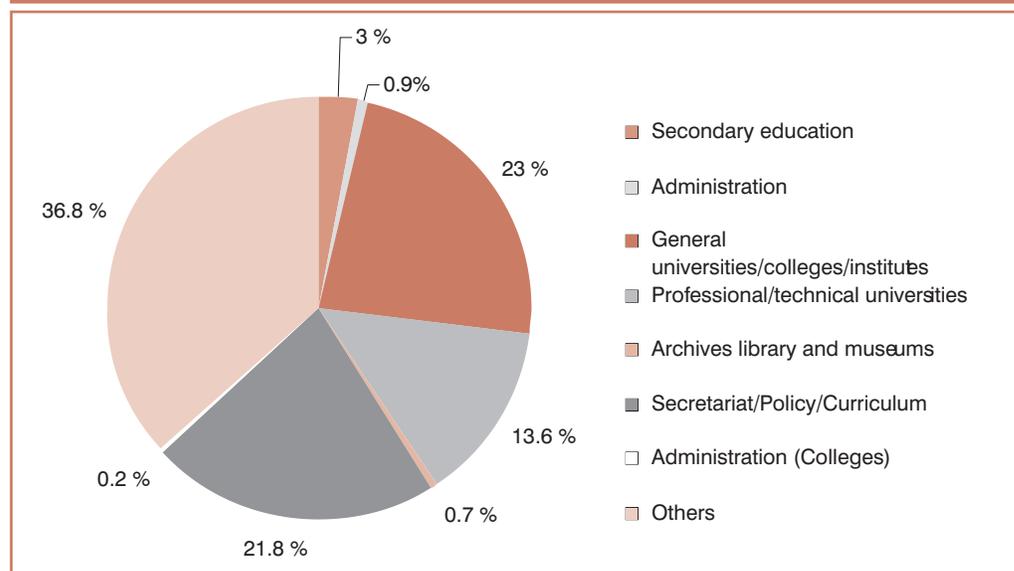
Table 6.2: Current and Development Budget

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

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

In absolute terms, the current budget in 2009-10 has been increased by Rs. 572.69 million over the allocation in 2008-09. The question is where would this increase of 26 per cent be absorbed? The largest proportion from this amount has been allocated to 'others' (Rs. 210.69 million), followed by colleges (Rs. 131.96 million), secretariat, policy and curriculum (Rs. 124.80 million), professional and technical universities (Rs. 77.73 million), secondary education (Rs. 17.41 million), school administration (Rs. 5 million), archives and libraries (Rs. 4.09 million) and college administration (Rs.1.04 million). The percentage shares in this increase are shown in figure 6.3.

About three-fourth of the total current budget for education goes to salaries. In 2009-10, the share of salary in the total current budget decreased by 2 per cent (see table 6.3).

Figure 6.3: Distribution of the 26 per cent Increase in Current Budget for Education

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

A closer look into the regular budgets of the three largest beneficiaries (others; secretariat, policy, curriculum; and general universities, colleges, institutes) of the 26 per cent increase provides further insights. The increase in 'others' is largely due to

the addition of Rs. 98.93 million in the grant-in-aid for text books of primary education, Rs. 66 million for scholarships, Rs. 50 million for five universities and Rs. 24.93 million for community schools over the allocations for 2008-09. The second largest increase, to the tune of Rs. 117.05 million, has been made in the regular budget of the secretariat of the provincial education department; 99.44 per cent of this amount is to be spent on pay and allowances. In addition to the salaries of the regular staff, a lumpsum amount of Rs. 158 million has been provided for salaries in 2009-10, up by 289 per cent from the lump sum provision of Rs. 40.539 million in 2008-09. The third largest increase, to the tune of Rs. 131.96 million, is explained largely by the incremental raises in the regular budgets of intermediate and degree colleges.

About three-fourth of the total current budget for education goes to salaries. In 2009-10, the share of salary in the total current budget decreased by 2 per cent (see table 6.3). This change stands in sharp contrast to the education budgets of other provinces in which the share of salary has increased steadily at the aggregate level. However, the ratio between the salary and non-salary budgets in Balochistan is identical to that in other provinces. Of particular note is the regular budget of the education department wherein 99 per cent of the current budget goes to salaries. The budget of the school administration has also undergone a major change but this is largely due to a rearranging of the budget heads. In 2007-08, the current budget for the schools directorate was high (Rs. 126.741 million) due to the inclusion of the grants-in-aid for primary text books. However, since 2008-09 the budget for grants-in-aid has been charged under 'others' thus reducing the size of the schools

A lumpsum amount of Rs. 158 million has been provided for salaries in 2009-10, up by 289 per cent from the lump sum provision of Rs. 40.539 million in 2008-09.

Table 6.3: Shares of Salary and Non-Salary in Current Budget (%)

	Salary			Non-Salary		
	2007-08	2008-09	2009-10	2007-08	2008-09	2009-10
Current budget (overall)	74	74	72	26	26	28
Administration (secretariat of education department)	93	97	99	07	03	01
Administration (schools)	23	91	92	77	09	08
Administration (colleges)	86	87	88	14	13	12
Literacy Cell	68	69	76	32	31	24
PITE	..	92	94	..	08	06
Government Polytechnic Institute for Girls	84	83	86	16	17	14

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

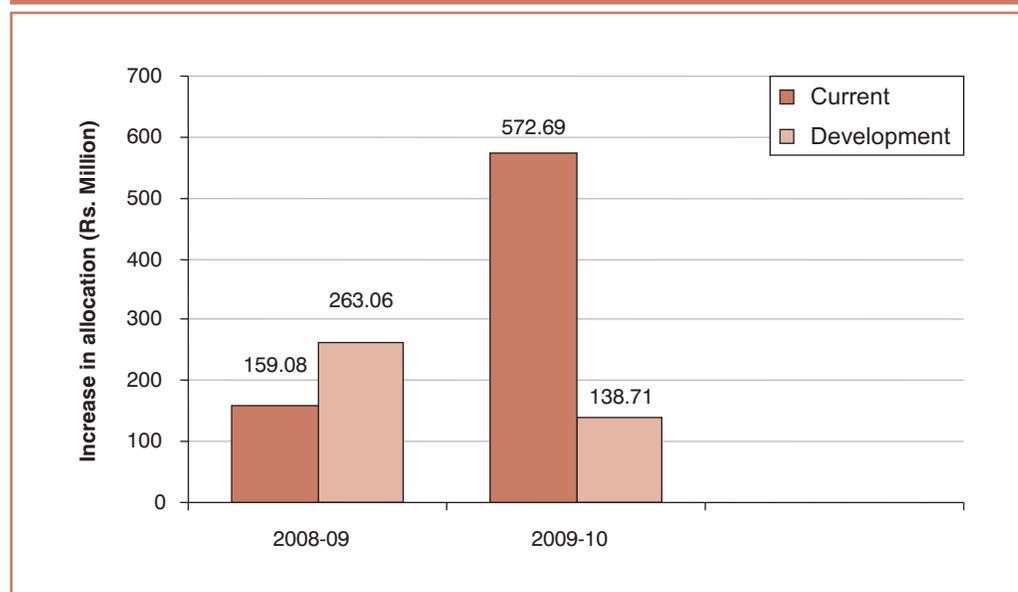
directorates' budget. As a result, the relative share of salary in its budget increased from 23 per cent to 91 per cent in 2008-09. Overall, the share of the non-salary component of the budget for administration and key institutions has been steadily declining.

Another issue in Balochistan's current budget for education is that a large amount of information is missing from the budget books. In 2008-09, the budget books provided information about only aggregate allocations and spending during the previous year for many spending entities without any breakdown for the pay of the staff. This practice has been observed in 2009-10 as well. Moreover, for almost all colleges, the allocations and spending for the year 2007-08 were altogether omitted in the budget books for 2008-09. This issue suggests that the reporting format for the budget is not consistent and resultantly, information that should be made available is not furnished.

Allocations for the development budget were increased every year during the period covered in the study: from Rs. 1.95 billion in 2007-08 to Rs. 2.218 billion in 2008-09 and further to Rs. 2.357 billion in 2009-10. It was noted, however, that while growth in the development budget in 2008-09 was greater than that in the current budget. In 2009-10, the increase was to the tune of Rs. 572.69 million in the current budget whereas only Rs. 138.71 million were added to the development budget. Thus, the increase in the development budget is four times less than in the current budget.

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Figure 6.4: Increase in Current and Development Budget (Rs. Million)



Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

6.4 Sectoral Distribution of Allocations

The Balochistan government's allocations (both current and development) for primary, middle, secondary and higher education are shown in table 6.4. Two significant trends emerge from these statistics. First, about 90 per cent of the total provincial budget goes to schools and higher education, whereas the remaining is allocated to administration and other related services. Top most priority is given to higher education (mostly general colleges) as is evident from the fact that in 2009-10 it received 53 per cent of the total provincial education budget with the remaining 37 per cent being allocated to primary, middle and secondary education. This is a significant shift from 2008-09 in which the allocation for higher education was cut by 2 per cent whereas it was increased by 23 per cent for school education. In 2009-10, there has been a much greater increase in the funds allocated for higher education (see table 6.4).

Table 6.4: Sectoral Distribution of Allocations

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	..	1,358.35	..	1,978.56	..
2008-09	564.04	25	996.51	32	110.33	-28	1,670.92	23	1,946.32	-2
2009-10	880.44	56	338.50	-66	667.05	504	1,886.00	13	2,751.87	41

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

About 90 per cent of the total provincial budget goes to schools and higher education, whereas the remaining is allocated to administration and other related services.

The priority given to the higher education is evident from the fact that the largest proportion of the current budget goes to colleges whereas allocation for school education is too little. The order of priority is entirely different as far as development schemes are concerned. Until 2008-09, it was the middle education that received the highest priority followed by primary, college, technical, secondary, general and adult education. In 2009-10, it is the primary education which received the largest proportion of development budget followed by secondary education. It is important to note that only nominal changes have been made in the development budget for college education, but for primary and secondary education, the allocations have increased significantly over 2007-08 (see table 6.5).

The second drift that emerges from the data is that the pattern of allocations is highly inconsistent and unpredictable in the education sector of Balochistan. In 2008-09, the allocation for middle education was increased by 32 per cent but was

Table 6.5: Sectoral Distribution of Development Budget (%)

	2007-08	2008-09	2009-10
Primary Education	23	25	37
Middle Education	39	45	14
Secondary Education	4	2	25
College Education	19	15	18
General Education	1	1	3
Technical Education	13	12	2
Adult Education	0.4	0.5	0.3

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

The pattern of allocations is highly inconsistent and unpredictable in the education sector of Balochistan. For instance, the allocation for secondary education was cut by 28 per cent in 2008-09 but the next year was increased by 504 per cent.

cut by 66 per cent the very next year. Similarly, in secondary education, the allocation was cut by 28 per cent in 2008-09 but was increased by 504 per cent in 2009-10. This huge inconsistency is largely attributable to fluctuations in the development budget. Such a pattern generally reflects a lack of vision and systematic planning for development. It is obvious that the educational needs of Balochistan have not changed as rapidly as the budgetary allocations would suggest and as such one may infer that allocations do not conform to the actual needs at various levels of education in the province.

Allocations for literacy and special education in other provinces have been discussed in the earlier chapters. In the case of Balochistan, however, there is no development scheme for literacy even though Rs. 2.84 million were allocated for the literacy cell (non-formal education) in the current budget of 2009-10—a successive increase from Rs. 1.83 million in 2007-08 and Rs. 2.30 million in 2008-09. This pattern is different from the federal and other provincial education budgets wherein the allocations for literacy are being gradually reduced. Special education too has not been discussed here because in Balochistan the budget for this is charged from the social welfare department.

6.5 Utilization of Budgetary Allocations

In a pattern that is similar to the huge variations in allocations, utilization in the provincial education budget has also been equally inconsistent. At the aggregate level, the provincial government's spending was 86 per cent of the allocated budget in 2007-08 which may be considered reasonably high. In 2008-09, the spending dropped by 11 percentage points over the previous year and as a result, a quarter of

the entire education budget was not utilized. As table 6.6 shows, while the current budget was overspent by 2 per cent, 52 per cent of the development budget was not spent in 2008-09. The entire underspending is attributed to a neglect of development schemes in both the school and higher education, although the problem is more severe in the case of the former.

Table 6.6: Utilization of Budgetary Allocations

	% of Allocation	
	2007-08	2008-09
Total education budget	86	75
Current budget	87	102
Development budget	85	48
School Education	92	35
Primary education	88	50
Middle education	102	20
Secondary education	57	92
Higher education	61	60
Literacy Cell (Non-formal education)	102	112
Administration (Secretariat)	44*	48*
Administration (Schools Directorate)	106	143
Administration (Colleges Directorate)	118	112
Scholarships	100	100
Grants-in-Aid	55	93
Teacher education and training	136	102

* These figures are misleading. See Box 6.1 for explanation.
Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

In 2008-09, the spending dropped by 11 per cent over the previous year and as a result, a quarter of the entire education budget was not utilized.

Indeed, the overall spending may be considerably lower than the statistics in table 6.6 suggest. The reason is that about 22 per cent of the total provincial education budget comprises of loans from foreign donors in 2009-10. The amount released by the donors is transferred to the account of respective assignment (usually called as 'dollar account'). The Revised Estimates for schemes funded from the loans reflect the funds available in the account and do not necessarily reflect realistic estimates of

amount that could be spent by the end of fiscal year. For this reason, the expenditure on FPA schemes shown in the budget books is usually very high. In reality, it is much higher than cautious estimates of expenditure might suggest. Therefore, the problem of underspending in Balochistan is actually much more severe than the budget books might suggest.

In 2007-08, there were forty-nine development schemes in the education sector in which spending was zero, most pertaining to school education.

Box 6.2:

Overspending in Administration

While the development of the education sector continues to be undermined by underspending, the administration budget is overspent every year. Overspending by the schools directorate and the colleges directorate was to the tune of 6 per cent and 18 per cent in 2007-08 and 43 per cent and 12 per cent in 2008-09, respectively. Apparently, the administration budget of the education department's secretariat was 44 per cent and 48 per cent in 2007-08 and 2008-09, respectively. But these figures are misleading in the sense that the overall expenditure of the secretariat becomes smaller because the lumpsum amount of Rs. 40.5 million for salaries other than the salaries for regular staff could not be spent. This amount serves no purpose but to 'show' that the department's administrative expenditure is low. In reality, the budget allocated to the department other than this lumpsum amount was overspent by 29 per cent in 2008-09. The overspending was in almost all heads: salaries, allowances, operating expenses, travel and transportation, general expenses, repairs and maintenance, machinery and equipment and furniture and fixtures.

In 2007-08, there were forty-nine development schemes in the education sector in which spending was zero, most pertaining to school education. In 2008-09, many schemes were altogether scrapped from the budget instead of allocating funds for their implementation. The number of schemes with zero spending was reduced to eight in 2008-09.

A distinguishing feature of utilization in Balochistan's education budget is that re-appropriation is low. In 2007-08, there was not even a single project for which funds were re-appropriated from other budget heads. In 2008-09, however, there were five development schemes for colleges worth Rs. 76.45 million for which originally there was no allocation in the budget but funds were managed through re-appropriation. This practice stands in sharp contrast to the situation in other provinces where re-appropriation is very high.

6.6 Teacher Education and Training

Public spending on teacher education and training is an important pre-requisite for improving the quality of learning outcomes in educational institutions. At the provincial tier, funds for this purpose come from both the federal and the provincial governments. The federal government has been providing resources in its annual development budget for implementing a countrywide scheme for the capacity building of teacher training institutions and in-service training of elementary school



teachers. Out of the total estimated cost of Rs. 6.69 billion for this federally-funded programme, Rs. 602 million (9 per cent) is to be spent in Balochistan. In 2008-09, a token amount of Rs. 1 million was allocated to Balochistan under the programme; it was the only province that fully utilized the allocated budget. In 2009-10, the allocation has been raised to Rs. 209.59 million.

The Balochistan government spends a considerable proportion of its provincial education budget on pre- and in-service teacher education and training and thus augments the funds received as a federal grant. The budget shown in table 6.7 includes the regular expenses of government elementary colleges for boys and girls

In 2008-09, there were five development schemes for colleges worth Rs. 76.45 million for which originally there was no allocation in the budget but funds were managed through re-appropriation.

Table 6.7: Provincial Budget for Teacher Education and Training

	2007-08		2008-09		2009-10
	Allocation	Expenditure	Allocation	Expenditure	Allocation
Government Elementary Colleges (GECs)	..	..	132.89	128.59	151.12
PITE	..	..	16.62	16.70	20.48
Government College of Education*					11.44
Agro Technical Teacher Training Centre*	..	..	25.891	22.76	16.43
Bureau of Curriculum and Extension Centre (ToTs)	..	..	102.06	115.61	119.94
Balochistan Academy for College Teachers	4.60	5.40	6.37	5.72	9.67
Total	216.18	294.95	283.84	289.38	329.09

* In 2007-08 and 2008-09, the budget of Government College of Education and Agro Technical Teacher Training Centre was lumped together. In 2009-10, allocations have been made separately for both.

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

Considered together for both 2007-08 and 2008-09, the spending on teacher education and training was the highest in Balochistan from amongst all four provinces.

Box 6.3:

Expenditure on PEAS and BEMIS

The Provincial Education Assessment System (PEAS) and Balochistan Education Management Information System (BEMIS) are of great significance as the former assesses the quality of learning outcomes and the latter provides wide-ranging data. Both, in combination, help in determining policy and improving management of the education sector. In previous chapters, budgetary allocations and expenditure of counterpart organizations in the other three provinces have been analysed. In the case of Balochistan, only limited information is available in the budget documents and a fuller picture cannot be portrayed because no separate budget lines exist for PEAS and BEMIS.

The budget for the PEAS, which can only be traced from the budget documents, is allocated for this organization's deputy director who works under the administrative control of the bureau of curriculum and extension. An amount of Rs. 0.34 million was allocated for the salary of the deputy director in BPS-19 in 2007-08; in 2008-09, there was no change in this allocation. In 2009-10, Rs. 41 million have been allocated of the deputy director (PEAS) in BPS-18 on account of salary for one year. The budget books do not include a budgetary head for expenses required by the PEAS to perform its core functions such as assessment surveys.

Similar information is provided for BEMIS which is under the administrative control of the schools directorate. In 2007-08, Rs. 0.96 million was allocated for the salaries of a system analyst, a computer projectionist, a hardware engineer and a computer assistant working for the BEMIS. There was no increase in the salary budget in 2008-09. In 2009-10, the allocation has been raised to Rs. 1.15 million. Similar to the case for the PEAS, the budget books do not include a budgetary head for expenses required for data collection.

(GECs), the PITE, the Government College of Education and the Agro Technical Teacher Training Centre; it also shows the expenses incurred on teacher training by the bureau of curriculum and extension centre as well as funding for the Balochistan Academy for College Teachers. It is evident that allocations for teacher education and training in Balochistan have steadily increased, from Rs. 216.18 million in 2007-08 to Rs. 329.09 million in 2008-09. The utilization is considerably high—in 2007-08, the spending rate was 136.44 per cent. Since the budget books have omitted to show the breakdown of expenditure, it is not possible to determine where the funds in excess of the allocated budget were spent. In 2008-09, the spending was 101.95 per cent—the excess amount being spent by the GECs, the PITE and the bureau of

curriculum and extension centre. Considered together for both 2007-08 and 2008-09, the spending on teacher education and training was the highest in Balochistan from amongst all four provinces.

6.7 Grants for Private Educational Institutions

The Balochistan government is promoting public-private partnerships, mainly through the Balochistan Education Foundation (BEF). Established in 1994, the Foundation has since then been working to enhance the provision of educational opportunities in the not-for-profit and low-cost private sector of Balochistan. In 2007-08, the BEF ventured into establishing community schools in rural areas. The budgetary allocation for public-private partnerships and community schools increased substantially from 12.5 million in 2007-08 to 56.29 million in 2009-10. In addition, the provincial government provides grant-in-aid worth Rs. 1 million to the Tameer-e-Nau Public College, Quetta. Overall, the resources earmarked for the private sector, largely representing the BEF budget, have increased by about four times since 2007-08 (see table 6.8).

The resources earmarked for the private sector, largely representing the BEF budget, have increased by about four times since 2007-08.

Table 6.8: Grants for Private Educational Institutions

Grant-in-Aid	Allocation (Rs. Million)		
	2007-08	2008-09	2009-10
Grant-in-Aid for Balochistan Education Foundation (Community Schools)	0.00	6.36	31.29
Grant-in-Aid for Balochistan Education Foundation	12.5	12.5	25
Grant-in-Aid for Tameer-e-Nau Public College, Quetta	1.00	1.00	1.00
Total	13.50	19.86	57.29
% of Total Education Budget	0.33	0.45	1.11

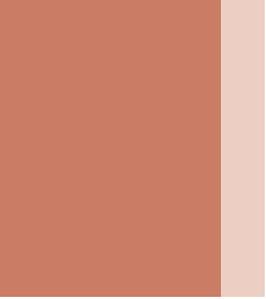
Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

6.8 Scholarships and Stipends

The Balochistan government spends a considerable amount of resources on scholarships. The existence of a separate budget line for this head made it possible to analyse the expenditure. In 2007-08, Rs. 12.34 million was spent on scholarships. Out of this amount, about 19 per cent (Rs. 2.24 million) was utilized for awarding merit-based scholarships and the remaining 81 per cent (Rs. 10.1 million) for granting 'other' scholarships to students enrolled in the middle, secondary, intermediate, degree and post-graduate classes. In 2008-09, the allocation and spending remained unchanged but in 2009-10, the allocation was substantially

increased. The entire amount of the increase—from Rs. 2.224 million in 2008-09 to Rs. 68.244 million in 2009-10—is to be spent on awarding merit-based scholarship. Out of this amount, 97 per cent would be spent on the recently initiated Mohtarma Benazir Bhutto Scholarship scheme for matric and intermediate students. Overall, the scholarships would take 2.79 per cent of the total current education budget of Balochistan in 2009-10. There is no scholarship scheme in the development budget.

In summary, four main features emerge from this analysis. First, a number of budget categories are misplaced and require changes in their classification so that allocations to the primary, secondary, college and university education are separately and accurately reflected. Secondly, the proportional share of education in the resources available at the provincial tier has declined from 5.87 per cent in 2007-08 to 5.41 per cent in 2009-10. Thirdly, there is severe problem of overspending in the administration and underspending in the development budgets. Fourthly, the pattern of budgetary allocations is highly inconsistent which reflects a failure to cognize the actual requirements at various levels of education. Despite these issues, Balochistan has the highest percentage of spending on teacher education and training. Moreover, its budget classification is unique in the sense that it incorporates a separate section in its education budget to provide information on donor-funded development schemes.



CHAPTER 7

Summary and Conclusions

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7.1 Introduction

The challenges of access, quality and equity in the provision of education in Pakistan are intricately linked to the manner in which public finance is planned and managed. Very often, reference is made to the issues of insufficient budgetary allocation, low spending due to poor management and problems related to timely and smooth fiscal flow, corruption and leakage, huge administrative expenditure, and poor oversight mechanisms, to name a few. However, the scope of research and policy debate has been rather narrow, chiefly focusing on low spending on education as a percentage of Gross Domestic Product (GDP) and failure of the system to absorb the meager resources that are available. While recognition of such issues is widespread, there is an utter paucity of in-depth research on public finance as it relates to public education in Pakistan.

This study provides evidence grounded in budgetary data on a range of issues related to the effectiveness of educational resources. The study concentrates on the education budgets of the federal and all provincial governments of Pakistan over three fiscal years, i.e. 2007-08, 2008-09 and 2009-10. The primary source of data for analysis is budget books of the federal and provincial governments. The main objective is to foster informed debate, articulate public demand for enhancing the effectiveness of education financing, and generate the pertinent policy response.

It is important to mention that the study does not intend 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.

7.2 Federal and Provincial Education Budgets: An Overview

The federal and provincial governments spend significant proportions of their budgets on education, in addition to the grants that they transfer to the districts. Overall, they provide about half of the total public expenditure on education in Pakistan. The combined education budget of the federal and provincial governments was Rs. 113.07 billion in 2007-08, Rs. 127.59 billion in 2008-09, and Rs. 138.82 billion in 2009-10. Thus, the budget has been growing consistently. Since 2007, the largest increase has been made by Sindh (32 per cent) followed by the federal government (29 per cent), Balochistan (28 per cent), the NWFP (21 per cent) and the Punjab (13 per cent). The lowest increase in the Punjab is attributed to a 10 per cent cut in the education budget in 2009-10 despite a significant expansion of the overall provincial budget.

A slight improvement has been noted in expenditure during the past two fiscal years. The combined utilization of federal and provincial education budgets was 83 per cent in 2007-08, which increased to 86 per cent in 2008-09. If expenditure of total allocations over the two years is considered, it was highest in the NWFP (111 per cent) followed by the federal government (92 per cent), Sindh (87 per cent), Balochistan (80 per cent) and the Punjab (74 per cent).

The above analysis hints at the diversity in public financing of education in Pakistan. Sindh is at the top in terms of increase in allocation since 2007-08 but in respect of overall priority attached to education sector as a percentage of the total budget, Punjab leads the row. However, Punjab is at the bottom as far as expansion and utilization of the education budget are concerned. The NWFP stands out as the province whose utilization of the education budget is the highest among the federal and all provincial governments.

7.3 Analysis of the Education Budgets: Some Conclusions

The in-depth analysis of federal and provincial budgets presented in the previous five chapters highlights many issues which have far-reaching implications for access, quality and equity in the provision of education. What follows is a comparative analysis and recapitulation of these issues.

7.3.1 Political commitment for education has declined at the federal and provincial levels.

The budgetary analysis suggests that the rhetoric does not match the reality. The importance attached to education vis-à-vis other sectors has declined at both the federal and provincial levels; and most manifestly in the Punjab province. The federal government allocated 2.77 per cent for education out of its total budget in 2007-08 but this percentage dropped to 2.27 in 2009-10. The corresponding provincial allocations accordingly shrank—from 10.76 per cent to 7.99 per cent in the Punjab; from 6.16 per cent to 5.17 per cent in Sindh; from 4.35 per cent to 3.88 per cent in the NWFP; and from 5.45 per cent to 5.41 per cent in Balochistan.

In comparative terms, the percentage share of education in the total budget is highest in the Punjab, followed by Balochistan, Sindh, the NWFP and the federal government. Nevertheless, this relative lead in budgetary allocation should not be construed as room for complacency; Punjab is the largest province of the country and its educational challenge is proportionately enormous. It is the only province which has cut education budget in 2009-10 by 10 per cent although its overall budget has grown. Clearly, the federal and provincial governments have not been able to maintain the percentage share of education in their total budgets let alone expand it—a clear indication of the decline in political commitment in sharp contrast to the political rhetoric and policy commitments.

7.3.2 The development of education sector is being undermined by a relatively higher priority attached to regular expenses.

The study shows considerable variation in the share of development schemes in the federal and provincial budget. Broadly speaking, the federal government, Punjab and Balochistan allocate nearly half of their budgets for development schemes. In Sindh, only a quarter of the total budget goes to development and the rest to regular expenses. The NWFP spends one-quarter on regular expenses, dedicating the remainder to development schemes. The share of development schemes in the total education budget is highest in the NWFP and lowest in Sindh.

Changes in allocation in the past three budgets suggest that the development of education sector is being undermined by a relatively higher priority attached to regular expenses. This is evident from the fact that the share of development schemes in the total education budget declined by 1 per cent at the federal level, 2 per cent in Punjab and 4 per cent in Balochistan in 2009-10 compared with the allocations for 2008-09. The share of development budget increased in Sindh and the NWFP respectively by 3 per cent and 2 per cent during the same period. For the most part, however, current budget has grown at a faster pace than the development budget. In Sindh, of the total amount added in the budget in 2009-

10, 53 per cent went to the current budget. In Balochistan, the increase in development budget is 400 per cent less than that in the current budget in 2009-10.

7.3.3 Non-salary budget as a percentage of the total current budget is consistently decreasing.

The share of non-salary budget is shrinking rapidly to bolster the salaries and allowances of employees. At the federal tier, figures for aggregate budget are not available because breakdown of the current expenditure on higher education is not provided in the budget books. However, analysis of the regular expenses of the Ministry of Education and key institutions including AEPAM, NEMIS and NEAS reveals that the share of non-salary budget has decreased consistently in the total current budget (see table 2.3 in chapter 1).

In 2009-10, non-salary budget shrank by 25 per cent in the Punjab; by 4 per cent in Sindh; and by 2 per cent in the NWFP. Similar trends are in evidence for 2008-09. Balochistan is the only exception where allocation for non-salary expenses has risen by 2 per cent. The continued reduction in non-salary budget entails serious implications for institutional development and the performance of core functions of the institutions because it squeezes the availability of resources for operating expenses, physical assets, repairs and maintenance and other indirect expenses.

Pakistan's prospects for progress in education face a twofold challenge of public finance. One, the functioning of existing institutional and infrastructural system is likely to deteriorate due to the continued reduction in the non-salary budget. Two, the expansion and improvement of this system are going to be constrained by the decline in relative priority accorded to development schemes vis-à-vis regular expenses.

7.3.4 Governments are pursuing strikingly different sectoral priorities.

The analysis suggests that sectoral priorities of the federal and provincial governments vary considerably. At the federal level, about four-fifth of the total education budget goes to higher education, i.e. HEC's secretariat and programs, universities, and other institutions of higher learning falling within the federal government's jurisdiction. The remaining one-fifth goes to school education and subsidiary education services. Considering that the federal government remains the main financier of higher education, the federal policy of allocating the largest proportion of education budget to higher education would make sense.

The Punjab and the NWFP allocate the largest proportion of education budget to school education. However, in Sindh and Balochistan, it is the higher education which receives the largest chunk of provincial resources. Sindh's allocation for higher education is nearly ten times the outlay on school education. The pursuit of different sectoral priorities by various governments indicates the need for greater coordination of budgetary decisions to determine the priorities that lead in the direction of national policy objectives and international commitments in the education sector.

7.3.5 Utilization of the allocated budget is characterized by extremes of underspending, overspending, unpredictability and inconsistency.

7.3.5.1 Analysis reveals highly diverse utilization patterns in federal and provincial education budgets. According to the Revised Estimates, combined utilization of the federal and provincial budgets has been fairly high at 83 per cent in 2007-08 and 86 per cent in 2008-09. In 2007-08, the highest utilization was that of the NWFP (101 per cent), followed by the federal government (93 per cent), Balochistan (86 per cent), Sindh (81 per cent) and the Punjab (72 per cent). In 2008-09, the NWFP (120 per cent) maintained the lead while Sindh (93 per cent) came in second as the federal government (92 per cent) slipped a notch lower but stayed ahead of Balochistan and Punjab (each 75 per cent) . If both years are considered together, the utilization was lowest in the Punjab.

7.3.5.2 If the utilization is considered separately for the current and development budgets, it provides further evidence in support of the inferences drawn above about the neglect of development work in education sector. The utilization of allocations for development schemes is lower than that for the regular expenses in the case of federal, Punjab and Balochistan education budgets. Indeed, the Punjab and Balochistan current expenditure in 2009-10 overshoots respectively by 29 per cent and 2 per cent. In Sindh and the NWFP provinces, on the other hand, utilization of development budget has been higher than their current budgets, respectively standing at 130 per cent and 128 per cent in 2008-09.

While the overspending of current budgets in the Punjab and Balochistan indicates poor control on the regular expenses, overspending in the development budget in Sindh and the NWFP is also a matter of concern. In the case of Sindh, overspending is attributed to the inclusion of a large number of Non-Annual Development Programme (N-ADP) and Outside-of-Budget (OSB) schemes. In the case of the NWFP, expenditure usually exceeds the estimated cost of a large number of schemes which points out weaknesses in the financial planning and costing.

7.3.5.3 A high degree of inconsistency and unpredictability is found at the sub-aggregate level. In one year, expenditure even exceeds the allocated budget, whereas in the other it may be just negligible. In Punjab, for example, expenditure on stipends and scholarships was 118 per cent in 2007-08, but just 5 per cent in 2008-09. Similarly, expenditure on school councils was 7 per cent in 2007-08 but overshoot to 124 per cent in 2008-09.

In other provinces, there are numerous examples of extremes of underutilization and overutilization. For instance, the Sindh education department could spend just 26 per cent of the allocated budget in 2008-09, a plunge of 26 percentage points from the 2007-08 figures. Similarly, in the NWFP, overspending was reported for 14 of the total 32 schemes for primary education; underspending for three schemes; zero spending on five schemes; 100 per cent spending on six schemes and diversion of allocated funds to four unbudgeted schemes. In Balochistan, the development budget continues to be underutilized but the administration budget overshoots every year.

7.3.5.4 If development expenditure on education is considered in its entirety, the phenomenon of 'selective implementation' stands out as a common problem in the federal and all provincial education budgets. That is to say, the development programme is not implemented as a whole due to great degree of selectivity in implementation of schemes as a result of frequent alteration of bureaucratic and political choices. The result is that expenditure on some schemes overshoots the allocated budget while others remain incomplete due to underspending. A large number of approved schemes are not even initiated due to zero spending some of which are scrapped altogether from the development programme in the next year. A major feature of the phenomenon of 'selective implementation' is that funds are diverted from many budgeted schemes to schemes which were not budgeted in the first place, but were included in the development programme after the approval of the budget.

There is abundance of evidence available from the budgetary analysis undertaken by I-SAPS on the 'selective implementation'. For example, in 2007-08, the Punjab reported zero utilization for 352 development schemes, most of them pertaining to school infrastructure. The number of schemes with zero utilization that year was 43 in Sindh, 41 in the NWFP and 49 in Balochistan. Conversely, 84 schemes in Sindh and 18 in the NWFP – for which originally no allocation was made in the budget – were implemented by re-appropriating funds. In Balochistan, no such schemes crop up in 2007-08, five development schemes for colleges worth Rs. 76 million were implemented through re-appropriation of funds in 2008-09. In

the Punjab, the NWFP, and Balochistan, the number of schemes with zero spending decreased in 2008-09, but doubled in Sindh. One implication of selectivity in implementation of schemes is that a sizeable proportion of the development programme is replaced by a new one within a period of less than one year.

7.3.5.5 It has been noted above that the priority accorded to school education and higher education varies considerably among the federal and provincial governments when looked from the perspective of budgetary allocations. As far as the utilization of those allocations is concerned, no observable pattern of variance is found at the federal level. The utilization of budget for school education and higher education remains more or less the same and lies in the range of 92-96 per cent, according to the Revised Estimates.

In the Punjab, utilization stood at 69 per cent for school education and 35 per cent for higher education in 2007-08. The next year, these percentages were more or less reversed. Similarly, in Balochistan, utilization for school education was higher (92 per cent) as compared to higher education (61 per cent) in 2007-08; in 2008-09, however, utilization for school education sank as low as 35 per cent. Thus, changes in utilization were not steady in the Punjab and Balochistan during the two years. These percentages indicate that overall utilization of funding allocated for higher education is quite low in these two provinces. Because the largest proportion of higher education budget at the provincial tier goes to colleges, spending on the college education deserves special attention in Punjab and Balochistan. In 2007-08, the utilization in Sindh and the NWFP was respectively 147 per cent and 101 per cent for school education, as compared to 102 per cent and 92 per cent for higher education. In 2008-09, these percentages were respectively 147 per cent and 137 per cent for school education as compared to 112 per cent and 97 per cent for higher education.

7.3.6 Literacy is no longer an important agenda in the public education sector.

The budgetary allocations for literacy are being reduced rapidly and consistently by the federal and Punjab governments. The federal government has cut the allocation for this purpose from Rs. 50 million each in 2007-08 and 2008-09 to a token amount of Rs. 1 million in 2009-10; this amount is mainly reserved for the official observance of the World Literacy Day. In the Punjab, development budget for literacy has been cut by Rs. 418.6 million in 2009-10 alone.

In the NWFP, blanket allocation was provided for the Schools and Literacy Department and the Directorate of Schools and Literacy up until 2008-09. It is not discernable from the budget documents what part of the allocation was spent on

schools and what part on literacy. As of 2009-10, these institutions have been renamed as the Elementary and Secondary Education Department and the Directorate of Elementary and Secondary Education. Scrapping of the word 'literacy' from the new names reflects the thinking that literacy no longer needs attention on the scale it received in the past. This inference is validated by the sharp reduction in allocation for literacy in the development budget over the years in the NWFP. There is only one literacy scheme in the development programme which was allocated Rs. 150 million, Rs. 50 million and Rs. 60 million respectively in 2007-08, 2008-09 and 2009-10. In Sindh, combined budgetary allocation is made for literacy and non-formal education and cannot be tracked apart. Balochistan is an exception where the allocation for literacy has consecutively increased, albeit incrementally: by Rs. 1.83 million in 2007-08, Rs. 2.30 million in 2008-09 and Rs. 2.84 million in 2009-10.

7.3.7 Key institutions responsible for overarching roles have little resources at their disposal to perform their core functions.

There are a number of institutions mandated to perform overarching roles. They include AEPAM, NEMIS and NEAS and the counterparts of the latter two entities in the provinces and federally administered areas. AEPAM is tasked to build capacities of educational administrators and planners; conduct research on issues related to various aspects of education development; strengthen the management information systems and activities related to statistics; perform documentation services; and provide professional advisory services to the MoE and provincial education departments. It is responsible for facilitating development and promotion of education through planning, innovation, capacity building and quality assurance. NEMIS and provincial education management information systems (EMIS) are responsible for collection and synthesis of management data for informed decision-making. The role of NEAS and provincial education assessment system/centre is to periodically assess and monitoring student assessment.

The core functions of all these institutions are central to the whole spectrum of education governance and management. One issue which affects their ability to perform core functions is that the resources allocated in the non-salary budget are meager. For example, the amount allocated to AEPAM for research, survey and exploratory operations has stagnated at Rs. 0.5 million since 2007-08. This budget is obviously too low to undertake meaningful research necessary to support educational planning and management. In the case of NEAS, allocation of development budget has been highly inconsistent until 2008-08 when a permanent budget line was created for it. Like AEPAM, the resources need for its core functions are scarce. In 2008-09, Rs. 1.9 million were allocated for research and surveys, but it was cut to just Rs. 0.8 million in 2009-10. This budget is obviously too low for supporting a nascent student assessment system.

As far as NEMIS is concerned, its ratio of salary to non-salary budget was fairly balanced. However, in 2009-10, the non-salary budget was cut by 25 per cent. The increment in salary budget has been balanced by a cut in expenses on Project Pre-Investment Analysis and physical assets/computer equipment. Even though NEMIS does not need budget for physical infrastructure, it still needs resources to develop robust and advanced management information systems and effective communication mechanisms for dissemination of data.

A fuller analysis of the allocations for provincial EMIS and provincial education assessment system/centre is not possible here due to paucity of information. However, some issues are evident from the budget documents. For example, the allocation for provincial education assessment centre (PEAC) is being reduced consecutively for the past three years in the NWFP. The continued reduction of allocations for PEAC raises question over the importance the provincial government attaches to strengthening the institutional mechanism for assessing learning outcomes of students. In Balochistan, there are allocations for salaries of the staff of Provincial Education Assessment System (PEAS) and Balochistan Education Management Information System (BEMIS), but it is not known from where the resources for assessments and research would be provided.

7.3.8 Underspending stands out as a major issue in teacher education and training.

The federal and all provincial governments allocate significant resources for teacher education and training, but a major portion of these allocations remains unutilized every year. At the federal level, for instance, the Federal College of Education, Islamabad could spend just 16 per cent of an allocation of Rs. 14.53 million for in-service training of teachers in the ICT, FATA, FANA and Azad Jammu and Kashmir (AJK) in 2008-09. The federal government's largest program for capacity building of Teacher Training Institutions and the training of elementary school teachers whose total cost is Rs. 6.69 billion is underperforming for similar reasons. In 2008-09, only 40 per cent of the allocated budget in this programme could be spent in the Punjab and 46 per cent in the ICT, FATA, NA, and AJK while information about NWFP was incomplete in the budget documents. The only exception was Balochistan where spending was 100 per cent.

The issue of underspending is observed in the provincial expenditure on teacher education and training too. In the Punjab, for instance, the budget for teacher education and training was in the vicinity of Rs. 2.2 billion in 2007-08, but low utilization (54.59 per cent) led to its lowering to Rs. 1.5 billion in 2008-09. The Directorate of Staff Development (DSD) surrendered an amount of Rs. 1.5 billion in two years (Rs. 950 million in 2007-08 and Rs. 560 million in 2008-09). This amount

was allocated for appointing 2,296 district teacher educators (DTEs) in 23 districts. However, postings of the DTEs could not be notified during the reference period.

While overall spending on teacher education in the NWFP, Sindh and Balochistan is considerably high, study findings point out many management problems at the spending entity level. In Sindh, for instance, it has been observed that employees-related and operating expenses in teacher training institutions tend to overshoot the allocated budget. In the NWFP, several million rupees have been spent on surplus staff of the Regional Institute for Teacher Education (RITE) in D. I. Khan district and defunct government elementary colleges of teachers (GCETs). In addition, whatever is spent chiefly represents employees-related and operational expenses.

7.3.9 The size of government grants for private educational institutions and public-private partnerships is expanding consistently.

The size of government grants for private educational institutions and public-private partnerships through education foundations is increasing consistently. Since 2007-08, the federal government has more than tripled the grants—from Rs. 45.16 million in 2007-8 to Rs. 153.68 million in 2009-10. In the Punjab, the allocation for this purpose has increased by 33 per cent in 2009-10 (equivalent to about Rs. 1 billion) even as the budget for public sector education has been cut by 10 per cent.

In the 2009-10 budget, the federal government has set aside 0.27 per cent of its total education outlay for private sector; the Punjab, Sindh, and Balochistan have respectively allocated 8.4 per cent, 4.3 per cent, and 1.11 per cent of provincial education budgets. The NWFP budget provides no information on grants for private educational institutions in the budget documents. Presumably, a part of the lump sum provisions—which come to nearly 9 per cent of total current budget for education—may be going to private educational institutions.

7.3.10 The federal and provincial governments are spending sizeable proportions of their education budgets on scholarships and stipends.

Provision of scholarships and stipends is very important for bringing out-of-school children into the education system, increasing retention rate, promoting quality, and rewarding the high achievers. In addition, they serve as an instrument of equity by providing financial aid to those who do not have the resources to afford quality education. Therefore, the federal and provincial governments are spending significant proportions of their education budgets on scholarships and stipends.

Since 2007-08, the amount allocated by the federal government for scholarships and stipends has been in the vicinity of Rs. 4.8 to Rs. 5 billion. This is equivalent to about 9 per cent to 11 per cent of the total federal education budget. In

2009-10, however, allocation for scholarships and stipends was reduced by 3 per cent. The Punjab government provides scholarships to girl students under Punjab Education Sector Reforms Programme (PESRP), in addition to regular scholarships of schools and colleges. Over the past two years, allocation for this purpose has exceeded Rs. 1 billion. In 2009-10, this amount was equal to 2.11 per cent of the total provincial education budget. However, statistics indicate a high degree of inconsistency in utilization of this amount. In 2007-08, Rs. 167.23 million was spent in excess of the allocated budget whereas in 2008-09, only Rs. 45.52 million was utilized against an allocation of Rs. 1011.76 million—merely 5.4 per cent of the allocation. In the NWFP, stipends for girls constitute 8.73 per cent of the total provincial education budget. The largest increase in scholarships has been made in Balochistan from Rs. 12.34 million in 2008-09 to Rs. 78.34 million (equivalent to 1.52 per cent of the total provincial education budget) in 2009-10. In Sindh, the budget documents do not show how much goes to scholarships and stipends.

7.3.11 There are sharp differences in functional classification of the budgets entailing important implications.

The classification of federal and all provincial education budgets is identical at the aggregate level. The total education budget is a sum of two categories: 'current budget' and 'development budget'. However, no two budgets agree on the items that make up these categories (see figures 2.1, 3.1, 4.1, 5.1, and 6.1 in chapters 2, 3, 4, 5, and 6). This lack of a standardized classification of budget items makes true comparison among the various education budgets difficult.

A perfect illustration of the problem would be the current education budget of Sindh which consists of allocations and expenditure on educational services of five departments: (1) Education and Literacy, (2) Health, (3) Antiques, (4) Information and Archives and (5) Culture and Tourism (see figure 4.1 in chapter 4). The four departments other than Education and Literacy Department get about 13 per cent of the total current education budget of Sindh. This practice stands in sharp contrast to the federal education budget and that of the other provinces which exclude the 'other public sector' such as health, antiques, information, culture, and communications, etc. Moreover, the recurring expenditure of some spending entities that have little educational role (e.g. the secretariat of culture and tourism) is also included in the education budget which results in inflated figures. Similarly, Balochistan includes the regular expenses of Bolan Medical College, Institute of Public Health and Postgraduate Medical Institute in the education budget. For this reason, the Balochistan education budget is also overstated, as the allocations for these three institutions make about 13 per cent of the total current education budget in 2009-10.

Another example of unusual classification of budget items is found in the Punjab. The province's administrative set up for education is divided into three

departments: School Education, Higher Education, and Literacy. Each department is headed by a secretary. The current budget of each of these three departments is charged from a different budgetary demand called 'General Administration' rather than 'Education'. In the federal and other provincial budgets, expenses on administration are charged from 'Education'. In this sense, the Punjab's education budget is understated vis-à-vis other provincial budgets. One implication of this classification is that provincial budgets are not strictly comparable at the sub-aggregate level.

In addition to the above, there are numerous instances of misplaced budget heads. In the Punjab, for instance, the university grants are shown in 'others' rather than 'general universities, colleges and institutes'. Similarly, in Sindh, the expenditure on provincial education assessment centre (PEAC) is included in teacher education although it has no direct role in teacher education. Such misplaced budget categories result in overstatement or understatement of budget for a given entity or program.

7.3.12 The tendency of providing lump sum and single line budgets is high, particularly in the federal and the NWFP education budgets.

While lump sum and single-line budget items provide greater flexibility for spending resources where they are most needed, they restrict the availability of information for research and informed policy debate. In 2009-10, 79 per cent of the total federal education budget comprised of lump sum and single-line budgets. This is largely attributed to the single-line budgets of HEC secretariat and universities and lump sum provision of the entire development budget for higher education. In the NWFP, 15 per cent of the total current budget for education comprised of lump sum allocations in 2007-08. In 2008-09 and 2009-10, lump sum allocations were respectively to the tune of 7 per cent and 9 per cent. Similarly in Sindh, the budget for Sindh Education Reforms Programme (SERP) is a block allocation with no breakdown of expenditure. It is understood that detailed breakdown of expenditure would be available with the respective bodies, but it is not easily accessible to many stakeholders. Therefore, it is important that even where lump sum and single-line Budget Estimates are inevitably needed, Revised Estimates must be broken down into details in the next year's budget.

7.3.13 Some budget documents omit important information.

All budget documents provide a breakdown of allocations and expenditure of the previous year along with the allocations for the year to which the budget pertains. But there are numerous examples of omissions about the allocations and expenditure in the previous year. For example, the budget books of Balochistan provided only aggregate allocations and spending for 2007-08 and no breakdown was given for the

pay of staff. This practice has been observed in 2009-10 as well. Moreover, for almost all colleges, the allocations and spending for the year 2007-08 were altogether omitted in the budget books for 2008-09.

7.4 Towards Greater Effectiveness of Education Spending: A Way Forward

The issues that emerge from the above inferences and the analysis in previous chapters underscore the need for going beyond the traditional thrust of policy debate on enhancing education spending as a percentage of GDP and stressing simultaneously on deeper issues in whatever meager resources are set aside for education by the federal and provincial governments.

The budgetary response to educational needs and policy is inadequate in Pakistan. There is abundance of evidence available from the analysis in support of this claim. Take the huge and frequent fluctuations in the budget. In Punjab, for instance, the allocation was increased by 25 per cent in 2008-09 but was cut by 10 per cent the very next year. Obviously, educational needs of the province have not diminished within a year to warrant a 10 per cent reduction. This decision cannot be taken as an informed response to the educational needs. Similarly, in Balochistan, the allocation for middle education was increased by 32 per cent in 2008-09, but was cut by 66 per cent the very next year. In secondary education, the allocation was cut by 28 per cent in 2008-09, but was increased by 504 per cent in 2009-10. Needless to say, there is no evidence to suggest the educational needs of Balochistan are fluctuating so rapidly but the budgetary allocations are—which can only reflect on disconnection between them.

The reduction in allocations for PEAC-NWFP consecutively for three years and high inconsistency in allocations for NEAS in the federal budget are also clear examples of a mismatch between education budgeting and policy objectives. The education policy stresses on improving the quality of education, which obviously cannot be achieved without putting in place effective learning assessment systems. Such examples abound in the analyses of federal and all provincial education budgets.

The country's progress in education depends considerably on improving the effectiveness of public spending. That is to say, Pakistan needs a coordinated budgetary response to determine the right distribution of available resources to create optimal impact in the direction of national policy objectives and international commitments such as Education for All and Millennium Development Goals. One needs to recognize, however, that sporadic responses would serve little purpose for achieving the desired outcomes. In this regard, there is a need to devise and implement a framework within which education budgeting, data-driven needs and

policy objectives are strongly interlinked and reinforce each other. The coordination mechanism eventually adopted should also provide spaces for exchange of best practices.

At the same time, sufficient demand for informed decisions has to be generated. The demand side of education services can greatly influence the education expenditure by underscoring the needs for rationalization of priorities, building pressure for addressing the issue of underspending and pushing for greater transparency in the use of resources. For this purpose, there is a need to continuously track and analyze the education expenditure at all levels. The aim of budget tracking and analysis should be to generate simplified information for stimulating informed debate and advocacy initiatives which in turn, it is hoped, would trigger desired policy responses.

The conclusions and the interventions prescribed above provide a preliminary agenda for further research and reforms in the formulation, execution and oversight of education budgets. While Pakistan struggles to create more fiscal space for allocating a greater proportion of resources for education, the pursuit of this agenda is expected to bring significant dividends for access, quality and equity in education by addressing deficiencies in whatever meager resources are being allocated and spent.

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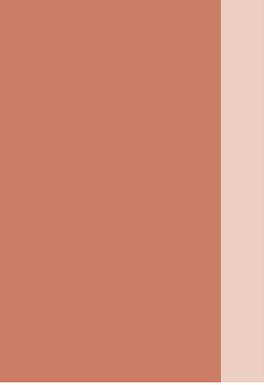
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ANNEX 1

Pakistan's Educational Challenge: Statistical Insights

ANNEX 1

Pakistan's Educational Challenge: Statistical Insights

From a statistical point of view, the state of education in Pakistan reflects progress on some indicators and stagnation on others. The published data from Pakistan Social and Living Standards Measurement (PSLM) Survey, National Educational Management Information Systems (NEMIS), and such other studies provides valuable insights into the situation.

Between 2005-06 and 2006-07, there has been some improvement on indicators of school attendance, enrolment, and literacy. The proportion of population 10 years and older that ever attended a school increased by 1 percentage point—from 56 per cent in 2005-06 to 57 per cent in 2006-07. During the same period, the proportion of population 10 years and above that has completed primary or higher level of education increased by 3 per cent—from 43 per cent to 46 per cent; Gross Enrolment Rate (GER) at the primary level (including *katchi*) rose from 87 per cent to 91 per cent, while Net Enrolment Rate (NER) jumped from 53 per cent to 56 per cent. The literacy rate for population aged 10 years and above increased from 54 per cent in 2005-06 to 55 per cent in 2006-07.¹

While progress on these indicators ought to be acknowledged, Pakistan's educational challenge remains undiminished in enormity. Gaps in access, quality and equity continue to undermine the system at all levels. Regional and gender disparities 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

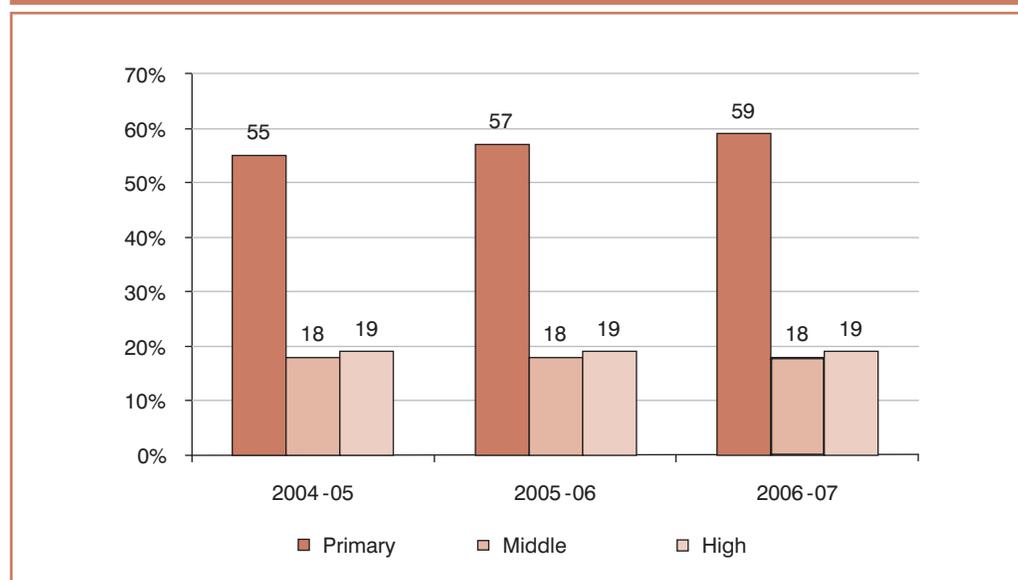
¹ Federal Bureau of Statistics (2007). *PSLM (National/Provincial) 2006-07*. Government of Pakistan, Islamabad.

set in national education policy, Education for All, and Millennium Development Goals (MDGs).

The challenge of access is underscored by the low enrolment rates and insufficient number of educational institutions. At the primary level, NER (including katchi class) for children aged 4-9 years was 55 per cent, 57 per cent, and 59 per cent respectively in 2004-05, 2005-06 and 2006-07. The NER for government primary schools for these years was (5-9 years) was 37 per cent, 32 per cent and 37 per cent.

Over this period, the NER for middle and matriculation levels is not only extremely low, but also stagnant.² Out of total number of children enrolled in government schools in the first grade, only 56 per cent reach the fifth grade. This percentage drops sharply for eighth (38 per cent) and tenth (23 per cent) grades.³ The challenge, therefore, is to bring the out-of-school children into the education system on the one hand, and to enhance survival rates at all levels on the other.

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



Source: PSLM (National/Provincial) 2006-07

A critical aspect of the problem of access is the worsening deficit of educational institutions with the increase in educational level. In 2006-07, Pakistan had 226,284 educational institutions, in addition to 120 universities. Their distribution by educational level is as follows: preschool, 0.35 per cent; primary school, 70 per cent; middle school, 18 per cent; high school, 10.4 per cent, higher secondary school, 1

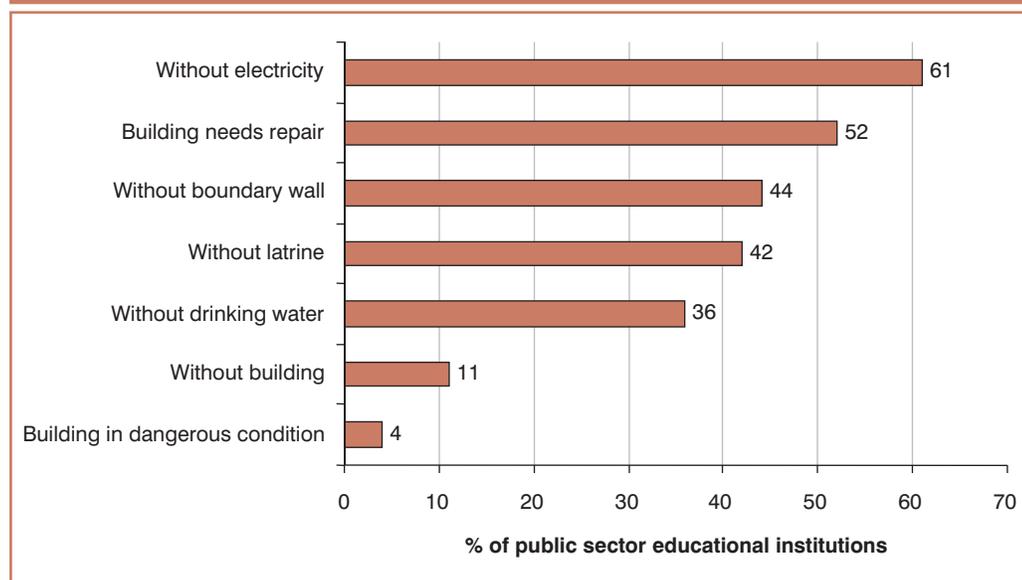
² PSLM (National/Provincial) 2006-07.

³ AEPAM/NEMIS (2008). *Pakistan Education Statistics 2006-07*. Government of Pakistan, Islamabad.

per cent; intermediate colleges, 0.34 per cent; and degree colleges, 0.51 per cent.⁴ The implication of this decline in the numbers 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 the next higher level would fall short of demand.

The obvious answer to this situation would be to upgrade existing institutions and establish new ones. On the other hand, a high proportion of existing institutions remains short of basic facilities. In 2006-07, of all (163,914) public sector educational institutions, 61 per cent (99,917) were without electricity; 52 per cent (84,736) were in need of building repair; 44 per cent (72,683) were without a perimeter wall; 42 per cent (69,565) had to do without a latrine; 36 per cent (59,809) survived without drinking water; 11 per cent (17,258) had no building; and 4 per cent (6,276) operated in buildings in 'dangerous' condition (figure A1.2).

Figure A1.2: The Deficit of Amenities and Infrastructure in Public Sector Educational Institutions (2006-07)



Source: Pakistan Education Statistics 2006-07

This last piece of information alone means that – based on the officially reported average number of pupils per institution and the numbers of dangerous buildings at the mosque, primary, middle, high and higher secondary levels – approximately 820,000 Pakistani pupils risk their lives in 2006-07 by attending school. This number represents 3.64 per cent of all children enrolled in government schools in 2006-07.

⁴ *Pakistan Education Statistics 2006-07.*

Without question, a high priority must be attached to the reconstruction of all such buildings; 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 overemphasised.

The underrepresentation of girls in education system continues to be a defining feature of Pakistan's educational challenge. According to PSLM 2006-07, the proportion of the male population of 10 years and older that ever attended a school (69 per cent) is 25 percentage points higher than that of the female population (44 per cent). In GER, girls trail boys by 18 percentage points at the primary level (age 5-9); 15 percentage points at the middle level (age 11-13); and 22 percentage points at the high school level (age 13-14). The literacy rate of female population aged 10 years and above is much lower (42 per cent) than that of the male population (67 per cent).⁵

Then there is the yawning gender gap between the numbers of male and female educational institutions. Of all (226,284) educational institutions, 40.5 per cent (91,680) are for boys; 26.4 per cent (59,783) for girls; and 33.1 per cent (74,821) for both (mixed). In the public sector, the gap is widest at primary (boys 53.4 per cent, girls 32.6 per cent, mixed 14 per cent) and high (boys 65 per cent, girls 32 per cent, mixed 3 per cent) school levels.⁶

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. According to a study conducted in 2007-08 by Consumer Rights Commission of Pakistan for Jacobabad district, boys accounted for 70.4 per cent of all children enrolled in schools; that is to say, of every ten children enrolled, seven were boys and only three girls. The percentage of girls who never attended a school (64.1 per cent) is higher than the dropouts (34.8 per cent).⁷ The gender gap in education calls for integration of gender responsiveness in the planning and budgeting processes of the educational system.

Besides gender gap, at least two other fault lines are discernable in Pakistan's educational system: 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 years and older that ever attended a school is highest in Punjab (49 per cent) and lowest in Balochistan (29 per cent). In rural Balochistan, only 8 per cent of females over ten years of age had completed primary school in 2006-07, as compared to 30 per cent in Punjab, 11 per cent in Sindh, and 17 per cent in the NWFP.

⁵ PSLM (National/Provincial) 2006-07.

⁶ Pakistan Education Statistics 2006-07.

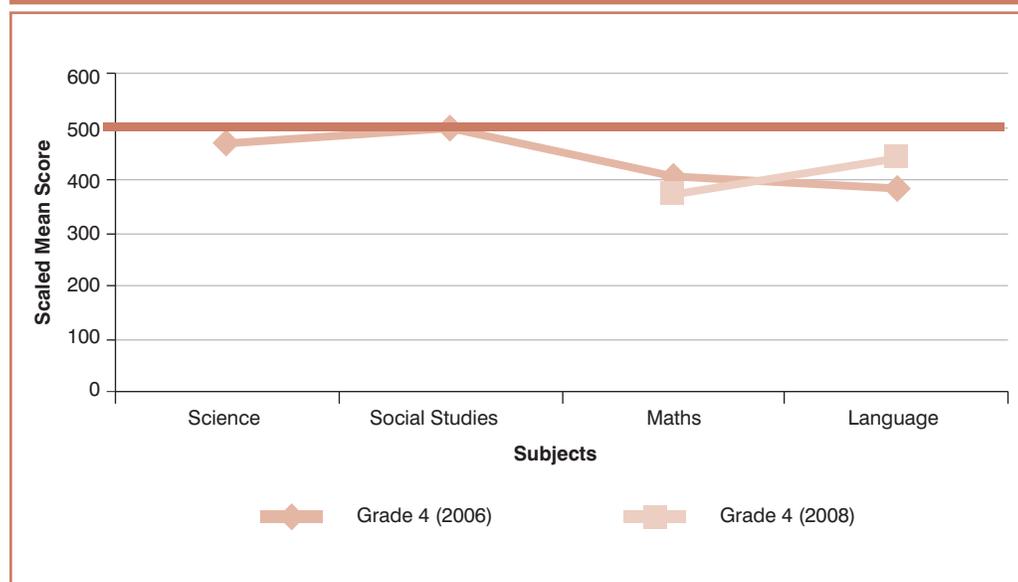
⁷ Strengthening PRS Monitoring Project (2009). *Gender Aware Beneficiary Assessment: Education Services*. Gender Responsive Budgeting Initiative, Government of Pakistan, Islamabad.

Similarly, literacy rate is lower in rural than in urban areas. Overall, 45 per cent population aged 10 years and above is literate in rural areas as compared to 72 per cent in urban areas. These disparities underline the need for embedding equity in financial planning and regional distribution of resources for educational development.

The need for improvement in quality of education is another important educational challenge. Neglect of quality in educational planning and management is evident from the fact that until a few years ago, reliable data on quality of learning outcomes was not available in the country, due in part to absence of the requisite assessment systems. 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 assessments. 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 (figure A1.3). The 2006 results showed that the average score of Grade 4 students was lower than 50 per cent of the possible marks in each of the four subjects, i.e. languages (Urdu and Sindhi), mathematics, science and social studies. The 2007 results for Grade 8 students show slightly better results for Urdu. However, the average score of students was still below the 50 per cent mark in Mathematics.

Figure A1.3: NEAS Grade 4 Assessment (2006 and 2008)



Source: NEAS 2006 and 2008

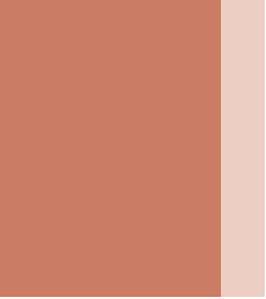
The 2008 results put the average score of Grade 8 students in science at 477, still below the scaled mean score of 500 and considerably lower than the social studies score of 516. Mathematics (369) and Urdu reading (377) and Urdu writing (498) scores of Grade 4 students that year were also below the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

In sum, while 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 teacher and textbook quality, curriculum and pedagogy, assessment approaches, and learning environment and facilities is indicated.⁹

The statistical insights summarized above reveal gaping holes in Pakistan's educational system; the critical areas are access, quality and equity. One prerequisite to any attempt at a solution will be adequacy of resources; the other equally important prerequisite will be prudent and judicious use of those resources.

⁸ NEAS, Ministry of Education. *National Assessment Reports (2005 to 2008)*. Islamabad.

⁹ Ministry of Education (2009). *National Education Policy 2009*. Government of Pakistan, Islamabad.



ANNEX 2

Statistical Tables

ANNEX 2

Statistical Tables

Chapter 1

Table A1.1: Public Expenditure on Education in Pakistan

Year	Expenditure		Share in Total Public Expenditure	
	1	2	3	4
	As % of GDP	Change (%)	Share (%)	Change (%)
2000-01	1.82	-	10.6	-
2001-02	1.79	-1.65	9.5	-10.38
2002-03	1.86	2.18	10.0	5.26
2003-04	2.20	9.83	13.0	30.0
2004-05	2.15	-1.03	12.5	-3.85
2005-06	2.24	1.95	12.2	-2.4
2006-07	2.50	5.18	12.0	-1.64
2007-08	2.47	-0.48	9.8	-18.33
2008-09	2.10*	-6.06	11.52	17.55
Average (9 years)	2.12	-	11.23	-

* Estimated.

Source: Columns 1 and 3 are taken from Pakistan Economic Survey, 2009. The average of expenditure and columns 2 and 4 and are based on I-SAPS' calculations from column 1 and 3.

Chapter 2

Table A2.1: Salary and Non-Salary Budget of Education Division

Year	Total			Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	3,009.18	..	100	1,876.27	..	100	1,132.91	..	100	62	38
2008-09	3,338.54	11	100.53	2,123.13	13	100.48	1,215.41	7	100.62	64	36
2009-10	3,718.67	11	-	2,419.74	14		1,298.93	7		65	35

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

Table A2.2: Sectoral Distribution of Federal Education Budget

Year	School Education			Higher Education			Literacy		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	1,472.55	..	92	36,576.05	..	96	50.00	..	5
2008-09	1,530.03	4	94	36,521.00	0	94	50.00	0	15
2009-10	1,760.02	15	-	47,538.37	30	-	1	-98	-

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

Table A2.3: Academy for Educational Planning and Management (AEPAM)

Year	Total			Salary			Non-Salary			% of Total	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	27.81	..	100	17.19	..	100	10.62	..	100	62	38
2008-09	24.92	-10	100	16.55	-4	100	8.37	-21	100	66	34
2009-10	30.22	21	-	22.35	35	-	7.87	-6	-	74	26

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

Table A2.4: National Education Assessment System

Year	Total			Salary			Non-Salary			% of Total	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	8.63	..	100	8.63	..	100	..	..	..	..	..
2008-09	13.47	56	100	9.47	10	100	4.01	-	-	70	30
2009-10	13.50	0.22	-	10.43	10	-	3.07	-23	-	77	23

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

Chapter 2

Table A2.5: National Education Management Information System

Year	Total			Salary			Non-Salary			% of Total	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	4.77	..	100	2.66	..	100	2.11	..	100	56	44
2008-09	4.83	1	100	2.68	1	100	2.15	2	100	56	44
2009-10	4.83	0	-	3.22	20	-	1.61	-25	-	67	33

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

Table A2.6: Federal College of Education

Year	Total			Salary			Non-Salary		
	Amount	Change %	Utilization	Amount	Change %	Utilization	Amount	Change %	Utilization
2007-08	21.34	..	100	15.78	..	100	15.56	-	100
2008-09	26.20	23	100	15.78	0	100	10.42	87	100
2009-10	26.44	1	-	17.42	10	-	9.02	-13	-

Source: I-SAPS' calculations from Federal Budgets, 2008-09 and 2009-10

Table A3.1: Salary and Non-Salary in Punjab Education Budget

Year	Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	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	-	9,922.74	-25	-	53	47

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Table A3.2: Sectoral Distribution of Punjab 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	69	16,539.40	39	1,048.44	7	1200	-
2008-09	16,485.40	35	16,585.61	69	1,896.71	8	1218.6	5
2009-10	16,615.82	-	14,276.26	-	1,087.62	-	725	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Chapter 3

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

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
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	-	7.32	10	-	9.78	343	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Table A3.4: Teacher Training and Education in Punjab

Year	Total			Pre-Service			In-Service		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	2,129.19	..	54.59	394.46	..	95.61	1,734.73	..	45.26
2008-09	1,535.85	-27.87	74.53	343.83	-12.83	131.42	1,192.02	-31.28	58.12
2009-10	1,719.74	11.97	-	395.40	15.00	-	1,324.36	11.1	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Table A3.5: Programme Management Implementation Unit (PMIU)

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	8,226.55	..	28	73.18	..	86	8,153.37	..	28
2008-09	9,507.82	16	36	66.72	5	87	9,430.83	16	36
2009-10	5,765.00	-39	-	1,089.80	1,315	-	4,675.20	-50	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Table A3.6: Chief Ministers Monitoring Force/Cell in Punjab

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	41.07	..	356	17.58	..	517%	23.49	..	235
2008-09	149.71	265	114	92.50	426	131%	57.21	144	86
2009-10	172.00	15	-	111.00	20	-	61.00	7	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Chapter 3

Table A3.7: Scholarships and Stipends in Punjab

Year	Allocation		Expenditure	
	Rs. Million	Change %	Expenditure %	Rs. Million
2007-08	926.25	..	1,093.48	118
2008-09	1,011.76	9	54.52	5.4
2009-10	1,010.40	0.1	-	-

Source: I-SAPS' calculations from Punjab Budgets, 2008-09 and 2009-10

Table A3.8: Punjab Education Department

Year	Total			Salary			Non-Salary		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	105.47	..	91	73.48	..	80	31.98	..	116
2008-09	113.39	8	359	81.37	11	86	32.02	0	1051
2009-10	138.71	22	-	100.95	24	-	37.76	18	-

Note: The budget of Punjab Education Department (shown in Table 3A.12) is charged from General Administration, and is not included in the other tables in this chapter.

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	-	9,297.69	3	-	44	56

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

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

Year	Primary			Secondary			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	1,511.03	35
2009-10	467.39	-1	-	399.75	-62	-	867.15	-43

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

Chapter 4

Table A4.3: Expenditure of Sindh Reforms Support Unit

Year	Total			Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	43.00	..	113	25.94	..	122	17.06	..	100	60	40
2008-09	42.40	-1	86	26.40	2	73	16.01	-6	108	62	38
2009-10	50.69	20	-	32.86	24	-	17.83	11	-	65	35

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

Table A4.4: Expenditure of Director Bureau of Curriculum in Sindh

Year	Total			Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	35.55	..	66	31.40	..	62	4.16	..	100	88	12
2008-09	24.79	-30	122	19.37	-38%	123	5.42	30	118	78	22
2009-10	38.29	54	-	31.41	62%	-	6.88	27	-	82	18

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

Table A4.5: Expenditure of Education Department in Sindh

Year	Total			Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	8,202.87	..	52	55.53	..	114	8,147.34	..	51	1	99
2008-09	8,346.10	2	26	517.03	831	13	7,829.06	-4	27	6	94
2009-10	1,634.88	-80	-	88.62	-83	-	1,546.2	-80	-	5	95

Source: I-SAPS' calculations from Sindh Budgets, 2008-09 and 2009-10

Chapter 5

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

Year	Salary			Non-Salary			% of Total Budget	
	Amount	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	1,472.15	..	99	330.345	..	23	82	18
2008-09	1,737.97	18	100	165.92	-50	88	91	9
2009-10	1,819.70	5	-	130.82	-21	-	93	7

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

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

Year	Primary			Secondary			Total		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	1,530.16	..	128	2,192.51	..	94	3,722.67	..	101
2008-09	1,287.71	-16	147	2,871.03	31	133	4,158.73	12	137
2009-10	1,019.24	-21	-	3,555.72	24	-	4,574.96	10	-

Source: I-SAPS' calculations from NWFP Budgets, 2008-09 and 2009-10

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

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	-	781.83	36	-	72	28

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

Table A6.2: Expenditure of Education Department in Balochistan

Year	Total			Salary			Non-Salary			% of Total Budget	
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Salary	Non-Salary
2007-08	58.89	..	44	54.85	..	31	4.05	..	220	93	7
2008-09	64.20	9	48	62.17	13	44	2.03	-50	163	97	3
2009-10	181.26	182	-	178.57	187	-	2.69	32	-	99	1

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

Chapter 6

Table A6.3: Expenditure on School Education in Balochistan

Year	Primary			Middle			Secondary			Total		
	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %	Rs. Million	Change %	Expenditure %
2007-08	450.04	..	88	754.31	..	102	154.00	..	57	1358.35	..	92
2008-09	564.04	25	50	996.51	32	20	110.37	-28	92	1670.92	23	35
2009-10	880.44	56	-	338.50	-66	-	667.05	504	-	1885.99	13	-

Source: I-SAPS' calculations from Balochistan Budgets, 2008-09 and 2009-10

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; includes 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, does 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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