

Education Budget Analysis and Tracking in District Swat



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Acronyms

ADP	Annual Development Programme
BCC	Budget Call Circular
DC	Deputy Commissioner
DAO	District Accounts Officer
DEO	District Education Officer
DO	District Officer
DDO	Drawing and Disbursing Officer
EMIS	Education Management Information System
ESED	Elementary and Secondary Education department
EDO	Executive District Officer
F&P	Finance and Planning
FGD	Focus Group Discussion
I-SAPS	Institute of Social and Policy Sciences
KII	Key Informant Interview
KP	Khyber Pakhtunkhwa
LGA	Local Government Act
NIPS	National Institute of Population Studies
NGO	Non-Governmental Organization
PTC	Parent Teacher Council
P&D	Planning and Development
PFC	Provincial Finance Commission

PETS	Public Expenditure Tracking Survey
SIP	School Improvement Plan
SCR	Student Classroom Ratio
STR	Student Teacher Ratio
TAO	Tehsil Accounts Officer

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Executive Summary

The education sector of Khyber Pakhtunkhwa (KP), like other provinces of Pakistan, is faced with challenges of access and quality. These challenges are even more significant considering that more than 2 million children are still out of school in the province¹. Bringing these out-of-school children into school and the provision of additional needs of the system would require a significant upsurge in the allocations for the education sector in KP. Not only an increase in the education budget is desired but also the efficiency of existing financial resources has to be enhanced in order to meet the educational challenge.

Although some useful contributions have been made by the research community to track and analyze education budgets at the district and school levels, more evidence on budgetary allocations and utilization is required to generate evidence-based debate aimed to address specific issues of quality and access. With the purpose of contributing to the available evidence on education financing, the current study is an attempt to analyze the trends of budgetary allocations and expenditure for the education sector in district Swat. The report utilizes evidence from district education budget data, the Public Expenditure Tracking Survey (PETS) for Parent Teacher Councils (PTCs), Key Informant Interviews (KIIs) with key district level officials, and focus group discussions with members of PTCs.

Evidence in this report points towards a lack of planning in the allocation of budgets and insufficient funds to meet the needs of schools in district Swat. In 2014-15, a budget of Rs. 4.9 billion was allocated for education in the district, comprising 81 percent recurrent budget and 19 percent development budget. However, budget expenses during the year were 12 percent higher than the

¹ I-SAPS estimates

allocated budget. A major portion of the education budget of district Swat is earmarked for salaries and related expenses and there is not much left for non-salary and development purposes. Currently, 54 percent of schools in the district are running without electricity, 48 percent without drinking water, 44 percent without boundary walls and 31 percent schools in the district do not have student toilets. A large number of schools (145 in total) in the district have a Student Classroom Ratio (SCR) of more than 60:1; highlighting the need for additional classrooms in these schools. With all this in consideration, the allocated district development budget of Rs. 932 million in 2014-15 is insufficient to address the need of basic facilities and additional classrooms in schools.

A quick analysis of education statistics of the district shows that more informed and evidence-based teacher recruitment and rationalization policies need to be adopted by the district authorities in order to ensure effectiveness of available resources. Currently, there are 550 schools in the district with a Student Teacher Ratio (STR) of 30:1 or less compared with around 200 schools having an STR of more than 60:1. This not only points towards inefficient use of available human resources but also has significant budgetary implications.

According to data from the Public Expenditure Tracking Survey, the funds received by PTCs are mostly received during the 1st quarter. However these are minimal compared with the actual needs of individual schools. The fund allocations to PTCs is based on a formula that takes into account the number of classrooms and other rooms. However, an amount within the range of Rs. 6,000 to Rs. 21,000 annually, as reported by the surveyed PTCs, is highly insufficient to meet the non-salary and operational expenses of the schools. This was also pointed out by the participants of FGDs. It is pertinent to mention here that despite the scarcity of funds reported by the respondents, none of the surveyed PTCs had generated any funds from additional sources like community or philanthropists' support in 2014-15.

The issues mentioned above reiterate the challenges faced by the education sector in district Swat regarding a weak link between policy provisions, education data and budgetary allocations. There is a need to build the capacities of local bodies and the members of PTCs in order to ensure that the budgets are not only planned well but also executed to ensure effective utilization.

It is recommended that the capacities of local bodies should be built in order to ensure efficient and effective use of available resources. Share of non-salary and development budget should be enhanced so that the needs of the schools

can be adequately addressed. PTCs' budgets should be increased and made available for scrutiny to other parents and community in order to enforce accountability in the use of funds. Development of School Improvement Plan (SIP) should be mandatory for each PTC. PTCs should also be encouraged to mobilize additional sources of funding through community support or local philanthropists. Since a number of schools in Swat have higher Student to Teacher Ratios, teacher rationalization should be a focus area for the authorities as this impacts the learning of students.



CHAPTER 1

Introduction

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Introduction

1.1 Background

The Khyber Pakhtunkhwa (KP) government has significantly increased the budgetary allocations for education in the last few years. In 2015-16, the KP government allocated a budget of Rs. 120 billion for education, which constitutes 25 percent of the total provincial financial outlay². Despite increasing investment in the education sector, the progress of the province on education indicators is not encouraging. Similar to other provinces, KP is facing an education emergency with more than 2 million children out of school³ and low performance amongst children in public schools⁴. Low retention and transition rates, gender disparity, low literacy rates, and missing basic facilities in schools are some of the challenges faced by the education sector in the province.

Various research studies and data analyses have established causal linkages between unsatisfactory achievement on development indicators and recurrent issues in budget allocations and utilization. These studies have highlighted issues such as incremental budgeting⁵, disconnection between resource planning and available data, low allocations, inadequate or missing budget

² Institute of Social and Policy Sciences (I-SAPS) calculations from KP budget books 2015-16.

³ Alif Ailaan (2014). *25 Million Broken Promises: The Crisis of Pakistan's Out-of-School Children*. Alif Ailaan: Islamabad.

⁴ NEAS (2014). *National Achievement Test 2014*. Government of Pakistan: Islamabad

⁵ Incremental budget is a budget prepared using previous year's budget as a basis, with incremental (relatively low) amounts added for the new budget year.

“The weak linkage between policy provisions, education data, and budgetary allocations is one of the major challenges facing the education sector in Khyber Pakhtunkhwa.”

lines, underinvestment due to delays in fiscal transfers and poor spending capacities, and gender insensitive budgeting, to name a few⁶.

The weak linkage between policy provisions, education data, and budgetary allocations is one of the major challenges facing the education sector in Pakistan⁷. An informed debate on how financing strategies can have impact on access, quality and equity in the provision of basic services and rights is needed in Pakistan. This debate and subsequent actions are still missing in KP, mainly due to a weak evidence base and weak engagement of civil society with relevant government authorities.

1.2 Purpose of the Study

The purpose of this study is to share evidence regarding allocations and utilization of education budgets at district and school levels. It is aimed at providing comprehensive information about the budget-making process at provincial and district levels, as well as the patterns of budgetary allocation and utilization in district Swat over the last two financial years (2013-14 and 2014-15). The study also aims to strengthen the evidence base by tracking Parent Teacher Council (PTC) budgets from release (from the district) to its utilization (at school level).

This assessment will help identify major challenges with reference to resource allocations by provincial and district management and utilization at service delivery level. The findings of this exercise will also help in understanding the constraints and gaps at governance, planning and service delivery levels.

1.3 Scope of Analysis

In order to track and analyze the education budget in Swat, the study relied on budget books, Education Management Information System (EMIS) data, key informant interviews, Focus Group Discussions (FGDs) and a Public Expenditure Tracking Survey (PETS). Budget data for two consecutive years, (2013-14 and 2014-15) was analyzed at aggregate level (total, recurrent and

⁶ See research studies such as Khan, S. B. (2010). Problems in universalization of primary education in Pakistan. *Pakistan Journal of Commerce and Social Sciences*, 4(2), 147-155.

Memon, G. R. (2007). Education in Pakistan: The key issues, problems and the new challenges. *Journal of Management and Social Sciences*, 3(1), 47-55.

Zakar, M. Z., Qureshi, S., Razza-Ullah, Zakar, R., Aqil, N., & Manawar, R. (2013). Universal primary education in Pakistan: Constraints and challenges. *South Asian Studies*, 28(2), 427-444.

⁷ I-SAPS (2014). *Public Financing of Education in Pakistan: Analysis of Federal, Provincial and District Budgets 2014-15*. Islamabad: I-SAPS.

development budget), object level (salary and non-salary budget), and functional level (primary and secondary education) to give an idea of the patterns in budget allocation and expenditure in Swat. In order to understand the coordination and capacity gaps at the provincial and district levels, KIIs were conducted with district education and finance department officials based on a semi-structured questionnaire. The PETS provided an insight into the budgets allocated and expensed at the PTC level and the issues within the budgetary flow. Considering the fact that the PETS was conducted with the head teacher, FGDs were separately conducted with the community members of PTCs to substantiate the findings of the survey.

1.4 Chapters Outline

The report consists of five chapters. This first chapter provides a background to the study along with its purpose, scope of analysis, and structure of the chapters. Chapter two describes the budget making process at provincial and district levels in KP. Chapter three provides a situation analysis of the education sector of Swat followed by chapter four which presents an analysis based on the survey conducted in schools of Swat. Chapter five concludes the study and presents some recommendations.



CHAPTER 2

Budget Making Process in Khyber Pakhtunkhwa

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2.1 Budgeting Process at Provincial and District Levels

The Budget, as defined in Article 120 of the Constitution of Pakistan, is a statement of the estimated receipts and expenditure of the Government for a financial year, referred to as the Annual Budget Statement.

2.1.1 Budget Preparation

Like other provinces and regions in Pakistan, the budget year in KP starts from 1st July and ends on 30th June. The process of budget formulation starts in August each year on issuance of a Budget Call Circular (BCC) by the District Finance Officer in the Office of Deputy Commissioner circulating the BM-II & BM-VI forms respectively. The original estimates are framed in object-wise detail by the Drawing & Disbursing/Collecting Officers of each department (office) who collect details of the receipts and incurred expenditure, keeping in view the past actual and current trends. These estimates are submitted by the estimating authorities to their Controlling Officers/Administrative Departments who, in turn, examine and pass these onto the Principal Accounting Officer / Secretary and onwards to the provincial Finance Department. The Finance Department as recommended by the Administrative Department, subjects the estimates to detailed scrutiny, keeping in view the availability of resources, before they are finally accepted for inclusion in the budget estimates.

2.1.2 Budget Authorization

The estimates of receipts⁸ and current expenditure⁹ for a financial year are formulated by the District Finance Officers in consultation with the concerned departments. The estimates of development expenditure (ADP) are processed by the Planning and Development (P&D) Department & EDO (F&P) in consultation with the Administrative Departments/devolved Departments. After compilation of the estimates, the Annual Budget Statement is then laid before the Provincial Assembly. After the demands for grants are approved by the Assembly, the Finance Department prepares the Schedule of Authorized Expenditure and releases the funds for utilization in the 1st week of July.

The Forums¹⁰ empowered to approve development schemes are given in the Delegation of Powers¹¹ revised in 2001. A formal sanction is issued by the provincial Finance Department to the concerned department and the Accountant General/District Account Officers after the development schemes are approved.

2.1.3 Budget Execution

The authorized grants for the financial year are available to the Provincial/District Governments for expenditure following approval of the concerned Forum. Expenditure from the Provincial Consolidated Fund and the District Provincial Account No. IV are either developmental or recurrent. The developmental expenditure reflects investment provided through the Annual Development Programme (ADP) of the Provincial/District Governments.

The District Officer (DO) Finance releases funds in the 1st week of July to the concerned departments for essential expenditure, keeping in view the resource position/policy of the District Government. The release order should be accompanied with the pages of the estimates containing the complete details of the expenditure authorized. On receipt of information from the DO Finance, the grants are placed at the disposal of the Head of Departments/District Head.

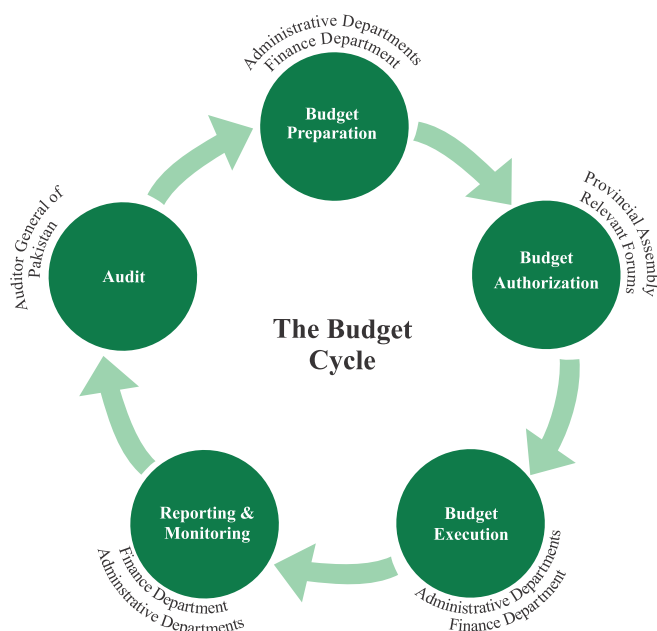
⁸ Current revenue receipts of the province consists of proceeds from taxes and provincial transfers under the Provincial Finance Commission Award.

⁹ The current budget comprises the revenue budget, the capital budget and the public account of the province.

¹⁰ Provincial Development Working Party (PDWP) and Departmental Development Working Party (DDWP).

¹¹ <http://financekpp.gov.pk/FD/regulation/financial-rules/42-delegation-of-powers.html>

Figure 1: Budget Cycle



2.1.4 Reporting and Monitoring

Excesses or overspend (i.e. expenditure for which none or little provision has been made in the current year's original budget) should not normally be incurred. However, in certain cases where budgetary factors have significantly changed or been under-estimated (such as growth rates and inflation), it is possible for the Principal Accounting Officer to re-allocate funds, provided they are available from savings arising from the same grant. In this case the Principal Accounting Officer or his delegated officer is permitted to re-allocate funds between the individual allotments for detailed object heads of the same primary unit of appropriation within a particular grant, provided the:

1. Re-allocation is not to or from salaries and allowances or the budget allocated for utility bills.
2. Delegated authority is also an authority competent to approve expenditure under these heads.
3. Re-allocation is authorized before the expiry of the financial year to which the budget relates.
4. The amount re-allocated does not exceed any financial limits as determined by the finance department.

Re-allocation between primary units of appropriation and between different

grants must be approved by the Finance Officer (if the powers are not delegated to departments as outlined above).

2.1.5 Audit

After the closure of each financial year, the Auditor General of Pakistan is required to submit reports relating to the accounts of the Province/District to the Governor, who presents them to the Provincial Assembly/District Council. The reports include the following:

1. Appropriation Accounts and Report
2. Finance Accounts

2.1.6 Budget Making at District Level

At the district level, the distribution and allocation of revenues is decided by the District Council. The development budget is prepared after getting the ceiling from the provincial government under the Provincial Finance Commission (PFC) Award.

Recurrent budgetary needs are assessed on the basis of available data, along with budgetary needs assessed by district offices and consolidated at the DEO level and then forwarded to the DO Finance in the DC Office. At district level, the district education department is responsible for identifying the development schemes and making related budgetary proposals for the education sector. After estimates are submitted, a budget meeting is called with the Drawing and Disbursing Officers (DDOs) of the district education department, who are responsible for evaluating the estimates.

The share of each district, as determined by the PFC award, is transferred as a single line transfer to the district governments. The district governments are fully empowered to allocate expenditures to various sectors in accordance with their own spending priorities. However, the discretion of the district governments is restricted by the demand for salaries of the staff of the devolved departments, which forms a major portion of the recurrent budget every year.

2.2 Functions at different Levels under KP Local Government Act, 2013

The budget process in KP is changed according to the functions and responsibilities laid out in the Local Government Act (LGA), 2013.

2.2.1 District Council

The district council approves long- and short term development plans, as well as annual and supplementary district government budget proposals. The district council also has to elect a District Development Committee under the Nazim for approval of development projects. The Finance Committee is responsible for examination of budget proposals, re-appropriations and supplementary grants. The District Accounts Committee of the district council is mandated to scrutinize the accounts showing appropriations of sums granted by the district council for expenditure of the district government, audit reports, statement of income and expenditure and any such matters referred to it by the district council.

2.2.2 Tehsil Council

The Tehsil Council approves the annual budget and appropriations for the tehsil municipal administration and the long and short term development plans. The Finance Committee of the tehsil council examines the budget proposals, re-appropriations and supplementary grants whereas the Tehsil Accounts Committee scrutinizes the accounts showing appropriations of sums granted by the tehsil council for the expenditure of the tehsil municipal administration, audit reports, statement of income and expenditure and such other matters referred to it by the tehsil council.

2.2.3 Tehsil and Town Municipal Administration

The Tehsil Municipal Administration executes and manages development plans for improvement of municipal services and infrastructure. It also has to prepare a budget, with long term and annual municipal development programmes. A Tehsil Development Committee under the Tehsil Nazim has to be elected for approval of development projects.

2.2.4 Village and Neighbourhood Councils

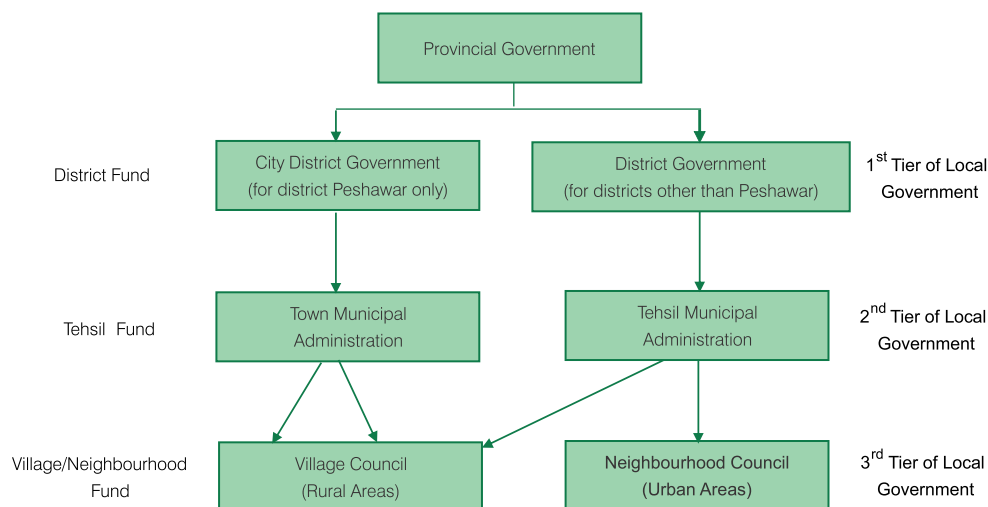
The Village and Neighbourhood Council implements and monitors village level development works. It also identifies development needs of the area for use by the municipal administration and district government in prioritizing development plans. The council also has to elect a Village Development Committee under the Village Council Nazim for approval of development projects.

2.2.5 Local Government Financing

As per LGA, 2013, a local fund (including district fund, tehsil fund, village fund and neighbourhood fund, as according to the case) is to be established for each respective local government. The money credited to a Fund of a local government is to be expended in accordance with the annual budget approved by the respective local council.

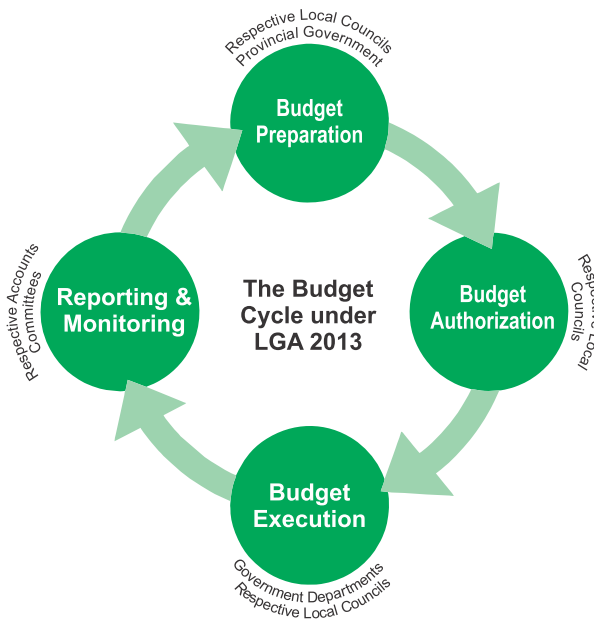
The annual budget for each local government should contain estimates of grants-in-aid from the provincial Government, amounts available in the respective Fund, receipts for the new year and expenditures to be incurred for the next year. The provincial government has to notify the provincial grants, sufficiently before the beginning of each financial year, and these may be credited to the Fund of a local government from the Provincial Consolidated Fund.

Figure 2: Local Government Tiers and respective Local Funds



Before the commencement of a new financial year, each Nazim presents the budget for consideration and approval of the respective local council. The budget of a local government is approved by simple majority from the total membership of the respective council. In case a budget is not approved by the local council before commencement of the financial year, the provincial government should prepare, approve and authenticate the budget for the local government. Functionaries of all government departments execute their respective budgets after approval of their local council.

Figure 3: Budget Cycle under LGA 2013



The accounts of receipts and expenditure of local governments are to be kept in accordance with the principles and methods laid out by the Auditor-General of Pakistan. The District Accounts Officer (DAO) maintains the accounts of each district government whereas a Tehsil Accounts Officer (TAO) should maintain the accounts of the tehsil municipal administration. The Village and Neighbourhood Accountants maintain the accounts of a village and neighbourhood council respectively. The DAO consolidates the accounts of a local government on a monthly and annual basis for receipts from the Government and local resources and sends a copy to Government, Accountant-General and Nazim of the district council. Each district and tehsil council is mandated to make its annual audit report available to the public.



CHAPTER 3

Education Statistics and Budget of District Swat

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Education Statistics and Budget of District Swat

Public spending on education in KP has improved in the last few years, however, a major portion of the education budget is still being consumed by salaries and related expenses and there is not much for non-salary and development purposes¹². A look at the education statistics of district Swat will help in understanding the challenge faced by the education sector in allocating and spending the budgets.

3.1 Profile of District Swat

Swat is an administrative district of KP province, surrounded by Chitral, Upper Dir and Lower Dir districts in the West, Gilgit Baltistan in the North and Kohistan, Buner and Shangla in the East and South East. District Swat has a geographical area of 5,337 square kilometers and an estimated population of 1,671,000¹³ which comprises 52 percent male and 48 percent female population¹⁴. District Swat has a total of 5 tehsils and 65 union councils.

¹² I-SAPS (2014). *Public Financing of Education in Pakistan: Analysis of Federal, Provincial and District Budgets 2014-15*. Islamabad: I-SAPS.

¹³ National Institute of Population Studies (NIPS) population estimates 2011.

¹⁴ Gender-wise population percentage is as per the 1998 census.

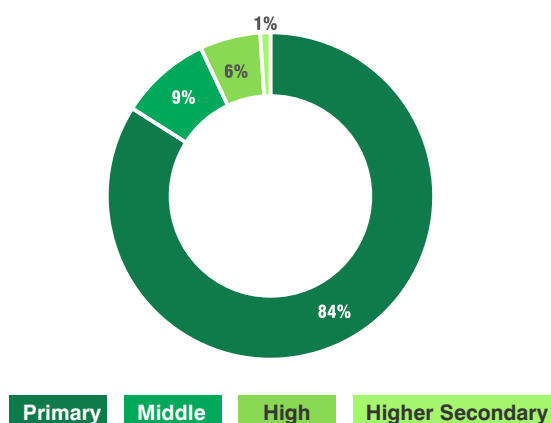
3.2 Education Statistics of District Swat

The sub-sections below present an overview of the state of education in district Swat.

3.2.1 Number of Schools

Swat has a total of 1,529¹⁵ public sector schools at primary, middle, high and higher secondary level, out of which 57 percent are co-education schools, 25 percent schools are for boys only, and 18 percent are girls' schools. The majority of schools in the district exist at the primary level (84 percent), followed by 9 percent middle schools, 6 percent high schools and 1 percent schools at the higher secondary level. These numbers demonstrate obvious challenges for the transition rates from primary to higher levels of education.

Chart 1. Level-wise Percentage of Schools out of Total Public Sector Schools in district Swat



At higher education levels, there is an evident gender disparity in a number of schools. At secondary level, there are only 22 girls' schools compared with 73 boys' schools. At higher secondary level, there are 13 boys' schools but only 5 girls' schools.

3.2.2 Enrolment

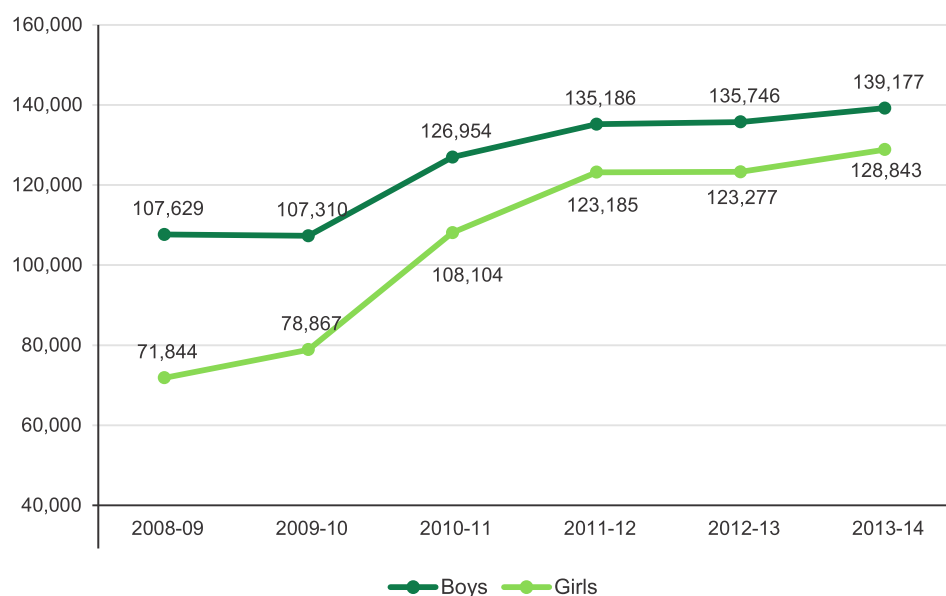
The total number of enrolled students in Swat is 313,833¹⁶. Similar to the case of the number of schools, the majority of students in the district are enrolled at

¹⁵ Khyber Pakhtunkhwa Education Management Information System (EMIS) data.

¹⁶ Khyber Pakhtunkhwa EMIS data.

primary level (80 percent). These are followed by 5 percent at middle level, 11 percent of students enrolled at secondary level, and only 4 percent of the students studying at higher secondary level. Of the enrolled students, 45 percent of students are girls¹⁷. Significant gender disparities exist at the higher levels of education. The gender parity index at primary level is 0.91, 0.67 at middle level, and 0.45 at high school level¹⁸. According to Annual School Census 2013-14, the transition rate from primary to middle level is 65 percent in district Swat. This low transition rate is indicative of the access barriers reflected in above data regarding availability of schools at the higher education levels. Chart 2 presents the enrolment trend in the district according to the Annual School Census 2013-14.

Chart 2. Enrolment Trend in Government Primary Schools



It is worth mentioning here that the gender gap has significantly reduced in Swat in the last few years owing to increased enrolments at primary level. However, steps should be taken to ensure that the transition rate from primary to middle level also gets higher in the years to come.

3.2.3 Number of Teachers and Student Teacher Ratio

There are 7,963 teachers employed in the public education sector of Swat. 78

¹⁷ A level-wise disaggregation of number of girls enrolled in the district shows that 48 percent of the enrolled students at primary level are girls, followed by 40 percent girls at middle level. Out of the total enrolment for high and higher secondary schools, 31 percent and 35 percent are girls respectively.

¹⁸ Authors' calculations from KP EMIS data.

The gender gap has significantly reduced in Swat in the last few years owing to increased enrolments at primary level.

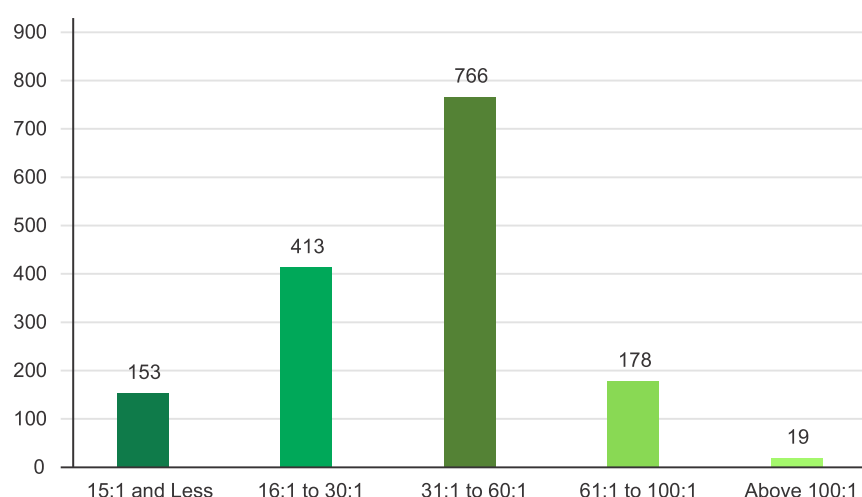
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Government Girls High School Fazal Abad has 3 teachers to teach 606 girls.

percent of the total teachers in the district are teaching at primary level, followed by 6 percent at middle level, 11 percent teachers working at secondary level, whereas 5 percent of the teachers are teaching at higher secondary level.

Overall the Student Teacher Ratio (STR) is within the government's recommended STR of 40:1. Disaggregating the STR data at school level shows that STR at primary, middle, secondary and higher secondary level is 40:1, 35:1, 40:1 and 32:1. There are 19 schools in the district having an STR of more than 100:1, which shows that the number of students enrolled is much more than the teachers appointed in these schools. The situation is most alarming in Government Girls High School Fazal Abad, where 3 teachers are appointed to teach 606 girls. Insufficient availability of teachers becomes an even greater challenge given that subject specialist teachers are required at high school level. The following chart provides an overview of general STR (subject specialists are not considered separately) in the schools of Swat.

Chart 3. Student Teacher Ratio in District Swat



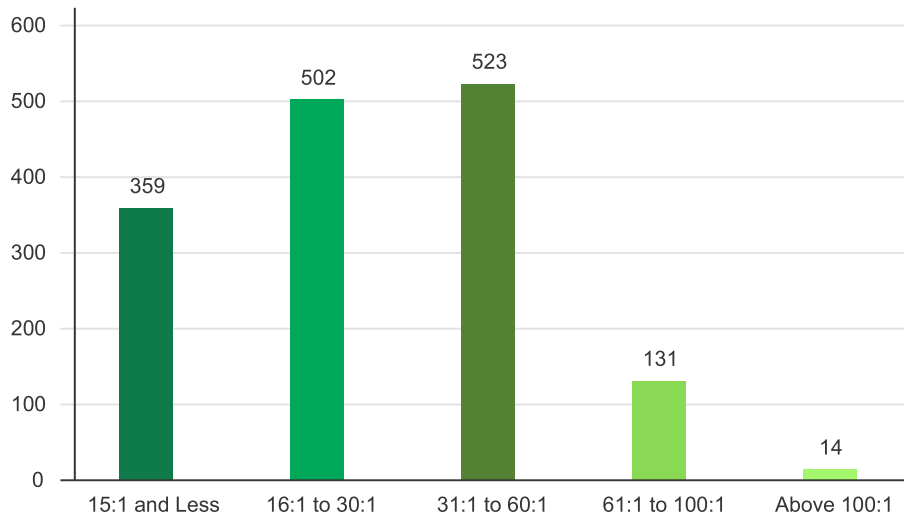
Source: I-SAPS Calculations from KP EMIS Data

3.2.4 Number of Classrooms and Student Classroom Ratio

A large number of schools in the district (21 percent) run with 3 or less classrooms. The worst situation is in Government Girls Primary School Fazal Abad (Kanju), where 960 girls are enrolled, while the school is running with only 4 classrooms. A look at the Student Classroom Ratio (SCR) at school level shows that 14 schools in the district having a SCR of more than 100:1, whereas 131 schools have a SCR between 61:1 and 100:1. Higher SCR relates to

inappropriate learning environment due to insufficient space which has implications on quality of teaching and learning. Chart 4 presents an overview of SCRs in the district, at school level.

Chart 4. Student Classroom Ratio in District Swat

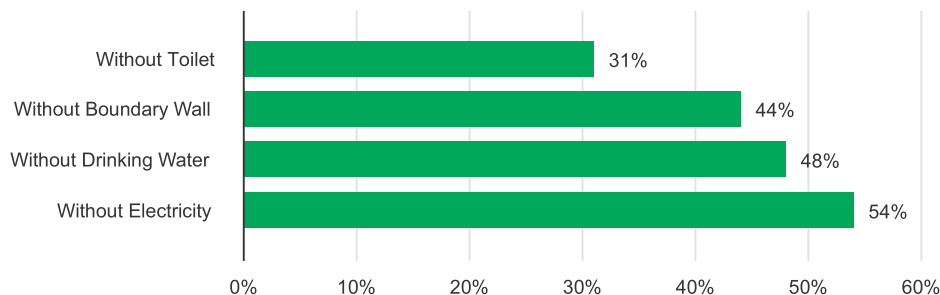


Source: I-SAPS Calculations from KP EMIS Data





3.2.5 Schools with Missing Facilities

Basic facilities in schools play a vital role in improving retention and enhancing the learning outcomes of students. A look at the state of basic facilities in the schools of Swat presents a dismal state of affairs. 825 schools (54 percent) in the district lack electricity, whereas 740 schools (48 percent) do not have clean drinking water for students. 667 schools (44 percent) of Swat schools do not have boundary walls, and 478 schools (31 percent) are currently without toilets. Chart 5 presents the state of missing facilities in the schools of Swat.

Chart 5. Schools without Basic Facilities in District Swat



Schools without Basic Facilities

-  825 Schools (54%) without Electricity
-  740 Schools (48%) without Drinking Water
-  667 Schools (44%) without Boundary Wall
-  478 Schools (31%) without Toilet

3.2.6 Education Budget of District Swat

3.2.6.1 Total Education Budget

A budget of Rs. 4.9 billion was allocated for education in Swat in 2014-15, which presented an increase of 32 percent compared with Rs. 3.7 billion allocated in the previous year.

A budget of Rs. 4.9 billion was allocated for education in Swat in 2014-15, which presented an increase of 32 percent compared with Rs. 3.7 billion allocated in the previous year. Interestingly, in both years 2013-14 and 2014-15, more than 100 percent of the budget was spent, demonstrating that the district does not struggle to disperse and use its education budget. In 2013-14, an additional amount of Rs. 907 million (24 percent more) compared with the allocated budget was expensed on education in Swat, while 12 percent more was spent in the subsequent year (2014-15), which amounts to Rs. 605 million.

Table 1. Total Education Budget for District Swat, 2013-14 and 2014-15

In Rs. millions	2013 -14		2014 -15	
	Budget	Expenditure	Budget	Expenditure
Primary Education	1,779.68	2,596.47	1,907.65	3,015.00
Secondary Education	1,925.50	2,015.79	2,995.98	2,493.65
Total	3,705.18	4,612.26	4,903.63	5,508.66

Considering the huge needs of education sector as represented by the lack of basic facilities and higher SCR and STR in schools, the allocated budgets are inadequate. Lack of planning is also evident considering higher expenditure in both the years compared with the allocated budgets.

3.2.6.2 Recurrent Education Budget¹⁹

The total recurrent budget allocated for education in 2014-15 was Rs. 3.97 billion which shows an increase of Rs. 852 million (27 percent) compared with the budget earmarked for the purpose in 2013-14. An additional amount of Rs. 601 million (15 percent more than the allocated budget) was spent under the head of recurrent budget in 2014-15. This is a bit lower than the additional budget of Rs. 740 million (24 percent more than the allocated budget) expensed in 2013-14. By disaggregating the recurrent budget at functional

¹⁹ Recurrent budget comprises the revenue budget and the capital budget. It includes the salaries, related expenses and the non-salary budget.

level, it can be seen that in both the years 2013-14 and 2014-15, secondary education was allocated a higher share than primary education. It is also important to note that the actual expensed budget in both the years shows a higher share of primary education compared with secondary education.

Table 2. Recurrent Education Budget for District Swat, 2013-14 and 2014-15

In Rs. millions	2013 -14		2014 -15	
	Budget	Expenditure	Budget	Expenditure
Primary Education	1,408.69	2,036.97	1,821.56	2,522.09
Secondary Education	1,711.56	1,822.84	2,150.53	2,051.43
Total	3,120.24	3,859.81	3,972.09	4,573.52
Recurrent Budget as Share of Total Education Budget	84 %	84 %	81 %	83 %

The recurrent budget receives the major portion of the education budget every year. In 2013-14, 84 percent of the total education budget was earmarked and expensed on recurrent budget. In 2014-15, the recurrent budget had a share of 81 percent out of the total education budget of the district, however, the share of expensed recurrent budget on education reached 83 percent by the end of the same financial year.

3.2.6.3 Salary Budget for Education

Salaries and related expenses constitute the majority of the recurrent budget every year in the district. In 2014-15, the salary budget was allocated 80 percent of the total education budget and 99 percent of the total recurrent budget. Although higher in absolute terms, the share of actual salary expenditure in the total recurrent budget was a bit lower than the apportioned budget, as it actually received 90 percent of the recurrent budget in 2014-15.

In 2013-14, 84 percent of the total education budget was earmarked and expensed on recurrent budget.

Table 3. Salary Budget for Education in District Swat, 2013-14 and 2014-15

In Rs. millions	2013 -14		2014 -15	
	Budget	Expenditure	Budget	Expenditure
Primary Education	1,400.33	1,993.30	1,818.25	2,161.35
Secondary Education	1,693.72	1,755.03	2,127.78	1,946.99
Total	3,094.05	3,748.32	3,946.02	4,108.34
Salary Budget as Share of Recurrent Budget	99 %	97 %	99 %	90 %
Salary Budget as Share of Total Education Budget	84 %	81 %	80 %	75 %

The budget earmarked for salary purposes in 2014-15 was higher by 28 percent (Rs. 852 million) compared with the allocated budget in the previous year. It is also worth noting here that in 2013-14 and 2014-15, the expensed salary budget was higher than the allocated budget, by 21 percent and 4 percent respectively.

3.2.6.4 Non-Salary Budget for Education

Non-salary budget is essential for day to day expenditure of the schools; however, a look at Table 4 below presents a dismal picture of the non-salary budget's share in the education budget of district Swat. Out of the expensed budget for education in 2014-15, only 10 percent of the recurrent budget was spent for non-salary purposes compared with the 90 percent share of salary budget. It is encouraging to see that budget expenses in 2014-15 increased by 317 percent (Rs. 354 million) compared with the Rs. 111 million non-salary expenditure in 2013-14.

Table 4. Non-Salary Recurrent Budget for Education in District Swat, 2013-14 and 2014-15

In Rs. millions	2013-14		2014-15	
	Budget	Expenditure	Budget	Expenditure
Primary Education	8.36	43.68	3.32	360.74
Secondary Education	17.84	67.81	22.75	104.44
Total	26.19	111.49	26.06	465.18
Non-Salary Budget as Share of Recurrent Budget	1%	3%	1%	10%
Non-Salary Budget as Share of Total Budget	1%	2%	1%	8%

These statistics show that insufficient allocations are made for the non-salary budget and that there is a strong need to increase the allocations in accordance with the actual requirements at the district level.

3.2.6.5 Development Education Budget²⁰

The budget allocated for development purposes in district Swat is quite low compared with the educational needs of the system. This was also pointed out by the participants of the FDGs that their schools have a number of needs that currently cannot be fulfilled from the PTC funds. In 2014-15, development budget of Rs. 932 million (19 percent of the total education budget for district Swat) was allocated. It represents a significant increase to the volume of Rs. 347 million (59 percent) compared with the Rs. 585 million development budget in 2013-14. In 2013-14, total development budget comprised 16 percent of the total allocated education budget for the district. In 2013-14 and 2014-15, the expensed development budget exceeded the allocated budget. It is also worth noting that the increase in expenses compared with allocations was quite significant in 2013-14, with 29 percent higher expenditure than the apportioned amount.

Table 5. Development Education Budget for District Swat, 2013-14 and 2014-15

In Rs. millions	2013-14		2014-15	
	Budget	Expenditure	Budget	Expenditure
Primary Education	371.00	559.50	86.09	492.92
Secondary Education	213.94	192.95	845.46	442.23
Total	584.94	752.45	931.55	935.14
Development Budget as Share of Total Education Budget	16%	16%	19%	17%

Primary education received a higher share in the development budget in 2013-14. In 2014-15, the major portion of the development budget was routed to secondary education, while primary education was apportioned only 9 percent of the total development budget. However, analysis of the expensed development budget in 2014-15 showed a 53 percent share of primary education compared with the 47 percent share for secondary education.

²⁰ Expenditure incurred for the purpose of acquiring, constructing or enhancing physical assets (schools etc.) or on schemes of capital outlay.

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There is a strong need to increase the allocations for non-salary budget in accordance with the actual requirements at the district level.

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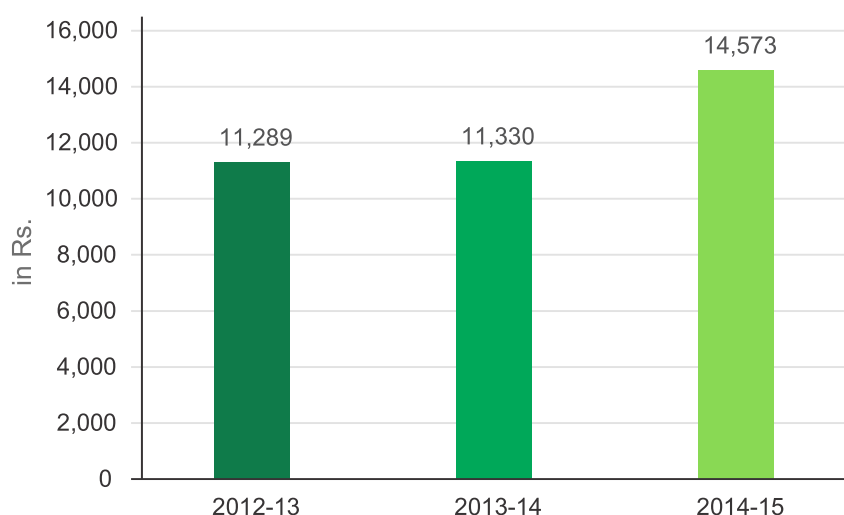
In 2014-15, the district education department spent Rs. 14,573 per student during the year.

The above analysis refers to insufficient allocations made for development requirements. This is evident from high infrastructural needs of school in Swat and a huge number of schools lacking basic facilities. The above table also shows that the government's policy priorities are not very consistent as primary education is given importance in one year whereas in the next year secondary education is given higher priority.

3.2.6.6 Per Student Expenditure in District Swat²¹

In 2014-15, the district education department spent Rs. 14,573 per student during the year. This shows an increase of 29 percent compared with the Rs. 11,330 per student expenditure in 2013-14. For 2012-13 and 2013-14, per student expenditure remained stagnant with an increase of a mere 0.4 percent during these years.

Chart 6. Per Student Expenditure in District Swat



²¹ For calculation of per student expenditure, the recurrent expenditure in a particular year is divided by the enrolment in that year.



CHAPTER 4

School Survey in District Swat

CHAPTER 4

Schools Survey in District Swat

In order to assess and track the budgetary allocations and expenditure at school level, a Public Expenditure Tracking Survey (PETS) was undertaken in 30²² rural girls' primary schools of district Swat having a total enrolment of 7,727 students. The survey conducted with the head teacher of each school also contained questions related to general information about the schools and their budgets. 79 percent of the respondents (head teachers) had a bachelors' degree or higher level of education. More than 95 percent of the head teachers had spent 6 or less years in the current school.

4.1 State of Facilities in Surveyed Schools

There is growing evidence from across the globe that the condition of school infrastructure has a strong impact on the learning outcomes of the students. Hanushek (1995)²³, in a review of 34 studies that investigated the relationship between physical facilities (such as quality buildings, etc.) and student learning, found a positive impact of high-quality school infrastructure on learning achievement. Among many other studies on the topic, similar results of a strong positive correlation between the condition of school buildings and

²² These are the 30 CARE International in Pakistan intervention schools. 11 of these schools are from Tehsil Matta where the rest 19 schools belong to Tehsil Babozai of Swat.

²³ Hanushek, E.A. (1995). Interpreting Recent Research on Schooling in Developing Countries. World Bank Research Observer, 10(2), 227-46.

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Many schools in the district having co-education do not have separate toilets for boys and girls. This has strong implications for the students and is one of the many reasons for students (especially girls) dropping out of schools.

learning outcomes have been reported by Michaelowa and Wechtler (2005)²⁴ for 14 Sub-Saharan African countries. Considering the fact that the learning outcomes of students in Pakistan are below par (see World Bank report on Student Learning in South Asia)²⁵, there is a great need of addressing the infrastructural challenges in our schools. An analysis of the statistics in this regard is presented below.

4.1.1 Classrooms

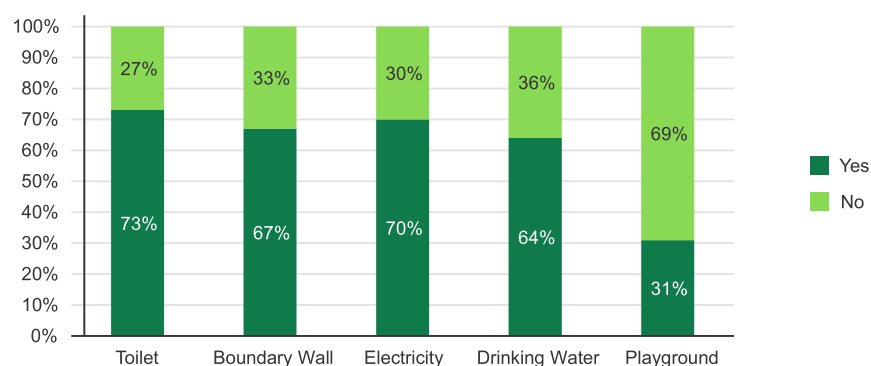
On average, the surveyed schools had 3 classrooms. 47 percent of these schools had 2 classrooms, whereas 37 percent of schools were running with 3 classrooms. It was noted that most of the classrooms in these schools needed repairs, with 73 percent of these schools needing major repairs in one or more of their classrooms, and 90 percent of these schools had classrooms in need of minor repairs.

A majority of the head teachers (70 percent) were of the view that the number of classrooms available in their respective schools was insufficient for accommodating all classes and students in the schools.

4.1.2 Basic Facilities

A majority of the head teachers reported that their schools had functional toilet facilities for students; however, 27 percent of the schools did not have student toilets. It was reported during the FGDs that many schools in the district having co-education do not have separate toilets for boys and girls. This has strong implications for the students and is one of the many reasons for students

Chart 7. State of Basic Facilities in Schools



²⁴ Michaelowa, K. & Wechtler, A. (2005). The Cost-Effectiveness of Inputs in Primary Education: Insights from the Literature and Recent Student Surveys for Sub-Saharan Africa. Background paper for the Association for the Development of Education in Africa biennial meeting, January 2006. Operations Evaluation Department, World Bank, Washington, DC.

²⁵ World Bank (2014). Student Learning in South Asia: Challenges, Opportunities and Policy Priorities. World Bank: Washington.

(especially girls) dropping out of schools due to lack of privacy and security. Only 30 percent of the surveyed schools had a playground or a sports area for students. Similarly, more than one quarter of the schools covered in the survey did not have boundary walls, electricity or clean drinking water facilities.

4.1.3 Other Facilities

Apart from one school, all the other schools were reported to have furniture that was in a good condition. Regarding the structures and buildings of the schools, 20 percent of the head teachers mentioned the condition to be bad. It was also reported that 73 percent of the surveyed schools did not have good hygiene conditions and sanitation facilities like brooms and hand washing basins.

From the above analysis, it is clear that the many schools in the district do not have adequate basic facilities available to the students, which not only likely impacts drop-outs, but also the learning outcomes of those enrolled in the schools.

4.2 Parent Teacher Councils (PTCs)

Each primary, middle and high school in Khyber Pakhtunkhwa has a Parent Teacher Council, which is comprised of a head teacher and elected members from among the parents and community. However, a third party validation (done by ESED in 2011) and research reports like I-SAPS (2014)²⁶ have identified capacity gaps in PTCs for carrying out their mandated functions. With the purpose of understanding the functionality and capacity of PTCs in district Swat, the survey included a number of questions focused on the status of PTCs and the capacity of members to perform their mandated duties.

4.2.1 Status and Composition of PTCs

One of the purposes of the survey was to assess the functionality of PTCs in the surveyed schools. All the surveyed schools had functional PTCs. On average, each PTC had 9 members out of whom 3 members were parents, 2 were teachers and 4 were general members. As per the PTC policy issued by the Elementary and Secondary Education Department (ESED), chairperson of the PTC has to be a parent member; however, it was noted that 13 percent of the surveyed PTCs had the schools' head teachers as the chairpersons. It was also reported by 2 respondents that the respective PTCs of their schools were not performing their duties according to their mandate. 67 percent of PTCs met on a quarterly basis, more than 20 percent on a monthly basis, whereas 10 percent of the PTCs had meetings on a bi-annual or yearly basis. On average, 6 members participated in a given PTC meeting in the surveyed schools.

²⁶ I-SAPS (2014). Education Sector Procurements in Khyber Pakhtunkhwa: A Horizontal Accountability Perspective. I-SAPS: Islamabad.

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67 percent of PTCs met on a quarterly basis, more than 20 percent on a monthly basis, whereas 10 percent of the PTCs had meetings on a bi-annual or yearly basis.

4.2.2 Responsibilities undertaken by PTCs

None of the surveyed schools had prepared a School Improvement Plan for the last fiscal year 2014-15.

The respondents were asked if their respective PTC undertook their mandated responsibilities. It was noted that most of the PTCs did not monitor the attendance of teachers at all. However, they undertook their responsibilities of cooperation with the school administration in organizing co-curricular activities, efforts to increase student enrolment, and utilization of PTC funds. The School Improvement Plan (SIP) is essential in order to understand the needs of the schools and for the purpose of accountability by the parents and community members. However, it was noted that none of the surveyed schools had prepared a SIP for the last fiscal year 2014-15. In general, the head teachers were of the view that there is not much active participation by parents and community members in order to effectively run the PTC affairs. The reason for this, according to the head teachers, was considered to be the lack of incentives for parents and the community to perform this function.

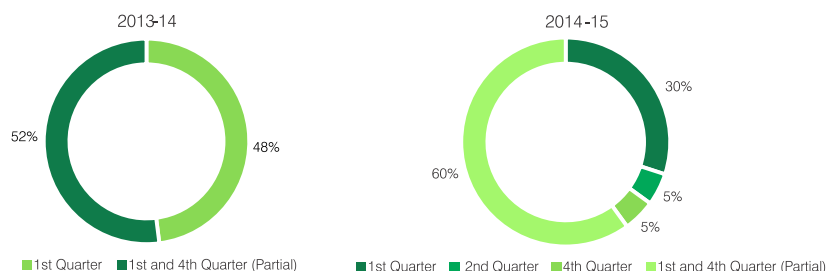
4.3 Budgetary Allocation and Expenditure by PTCs

The Government allocates an annual grant to each PTC based on the number of classrooms and other rooms in the school²⁷. This budget is transferred from the District Government to PTCs. The budget can be used to improve infrastructure in the schools and make other day to day operational expenditures.

4.3.1 Transfer of Funds from District Government to PTCs

For the last two fiscal years (2013-14 and 2014-15), the majority of the PTCs received their funds from the district government in the 1st quarter. It was also reported that in many cases, the funds were transferred in 2 tranches (in the 1st and the 4th quarters). On average, the surveyed PTCs received Rs. 12,678 per annum as part of their PTC fund from the district government.

Chart 8. Quarter-wise Transfer of Funds to PTCs



²⁷ PTC funds are calculated on the basis of Rs. 7,000 per classroom and Rs. 3,500 per other room.

Respondents of the KIs mentioned that the minor needs of schools are easily met through the allocated funds and the funds are generally allocated to PTCs in the 1st quarter.

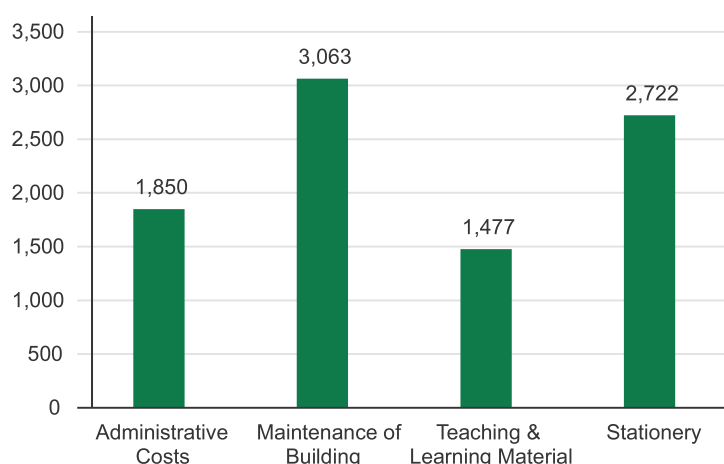
4.3.2 Additional Sources of Funding

PTCs are allowed to generate funds from additional sources such as through community support, local philanthropists, or support of Non-Governmental Organizations (NGOs) or other international organizations. The data collected reveals that apart from the 2 PTCs which received funds under the Government Special Project Funds, none of the other PTCs generated funds from additional sources.

4.3.3 Funds Utilization by PTCs

Under the PTC Guidelines 2012, PTCs have a clear mandate for repair and maintenance and school civil works. PTC budgets can be spent on administrative and maintenance costs, provision of teaching and learning materials, purchase of stationery etc. On average, the surveyed PTCs spent Rs. 1,850 to cover administrative costs during the year. The administrative costs varied from Rs. 800 to Rs. 10,000. The average amount spent from the PTC budgets on maintenance of buildings was Rs. 3,063, with a range of Rs. 1,000 to Rs. 15,000. For provision of teaching and learning material to teachers and students, the average was Rs. 1,477, whereas an average of Rs. 2,722 was spent on other items like stationery, etc. during 2014-15. FGD participants stated that generally the allocated funds are utilized on paying utility bills and maintenance costs like white wash etc. It was also mentioned that despite the needs, PTC funds are insufficient for undertaking any major civil works in the schools.

Chart 9. Average PTC Budget Utilization 2014-15



Despite the needs, PTC funds are insufficient for undertaking any major civil works in the schools.



CHAPTER 5

Conclusion and Recommendations

CHAPTER 5

Conclusion and Recommendations

5.1 Summary of Findings

The education sector in KP is facing a huge educational challenge with more than 2 million out-of-school children between 5-16 years in the province. This challenge is further intensified by not only the lack of resources but also by weak linkages between policy provisions, education data and budgetary allocations. There is a lack of debate on how financing strategies can have optimal impact on access, quality and equity in the provision of basic services and rights in education in Pakistan. There is a lack of evidence and weak engagement of civil society with relevant government authorities in KP. Although some recent studies have made valuable contributions, rigorous analysis and tracking of education budgets at district level is insufficient and scattered. This education budget analysis and tracking in Swat is an attempt to fill this gap at the district and school levels.

The budget allocated for education in Swat is insufficient to meet the needs of the system. An analysis of the budgets for 2013-14 and 2014-15 shows that in both these years, the expenditure was higher (by 24 percent and 12 percent respectively), which demonstrates high needs of the education system. This challenge is also highlighted by the fact that a high number of schools in the district do not have basic facilities such as electricity, clean drinking water, boundary walls and toilets.

The recurrent budget receives a large share of the education budget every

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There is a lack of evidence and weak engagement of civil society with relevant government authorities in KP.

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More than 550 schools in the district have a Student-Teacher Ratio (STR) of 30:1 or less compared with around 200 schools having STR of more than 60:1.

year. In 2013-14, 84 percent of the total education budget for district Swat was earmarked for recurrent expenses. Although the recurrent budget allocation in 2014-15 increased in absolute terms (by 852 million) compared with the allocated budget in 2013-14, the percentage share of current budget in total education budget was reduced to 81 percent. However, the expensed budget presents an 83 percent share for recurrent expenditure in the total education budget of district Swat.

The share of non-salary budget in the recurrent budget is meagre compared with the share of salary budget. The share of non-salary budget in the total expenses of the recurrent budget for 2014-15 was a mere 10 percent compared with the 90 percent recurrent budget spent on salaries and related expenses. This share of non-salary budget in the recurrent budget was even lower in 2013-14, with only 3 percent of the recurrent budget expensed to cover non-salary costs.

Allocations for development purposes are much lower than actual needs in district Swat. Considering the fact that 54 percent of the schools in the district are running without electricity, 48 percent schools without drinking water, 44 percent without boundary walls and 31 percent schools without toilets, the budget expenditure of Rs. 935 million (17 percent of total education expenditure) in 2014-15 is too little. Also keeping in mind that 145 schools in the district that have a Student-Classroom Ratio (SCR) of more than 60:1, there is an urgent need of allocations for construction of additional classrooms.

Lack of teacher rationalization hinders the effectiveness of public finance in the district. The analysis undertaken in this study informs that more than 550 schools in the district have a Student-Teacher Ratio (STR) of 30:1 or less compared with around 200 schools having STR of more than 60:1. This not only relates to the lack of planning on the part of district government but also calls for a more informed teacher recruitment and rationalization policy so that an effective use of the existing resources can be realized.

Per student expenditure in district Swat is one of the lowest in the province. In 2014-15, the cost per student was Rs. 14,573 in Swat. The expenditure was even lower in 2012-13 and 2013-14 with only Rs. 11,289 and Rs. 11,330 amounts spent per student in the district.

Funds received by PTCs are insufficient for civil works or provision of basic facilities. As mentioned above, many schools in the district do not have adequate basic facilities. As per PTC guidelines, PTCs have a mandate for repair and maintenance and school civil works. However, the funds allocated for PTCs in this regard (in the range of Rs. 6,000 to Rs. 21,000 annually for the

surveyed schools) are insufficient to address the needs of basic facilities in the schools. The need for additional funds was highlighted by participants of the FGDs, where it was mentioned that the needs of the schools are too high to be addressed by the allocated PTC budgets alone.

PTCs, although authorized to do so, did not generate any funds from additional sources. The respondents of the survey informed that during the last fiscal year 2014-15, none of the surveyed PTCs generated funds through additional funding sources.

Many schools in the district receive PTC funds in two tranches. All the PTCs of the surveyed schools had received PTC funds in 2014-15. However, it was reported by some head teachers that the PTC funds were provided to them in two tranches; the first during the 1st quarter whereas the second tranche came during the 4th quarter.

Utilization rate of PTC funds is quite low. Analysis of PTC expenditures informed that the expenditure of PTC funds is often lower than 50 percent. It was also reported that the major part of the PTC funds is utilized for building maintenance (white wash etc.).

5.2 Recommendations

The following are some of the recommendations to improve the efficiency and effectiveness of existing resources in district Swat:

1. With local bodies in place, there is a need to ensure that their respective capacities are built so that the prioritization and budget allocation process is efficient and effective to address the needs of the system.
2. The district education department should work on teacher rationalization, in order to ensure effective utilization of available resources. The STR should be rationalized by incentivizing teachers to change schools, particularly addressing the cases where the ratio is higher than 100:1, i.e., there are more than 100 students for 1 teacher.
3. A significant share of budget, at least in the range of 25-30 percent of the total education budget, should be earmarked every year for development budget, to be committed to the large needs of the schools in terms of missing facilities and construction of additional classrooms. Also, the share of the non-salary recurrent budget should be increased to at least 15-20 percent of the current education budget.

Analysis of PTC expenditures informed that the expenditure of PTC funds is often lower than 50 percent.

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PTCs should focus on mobilizing additional sources of funding, such as through support of community or local philanthropists.

4. Considering the fact that schools need significant budgets for day to day expenditures and to cover other non-salary costs through the PTC budget, there is a need to enhance this budget. PTCs should be encouraged to increase their utilization rate and spend the allocated amount for school improvement. Also, PTCs should have their budget expenditure available for scrutiny to other parents and the community more broadly so that they are accountable to students/communities for their spend rate and spending choices. Social accountability models should be introduced to support this greater transparency.
5. It is understood that the needs of the schools are quite large compared with the resource envelope available to the government. In this regard, PTCs should focus on mobilizing additional sources of funding, such as through support of community or local philanthropists.
6. PTC funds should be allocated as a single transfer in the 1st quarter. Schools should also be encouraged to develop School Improvement Plans (SIPs) for planning and prioritization purposes. These can become the basis for community monitoring.

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