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# PUBLIC FINANCING OF EDUCATION IN PUNJAB

## PROVINCIAL AND DISTRICT LEVEL ANALYSIS



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## PROVINCIAL AND DISTRICT LEVEL ANALYSIS

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IN PUNJAB  
PROVINCIAL AND DISTRICT LEVEL ANALYSIS

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# ACRONYMS

<b>ASC</b>	Annual School Census
<b>DSD</b>	Directorate of Staff Development
<b>FABS</b>	Financial Accounting and Budgeting System
<b>GPI</b>	Gender Parity Index
<b>I-SAPS</b>	Institute of Social and Policy Sciences
<b>NSB</b>	Non-Salary Budget
<b>PEAS</b>	Punjab Education Assessment System
<b>PEC</b>	Punjab Examination Commission
<b>PESRP</b>	Punjab Education Sector Reforms Programme
<b>PIFRA</b>	Project to Improve Financial Reporting and Auditing
<b>SAP</b>	Systems, Applications and Products in Data Processing
<b>SC</b>	School Council





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# EXECUTIVE SUMMARY

Education delivery in Punjab has improved in the last decade owing to numerous reforms undertaken in the sector. Punjab has now the highest net primary enrolment rate, literacy rate and gender parity index (GPI) in Pakistan<sup>1</sup>. However, still there exist a number of challenges faced by education sector in Punjab. Not only a huge number of school-going age children are out of school but also the ones studying in schools are not learning well. All these challenges are significantly linked with the magnitude of available financing and more importantly the efficiency in use of these resources.

Punjab is investing a significant share of its total budget in education. 20 percent of the total provincial budget this year has been earmarked for education. In the last 6 years, education budget of Punjab has increased from Rs. 155 billion in 2010-11 to Rs. 287 billion in 2015-16. Considering the need of additional schools and classrooms and provision of basic facilities in the schools, the development budget of Punjab has also been increased by 136 percent in the last 6 years. A significant budget of Rs. 4.45 billion has been allocated for teacher education in 2015-16. Research and media reports have highlighted meagre budgets for schools in terms of non-salary budgets in the past. Keeping the needs in mind and the concept of empowering communities in school affairs, Punjab launched a non-salary budget scheme in 9 districts of the province in 2013-14 with an allocation of Rs. 3.5 billion. This year, in 2015-16, a budget of Rs. 14 billion has been allocated for the scheme to cover all the 36 districts of the province. Under the scheme, many schools are provided funds in the range of Rs. 0.1-1 million per annum.

Although the increase has been significant, a number of issues exist related to public financing of education in the province. The current report not only highlights the trends of education financing in the public sector of Punjab in the last 6 years but also sheds light on some of the significant issues that have hampered the effectiveness of available financial resources for education.

Despite the increase in education budgets, its share in the total provincial budget has decreased over the last 3 years. In 2013-14, 26 percent of the provincial budget was allocated for education while this year, the share has been reduced to 20 percent of the provincial budget of Punjab. Even the allocated budget for education is not utilized in full. During the last fiscal year 2014-15, 18 percent of the budget remained unutilized pointing towards absorption issues. Although there has been a significant increase in the funds allocated for development purposes, the expensed development budget has always been lesser than the allocated budget throughout the last 6 years. Highest difference between allocation and expensed development budget was reported for 2012-13 when only 23 percent of the budget could be spent during the year. In 2014-15, Rs. 39 billion was earmarked for development budget presenting a share of 15 percent in the total education budget. However, only 46 percent of the development could be spent during the year; constituting a mere 8 percent of the education budget. For primary education, a budget of Rs. 2.5 billion (6 percent of total development budget) was allocated out of which only Rs. 190 million, i.e., 8 percent of the budget, could be spent during the year.

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<sup>1</sup> Pakistan Economic Survey 2014-15

Annual Per student expenditure in Punjab has varied according to districts in 2014-15 between Rs. 11,000 and Rs. 19,000. While Chakwal, Rawalpindi and Bahawalpur could expense more than Rs. 18,000 per student during 2014-15, districts like Chiniot and Nankana Sahib spent less than Rs. 12,000 per student during the year.

The effectiveness and efficiency in the use of available resources is very important if targets like free and compulsory 'quality' education to all children are to be achieved in the coming years. It is essential that the government undertakes a need-based budgeting approach where districts with higher needs are allocated higher budgets. On one hand, the overall share of development budget and non-salary budget in the education budgets should be increased while on the other hand, the utilization of earmarked funds needs to be ensured. Local governments should be empowered to monitor and plan utilization of education budgets, especially the non-salary and development budgets. It is also suggested that the standing committee on education and public accounts committees should be allowed to take up the business on their own. This essentially would allow them to engage in scrutiny of particular issues of efficiency and best value for money highlighted in media or research reports.

# CHAPTER | ONE

## INTRODUCTION



## Introduction

### 1.1 Background

Punjab has not been able to achieve the targets that were part of the national and international commitments of the government of Pakistan relating to provision of universal primary education to all the children. Various studies have established a link between unsatisfactory achievement on development indicators and issues in budgetary allocations and utilization. To name a few, incremental budgeting, disconnect between planning, data and allocations, missing budget lines, gender insensitive budgeting, poor spending capacities especially on development heads are the issues that have undermined the effectiveness of reforms undertaken in the province.

The government of Punjab has significantly increased the budgetary allocations for education in the last few years. In 2015-16, a budget of Rs. 287 billion has been earmarked for public education in Punjab; highlighting an increase of 85 percent over the last 6 years. The allocated budget for education this year constitutes 20 percent of the total budget of Punjab. Despite investing so much on education in the province, the educational challenge still remains with around 13 million children of school-going age out of schools; 52 percent of which are female<sup>2</sup>. Even those who are enrolled in schools are not performing well<sup>3</sup>. Although Punjab is doing well on a number of education indicators when compared with other provinces, the challenge is huge enough and requires a commitment on part of all the stakeholders.

A sustainable educational reform is not possible without a strong linkage between education policies, data and budgetary allocations. The same is true in case of Punjab as well, since there is a need to have an informed debate on the impact that financing strategies can have on access, equity and quality of education in the province.

### 1.2 Research Focus

This research focuses on the public financing of education in Punjab with an aim to enhance the evidence base regarding the allocations and expenditure made on education sector and the issues therein.

### 1.3 Research Problem

Despite increasing the education budgets significantly every year, the effectiveness of the allocated budget remains questionable. Not only a huge share of the education budget is expensed on salaries and related expenditure, spending for development purposes is very limited compared with the allocations made for the purpose. There is a need to have an informed debate on the financing strategies of the provincial government and their possible impact on access and quality of education in the province. This debate and subsequent actions are still missing in Punjab due to weak evidence

<sup>2</sup> Alif Ailaan (2014). *25 Million Broken Promises: The Crisis of Out-of-School Children*. Islamabad: Alif Ailaan

<sup>3</sup> NEAS (2014). *National Achievement Test 2014*. Government of Pakistan: Islamabad.

base on the subject.

## 1.4 Research Questions

This study will aim to answer the following research questions:

- a. What is the quantum of financial allocations made for the education sector?
- b. Is the allocated budget sufficient to address the educational challenges faced by the province?
- c. What are the issues with utilization of education budgets in the province?
- d. What is the per student spending in Punjab?
- e. Do districts receive proportionate shares of education budget?
- f. What budgetary allocations are made for improving the quality of education in Punjab?
- g. What steps need to be taken in order to ensure the effectiveness of allocated budgets for education sector?

## 1.5 Research Aim and Objectives

The study aims at analyzing the budgets allocated and expensed on education in Punjab and presenting information in a comprehensible manner. The analysis will strengthen the evidence-base by tracking the education budget of Punjab over the last 6 years. The report will add to the existing debate on effectiveness of education financing in the province and will help in development of a framework to bridge the disconnection between policies, education data and budgetary choices undertaken by the government.

## 1.6 Research Methodology

### 1.6.1 Quantitative Research

This report analyzes the education budget of Punjab for a period of six years, i.e., from 2010-11 to 2015-16. The report will unpack the budgets at aggregate (total, current and development budgets), functional (primary, secondary and higher education budgets) and object (salary and non-salary budgets) levels. The report draws its data from the Government's Project to Improve Financial Reporting and Auditing (PIFRA) system and budget books of Punjab.

### 1.6.2 Qualitative Research

Key informant interviews (KII) were conducted with public and private education sector practitioners and members of school councils (SCs) in order to have their insights on financing of public education in Punjab. These interviews were helpful in triangulating the findings of the quantitative analysis and to identify various challenges at the provincial, district and school levels.

## 1.7 Chapters Outline

The report consists of five chapters. The first chapter provides a background to the study, its



purpose, scope of analysis and structure of the chapters. The next chapter presents the education budget of 2015-16 at a glance. Chapter 3 analyzes the trends of total, current, salary, non-salary and development budgets over the last 6 years. Chapter 4 presents the trends in district expenditure while chapter 5 concludes the study.



## CHAPTER | TWO

PUNJAB EDUCATION BUDGET  
2015-16



## Punjab Education Budget 2015-16

The government of Punjab has allocated an education budget of Rs. 286.51 billion for 2015-16 which constitutes 20 percent of the total provincial budget of Rs. 1,447.24 billion. The share of education budget in the provincial budget of Punjab has declined over the last few years. 26 percent of Punjab's budget was earmarked for education in 2013-14 which has been reduced to 20 percent this year.

**Table 2.1: Education Budget as Share of Provincial Budget 2015-16 (in Rs. Million)**

	Provincial Budget	Education Budget	Share of Education Budget
<b>Current</b>	1,047,242	242,344	23%
<b>Development</b>	400,000	44,162	11%
<b>Total</b>	1,447,242	286,505	20%

Source: FABS Reports from PIFRA SAP System

### 2.1 Comparison of Education Budgets 2014-15 and 2015-16

The earmarked education budget in 2015-16 shows an increase of 10 percent compared with the allocated budget in 2014-15. This year's budget consists of 85 percent recurrent budget and 15 percent development budget. Compared with the high infrastructural needs of education sector in the province, the allocation of Rs. 44.16 billion is meagre. Out of the recurrent budget for education, major portion is allocated for salaries and related expenditure. This year 86 percent of the recurrent budget and 73 of the total education budget has been earmarked for salary budget. Non-salary budget, which is essential for day-to-day expenditure of the schools, will only receive 14 percent of the recurrent budget and 11 percent of the total education budget of the province in 2015-16.

**Table 2.2: Punjab Education Budget 2015-16 (in Rs. Million)**

	2015-16	2014-15	
	Allocation	Allocation	Expenditure
<b>Current Budget</b>	242,343.71	221,039.32	194,578.56
<b>Salary Budget</b>	209,625.57	198,764.81	173,909.07
<b>Non-Salary Budget</b>	32,718.14	22,274.51	20,669.49
<b>Development Budget</b>	44,161.76	38,589.72	17,620.08
<b>Total Education Budget</b>	286,505.47	259,629.04	212,198.64

Source: FABS Reports from PIFRA SAP System

During 2014-15, 18 percent of the allocated budget remained unspent. While 88 percent of the recurrent budget was expensed during the year, the utilization of development budget shows a grim picture where 54 percent of it remained unspent in 2014-15. Compared with the allocation in 2014-15, the budget has increased by 10 percent in 2015-16. While comparing this year's allocation with

expensed budget in the previous year, an increase of 35 percent has been recorded. A significant surge of 47 percent has been reported for non-salary budget in 2015-16 while the salary budget has increased by only 5 percent compared with previous year's allocated budget. With an increase of Rs. 5.6 billion, the development budget has increased by 14 percent in 2015-16. However, it remains to be seen if the expensed budget will come close to the allocated budget figures this year or not.

## 2.2 Education Budget 2015-16 at Functional Level

Secondary education has received the highest share of education budget in the last two years. In 2015-16, 47 percent of Punjab's education budget has been earmarked for secondary education increasing its 43 percent in 2014-15. The share of primary education has declined from 42 percent in the last year to this year's 39 percent. Higher education's share has been consistent at 12 percent during the last two years.

**Table 2.3: Punjab Education Budget at Functional Level (in Rs. Million)**

	2015-16	2014-15	
	Allocation	Allocation	Expenditure
Primary Education	110,840.68	108,579.00	96,095.13
Secondary Education	134,013.14	111,321.94	85,393.32
Higher Education	33,076.03	31,605.65	23,425.50
Others	8,575.63	8,122.45	7,284.69
<b>Total Education Budget</b>	<b>286,505.47</b>	<b>259,629.04</b>	<b>212,198.64</b>

Source: FABS Reports from PIFRA SAP System

Although secondary education was allocated higher share than primary education in 2014-15, 23 percent of it could not be spent during the year. Although lesser than secondary education, similar situation prevailed in case of primary education where 11 percent of the budget remained unspent in 2014-15.

## 2.3 Per Student Expenditure 2014-15

Punjab government expensed Rs. 181.49 billion on education at primary and secondary level in 2014-15. A total of 10,874,511 students are enrolled in schools of Punjab as per Annual School Census (ASC) 2014-15. So, on average, Punjab has spent Rs. 16,689 per student in the last fiscal year. Disaggregating the figures further shows that out of this expenditure, the government expensed Rs. 15,515 per student on recurrent expenditure while only Rs. 1,174 per student was spent for development purposes.

**Table 2.4: Per Student Expenditure 2014-15**

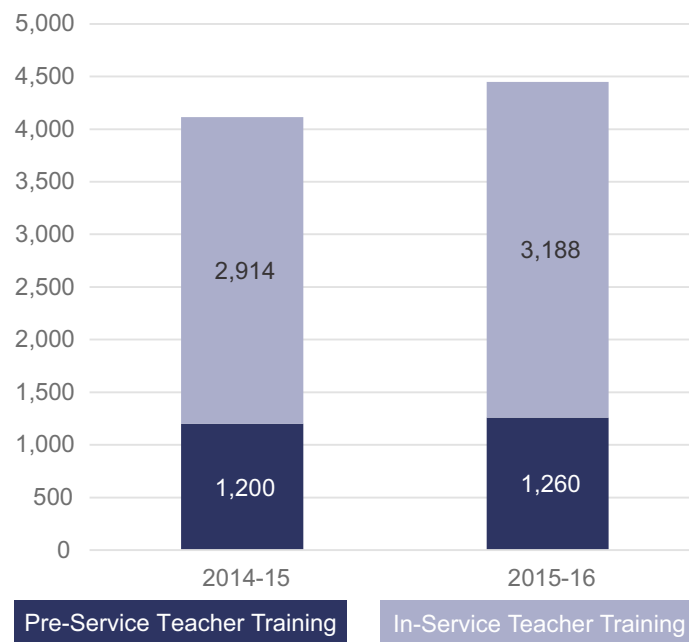
	Budget	Enrolment	Per Student Expenditure
Current Budget	168,719,215,744	10,874,511	15,515
Development Budget	12,769,236,400	10,874,511	1,174
<b>Total Education Budget</b>	<b>181,488,452,144</b>	<b>10,874,511</b>	<b>16,689</b>

Source: FABS Reports from PIFRA SAP System

## 2.4 Teacher Education Budget 2015-16

For provision of quality education in schools, it is necessary to empower teachers by training them so that they come to terms with the recent developments in teaching and learning. The quality of teaching in Pakistan is not very high and it requires significant investment by the government to improve the capacities and capabilities of teachers. For this purpose, the government of Punjab allocated a total budget of Rs. 4.45 billion for teacher education in 2015-16. This highlights an increase of 8 percent compared with the allocated budget in the previous fiscal year.

**Chart 2.1: Teacher Education Budget 2015-16 (in Rs. Million)**



Source: I-SAPS Calculations from Punjab Budget Books

Pre-service and in-service teacher training are both essential and the government has allocated significant amount for both budget lines. This year, 28 percent of the teacher training budget, i.e., Rs. 1.3 billion, will go to pre-service teacher training while 72 percent of the budget (Rs. 3.2 billion) has been earmarked for in-service teacher training in 2015-16.





## CHAPTER | THREE

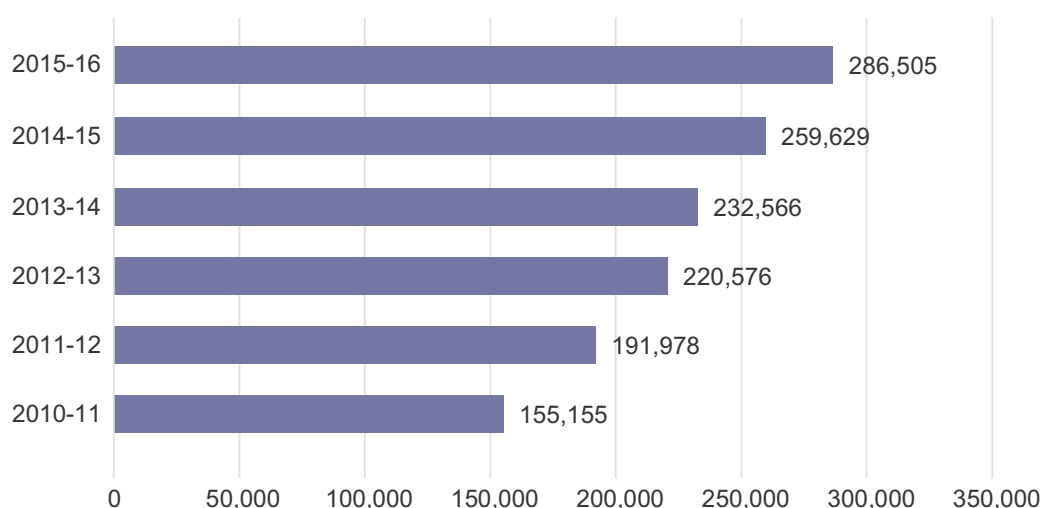
### TREND ANALYSIS OF EDUCATION BUDGET IN PUNJAB



## Trend Analysis of Education Budgets in Punjab

The government of Punjab is cognizant of the challenges faced by the education sector in the province and has taken a number of steps to address them. On this note, the government has increased the education budget by 85 percent over the last 6 years which is a significant increase. In 2010-11, a budget of Rs. 155 billion was allocated for education and has increased to Rs. 287 billion in 2015-16.

**Chart 3.1: Education Budget of Punjab over the years (in Rs. Million)**

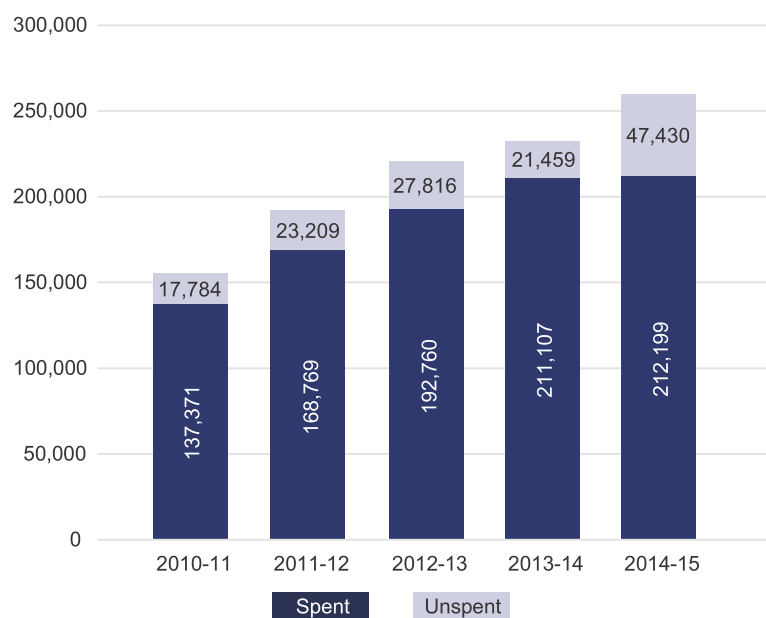


Source: FABS Reports from PIFRA SAP System

While acknowledging the commitment, there are still some issues related to efficiency and effectiveness of the allocated budgets for education in the province. In the sections below, an analysis of the trends of public financing of education in Punjab is carried out for 6 years, i.e., from 2010-11 to 2015-16 to give an overview of the commitment and also the underlying challenges and issues.

### 3.1 Total Education Budget of Punjab

The education budget of Punjab has surged by Rs. 131 billion in the last 6 years which in itself is an achievement. However, there have always been absorption issues with the education budget. In 2010-11, the government of Punjab allocated a budget of Rs. 155 billion out of which Rs. 18 billion (11 percent of the allocated budget) remained unspent. With an increase of 24 percent over the allocation in the previous year, a budget of Rs. 192 billion was apportioned for education in 2011-12. As was the case in the previous year, 12 percent of the allocated budget could be spent during the year.

**Chart 3.2: Difference between Allocations and Expenditure (in Rs. Million)**

Source: FABS Reports from PIFRA SAP System

An increase of 15 percent was recorded in 2012-13 where an allocation of Rs. 221 billion was made for education in the province. At the end of the year, 13 percent of the budget, i.e., Rs. 28 billion, remained unspent. A budget of Rs. 233 billion was apportioned for education in Punjab in 2013-14 with the highest spending of 91 percent in the last 6 years. 2014-15 again saw the old trend of unspent budgets when Rs. 47 billion out of the allocated budget could not be spent during the year. Highlighting an increase of 10 percent over the allocated budget in 2014-15, an allocation of Rs. 287 billion has been made in 2015-16, however, it remains to be seen as to how much of the allocated budget gets expensed during the year.

### 3.2 Development Budget for Education

Despite huge needs of the education sector in Punjab like construction of new schools and classrooms and provision of basic facilities in existing schools, the budget allocated for development purposes is quite low. On top of low allocations, a huge portion of the development does not get expensed.

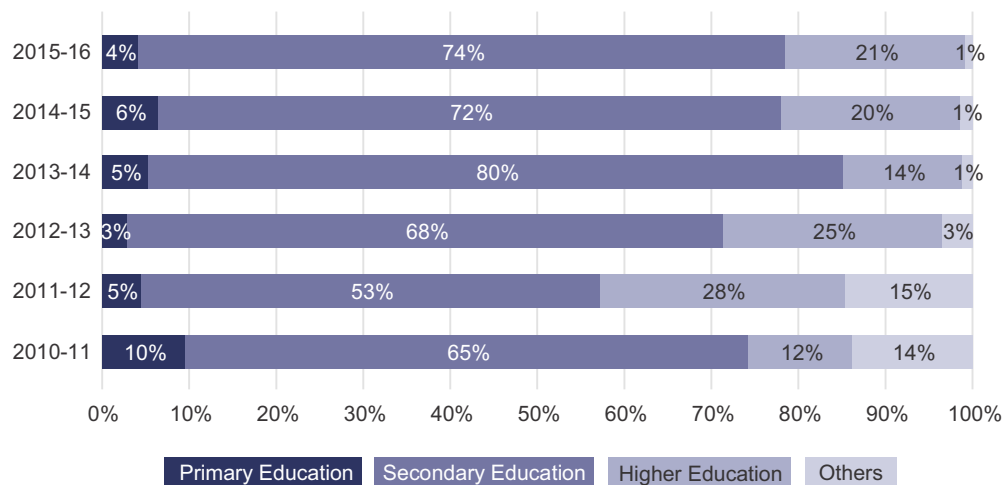
In 2010-11, a budget of Rs. 19 billion was earmarked for development purposes which constituted only 12 percent of the education budget of Punjab. 65 percent of the development budget for the year was apportioned for secondary education. Over the course of the year, it was reported that 42 percent of the allocated budget remained unspent. Analyzing the development budget at functional level shows that majority of this unspent budget owed to the allocated budget for secondary education. Out of the allocated budget of Rs. 12 billion for secondary education, only 46 percent budget could be expensed during the year.

An improved expenditure rate was seen in 2011-12 where 85 percent of the development budget

was spent during the year. In 2011-12, a budget of Rs. 29 billion (15 percent of the total education budget for the year) was allocated for the purpose, highlighting an increase of 52 percent over the previous year's allocated budget. This year's allocation showed a share of 53 percent for secondary education while primary education was allocated only 5 percent of the development budget, i.e., Rs. 1.3 billion. It is also worth noting that 28 percent of the development budget of Punjab was routed towards higher education in 2011-12.

Earmarking an increase of 23 percent over the allocated budget in 2011-12, Rs. 35 billion was apportioned for development budget in 2012-13. This constituted 16 percent of the total education budget of Punjab for this year. The worst allocation to expenditure difference was recorded during 2012-13 where 77 percent of the allocated budget could not be spent during the year. While the allocated budget was 16 percent of the total education budget, the expensed development budget only constituted 4 percent of the education budget for the year. The allocated development budget in 2012-13 saw an even lower share of primary education, i.e., 3 percent of the development budget while 68 percent of the budget was earmarked for secondary education. Out of the Rs. 24 billion development budget apportioned for secondary education, only Rs. 2 billion (8 percent) were expensed during the year.

**Chart 3.3: Development Budget Allocations at Functional Level (in Rs. Million)**



Source: FABS Reports from PIFRA SAP System

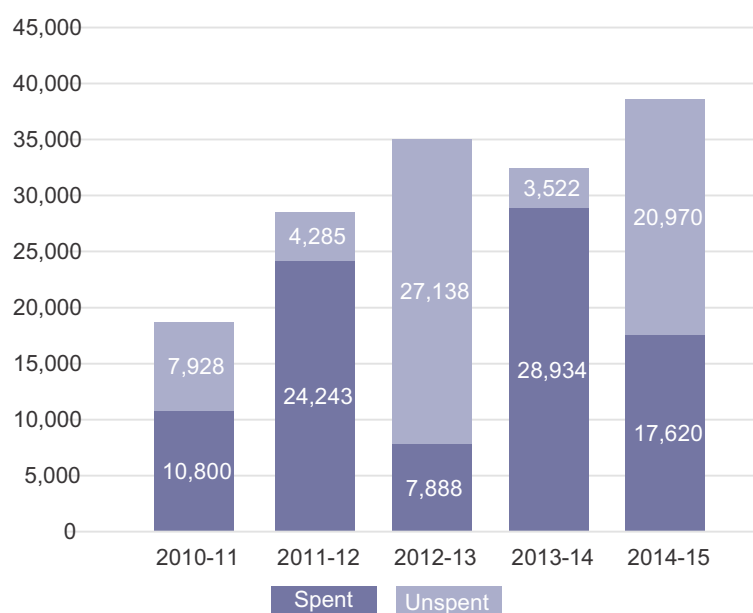
With a decrease of 7 percent over previous year's allocation, a budget of Rs. 32 billion was earmarked for development purposes in 2013-14 which constituted 14 percent of the total education budget for the year. Secondary education was allocated 80 percent of the development budget while primary education was allotted Rs. 1.7 billion (5 percent). An improved expenditure was seen during the year where 89 percent of the allocated development was expensed compared with the 23 percent spent budget during the previous year.

Rs. 39 billion was earmarked for development budget in 2014-15 presenting a share of 15 percent in the total education budget. However, the trend of unspent budget resurfaced during the year where only 46 percent of the development could be spent. 72 percent of the development budget was earmarked for secondary education out of which less than half was expensed. For primary

education, a budget of Rs. 2.5 billion (6 percent of total development budget) was allocated out of which only Rs. 190 million, i.e., 8 percent of the budget, could be spent during the year. The expensed development budget during the year constitutes a mere 8 percent of the education budget.

An increase of Rs. 6 billion has been recorded for this year's allocated budget. In 2015-16, a budget of Rs. 44 billion has been apportioned for development purposes constituting 15 percent of the education budget for the year. 74 percent of the development budget has been apportioned for secondary education while only 4 percent of the development budget has been earmarked for primary education in 2015-16. Considering the previous trends of expenditure, it would be interesting to see the spent budget at the end of this fiscal year.

**Chart 3.4: Difference between Allocated and Expensed Development Budget (in Rs. Million)**



Source: FABS Reports from PIFRA SAP System

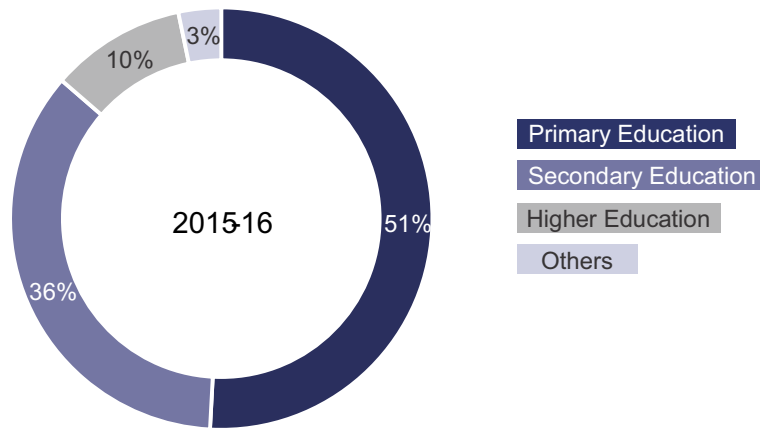
The experts interviewed for this study mentioned that low expenditure on development heads is mainly because of the late releases; generally, in the last two quarters. They also highlighted that some of the money is parked under the development budget for education and then re-appropriated during the course of the financial year.

### 3.3 Budget for Salaries and related Expenditure

Salaries and related expenses consume major portion of the education budget every year. This year's allocated budget represents 86 percent of the recurrent budget and 73 percent of the total education budget of Punjab. An amount of Rs. 210 billion has been earmarked for salary budget in 2015-16 which shows an increase of 5 percent compared with the allocation in 2014-15. It is worth noting that in comparison with the 46 percent spending on development budget during the last year, 87 percent of the salary budget was expensed.

Throughout the last 6 years, primary education has received the highest share of salary budget owing to higher number of employees working at this level. In 2015-16, 51 percent of the salary budget has been earmarked for primary education (down from 53 percent in 2014-15) while secondary and higher education will receive 36 percent (up from 33 percent in 2014-15) and 10 percent (down from 11 percent in 2014-15) of the salary budget respectively.

**Chart 3.5: Salary Budget 2015-16 at Functional Level (in Rs. Million)**

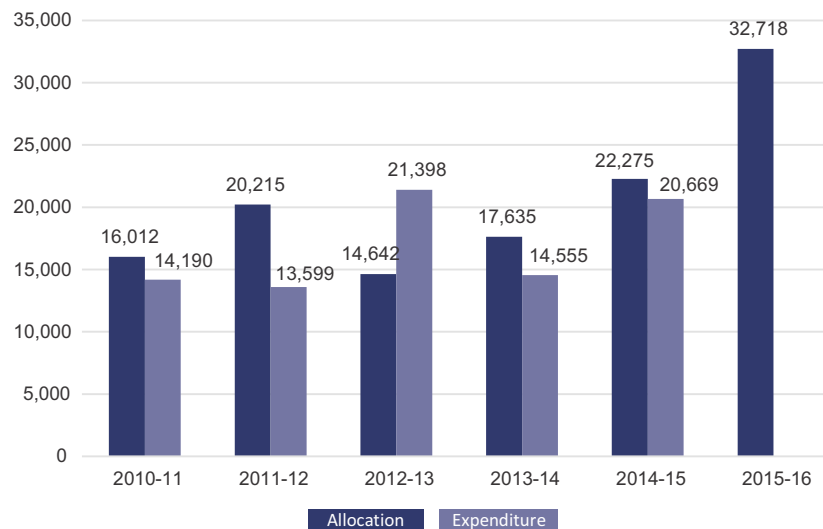


Source: FABS Reports from PIFRA SAP System

### 3.4 Non-Salary Budget for Education

Non-salary budget is important for smooth functioning and maintenance of schools, however, its share has been quite low compared with the budget earmarked for salaries and allowances. Its

**Chart 3.6: Non-Salary Budget Allocations and Expenditure (in Rs. Million)**



Source: FABS Reports from PIFRA SAP System

of Punjab understands the significance of this budget line and has increased its allocation in the last few years. This year, the highest percentage of 14 percent of the recurrent budget was earmarked share has been around 9-14 percent in the last 6 years compared with the 86-91 percent share of salary budget in the total recurrent education budget. It is encouraging to note that the government for non-salary budget increasing its allocation from Rs. 22 billion in the previous year to Rs. 33 billion in 2015-16. The difference between allocated and expensed non-salary budget has also been quite low especially in the last few years.

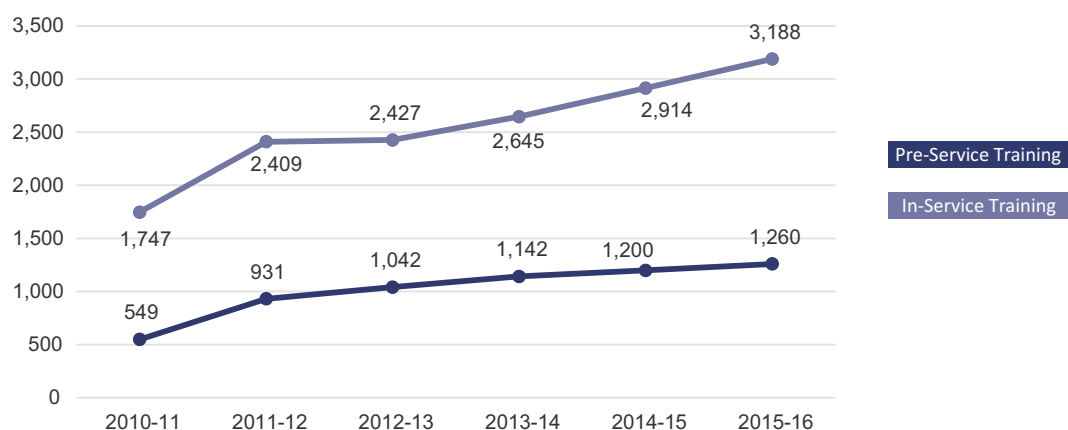
Earlier, an insufficient non-salary budget of Rs. 20,000 to Rs. 50,000 annually was allocated for primary and middle schools in order to cover operational expenditure and minor civil works in the schools. Since 2013-14, the government has initiated a non-salary budget (NSB) programme under Punjab Education Sector Reforms Programme II (PESRP II). The scheme was piloted in 9 districts in 2013-14 while its scope has now been enhanced to cover all the 36 districts of Punjab. This non-salary budget allows the School Councils (SCs) to improve infrastructure in their schools and make other non-salary expenses. Under NSB initiative, many school councils receive around Rs. 0.1-1 million per annum. In 2013-14, a budget of Rs. 3.5 billion was earmarked for the purpose in 9 pilot districts. The budget was doubled in 2014-15 when the NSB scheme covered 18 districts of Punjab. In 2015-16, a budget of Rs. 14 billion has been allocated for NSB scheme in all the 36 districts of the province.

Despite improved allocations for non-salary budget, the education sector experts interviewed for this study were of the view that members of SCs do not have the capacity to spend huge amount of funds. The SC members, during the key informant interviews (KIIs), mentioned the need of capacity building for all the members of the SCs. It was also highlighted that the non-salary budget reaches the schools very late. The interviews took place at the end of the second quarter and none of the interviewed SCs had received non-salary budget for the current year.

### 3.5 Teacher Education Budget

Teachers have a central role in providing quality education. The government of Punjab has an elaborate infrastructure for pre-service and in-service teacher training which works under the

**Chart 3.7: Teacher Education Budget (in Rs. Million)**



Source: I-SAPS Calculations from Punjab Budget Books



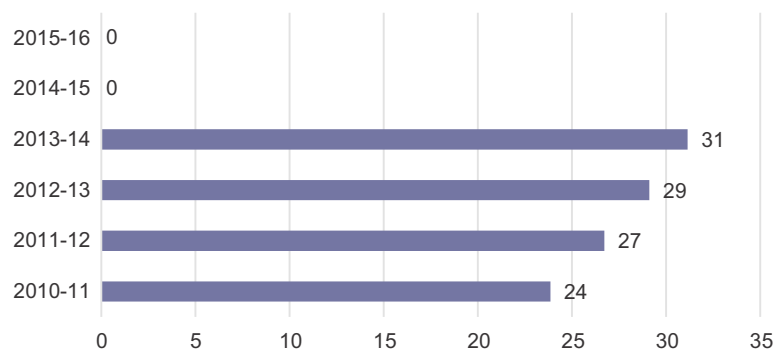
Directorate of Staff Development (DSD). A total budget of Rs. 4.4 billion has been allocated for training of teachers in public sector of Punjab. This shows an increase of Rs. 334 million (8 percent) over the allocated budget for the purpose in 2014-15. Over the last 6 years, teacher education budget of Punjab has surged by 94 percent which is a significant increase. In-service teacher training receives higher share of total teacher training budget. During the last 6 years, the share of pre-service teacher training has never been more than 30 percent of the total budget.

Although teacher training budget has increased significantly over the last few years, there has not been corresponding improvement in the quality of education in the province. This was pointed out by an education expert during the interview. It was also mentioned that the existing methodology of teacher training needs to be improved. A review of the teacher training programmes in Punjab should be undertaken and their impact on teachers and their teaching need to be evaluated. Another key informant mentioned that the budget allocated for teacher training is quite meager compared with the huge teaching force in the province. According to the expert, more allocations for the purpose need to be ensured along with a review of existing programmes in order to make them effective.

### 3.6 Budget for Punjab Education Assessment System (PEAS)

In order to monitor and see if students are learning or not, the role of assessments important. It is also helpful in understand the challenges and may be re-design teacher trainings programmes thereby improving quality of learning. PEAS was mandated to undertake research on students' learning achievements in Punjab, however, there has been zero allocation for PEAS in the last 2 years. A budget of Rs. 24 million was earmarked in 2010-11 and was consistently increased until 2014-15 where no allocation was made for PEAS. In 2015-16 as well, no budget has been apportioned for PEAS.

**Chart 3.8: Budget for PEAS (in Rs. Million)**



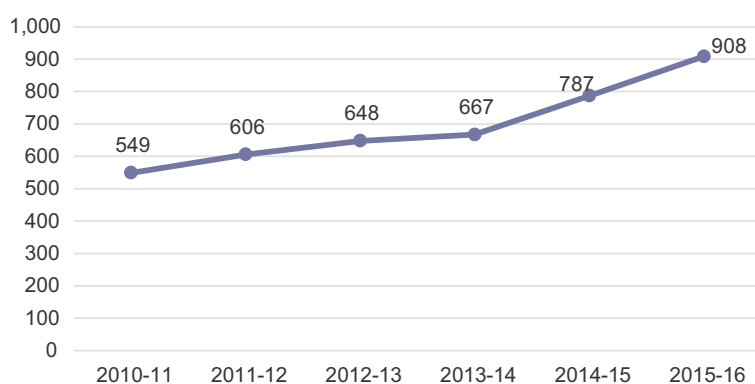
Source: I-SAPS Calculations from Punjab Budget Books

The experts interviewed for this study were of the view that adequate budget should be allocated for PEAS as it provides a comparative analysis of the learning trends of students. Since PEAS assessments are survey-based, no huge budgetary allocations are required for the purpose.

### 3.7 Budget for Punjab Examination Commission (PEC)

PEC is an autonomous body set up by the Government of Punjab to assess and examine students' learning achievements particularly of grade 5 and 8. In 2015-16, a budget of Rs. 908 million has been allocated for PEC which presents an increase of 15 percent compared with the allocated budget in 2014-15. Over the last 6 years, the budget for PEC has surged by 65 percent from Rs. 549 billion in 2010-11 to this year's Rs. 908 billion.

**Chart 3.9: Budget for PEC (in Rs. Million)**



Source: I-SAPS Calculations from Punjab Budget Books

## CHAPTER | FOUR

### EDUCATION BUDGET AT DISTRICT LEVEL

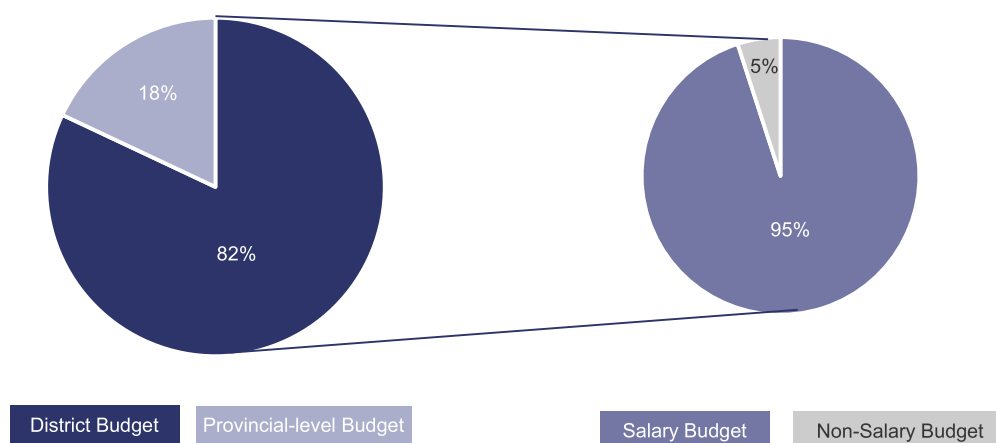


## Education Budget at District Level

District education budgets are transferred to the districts as a single line transfer and mainly comprises of recurrent expenses. Planning and financing of development schemes is overlooked by the provincial government and therefore the share of development budget in district education budgets is negligible.

During the last fiscal year 2014-15, a district-level recurrent expenditure of Rs. 160 billion was made. This comprised 82 percent of the total provincial budget of Punjab. In 2013-14, the expensed education budget on districts was 72 percent of the total education budget of Punjab. District education budget is mostly utilized in salaries and there is only a meagre amount set aside for non-salary purposes. In 2014-15, 95 percent of the districts' recurrent budget was spent on salaries and related expenditure with only 5 percent expensed on non-salary head. It is important to note here that the district budget only comprises salary and non-salary expenditure on primary and secondary education.

**Chart 4.1: Share of Districts in Punjab Education Budget 2015-16**



Source: FABS Reports from PIFRA SAP System

### 4.1 Disproportionate Share of Districts

Some districts are at an advantage in relation to the budgets these receive. Districts like Faisalabad, Lahore, Rawalpindi, Sargodha, Rahim Yar Khan, Sialkot and Gujranwala each expensed more than Rs. 6 billion in 2014-15. These seven districts combined absorb 33 percent of the district current budget of Punjab. On the other hand, districts like Hafizabad and Chiniot had education expenditure below Rs. 2 billion. Rest of the 27 districts expensed between Rs. 2 to 6 billion in 2014-15. This disproportionate share of districts in education budgets calls for better planning while appropriating resources to the districts.

## 4.2 Per Student Spending in Punjab 2014-15

The above section highlights disproportionate share of districts in education budget, however, it was pointed out by the experts interviewed for this study that this may be because the districts receiving higher share of budget may have higher enrolment. In order to tackle the situation and to have a better idea of the disproportionate expenditure, a better measure would be to incorporate enrolment along with the expenditures. For this purpose, annual per student expenditure is also undertaken for this study, which is the ratio of current budget expenditure during the year and the enrolment of the district in that year<sup>4</sup>.

Considering this yardstick, districts like Chakwal, Rawalpindi and Bahawalpur expended more than Rs. 18,000 per student during 2014-15 while Chiniot and Nankana Sahib spent less than Rs. 12,000 per student during the year. This clearly indicates equity concerns and disparity in education budget expenditure among the districts. It was pointed out by the experts that a need-based resource allocation formula should be used when allocating budgets to the districts.

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<sup>4</sup> The source for current budget data is FABS reports from PIFRA SAP System whereas the enrolment data was taken from Punjab School Census 2014.

## CHAPTER | FIVE

### CONCLUSION AND RECOMMENDATIONS





## Conclusion and Recommendations

The education sector of Punjab has undergone numerous reforms over the last decade or so with significant improvements at access level. More children are in schools now having improved facilities available to them. However, still the province has a huge number of out of school children, the state of basic amenities is not satisfactory in schools and even the children who are enrolled in schools do not get 'quality' education. Overall the debate on how financing strategies can address quality and equity issues has been missing in the province (and Pakistan in general) due to lack of evidence and weak engagement of civil society with the government authorities. Recently there has been added interest from public representatives and civil society with regard to education financing in Punjab and its effectiveness in improving access and quality of education in the province. This study is an effort to present evidence on educational financing priorities of the provincial government and the underlying challenges faced in this regard with an aim to create a sustainable link between policies, data and budgets.

The education budget of Punjab has increased significantly in the last 6 years from Rs. 155 billion in 2010-11 to Rs. 287 billion in 2015-16. This highlights an increase of 85 percent which is commendable. However, there have been challenges regarding absorption of the budget. During 2014-15, 18 percent of the allocated budget of Rs. 260 billion remained unspent. While 88 percent of the recurrent budget was expensed during the year, the utilization of development budget shows a grim picture where 54 percent of it remained unspent in 2014-15.

Comparing with the needs of the education sector, the budget allocated for development purposes is quite low. In 2015-16, only 15 percent of the education budget has been earmarked for development. The expensed development budget has always been lesser than the allocated budget over the last 6 years. Highest difference between allocation and expensed development budget was reported for 2012-13 when only 23 percent of the budget could be spent during the year.

A significant budget of Rs. 4.45 billion has been allocated for teacher education in 2015-16. This constitutes 28 percent pre-service teacher training budget and 72 percent in-service teacher training budget. Despite increasing budgets for training teachers in Punjab, there is a need to ensure effectiveness of this money as major portion of it is expensed in recurrent expenses and there is not much actually spent on training programmes<sup>5</sup>.

The government of Punjab has initiated a non-salary budget programme under PESRP II to allow school councils improve infrastructure in their schools and make other operational expenses. In 2015-16, a budget of Rs. 14 billion has been allocated for NSB scheme in all the 36 districts of the province. Considering the increased resource envelop for SCs, there is a need to ensure that the members of SCs are trained and aware of their responsibilities. However, the evidence in this regard suggests otherwise with a number of SC members not only untrained but also not aware of their responsibilities in some cases<sup>6</sup>.

<sup>5</sup><http://tribune.com.pk/story/967220/investing-in-teacher-quality/>

<sup>6</sup>I-SAPS (2014). *Education Sector Procurements in Punjab: A Horizontal Accountability Perspective*. Islamabad: I-SAPS.

There has been zero allocation for Punjab Education Assessment System (PEAS) in the last two years. A budget of Rs. 24 million was earmarked in 2010-11 and was consistently increased until 2014-15 where no allocation was made for PEAS. In 2015-16 as well, no budget has been apportioned for PEAS.

Disproportionate share of districts in education budgets calls for better planning while appropriating resources to the districts. Districts like Faisalabad, Lahore, Rawalpindi, Sargodha, Rahim Yar Khan, Sialkot and Gujranwala each expensed more than Rs. 6 billion in 2014-15. On the other hand, districts like Hafizabad and Chiniot expensed below Rs. 2 billion in the last fiscal year.

Per student expenditure in Punjab varies according to districts between Rs. 11,000 and Rs. 19,000. Chakwal, Rawalpindi and Bahawalpur expensed more than Rs. 18,000 per student during 2014-15 while Chiniot and Nankana Sahib spent less than Rs. 12,000 per student during the year. This clearly indicates disparity in education budget expenditure among the districts and points towards the presence of a more need-based resource allocation formula when allocating budgets to the districts.

Local governments should be empowered to monitor and plan utilization of education budgets, especially the non-salary and development budgets. This was pointed out during the key informant interviews that local bodies should be empowered and capacitated to develop their own education plans and based on the actual needs, funds should be provided to them.

## 5.1 Recommendations

Following are some of the recommendations to improve effectiveness of education budgets in Punjab:

1. Despite the need, some districts are hugely disadvantaged in terms of budgets allocated to them. It is essential that need-based budgeting be undertaken in the province where allocations should be based on actual needs of the districts.
2. The infrastructural needs of the education sector in Punjab are huge and therefore it is important to allocate at least 25 percent of the education budget for development purposes. Increased allocation for development budget are necessary to cater for the needs of the sector in terms of additional schools and classrooms and provision of basic amenities in the schools.
3. Utilization of development budget has been an area of concern in Punjab. Not only should the government identify additional sources of financing but also plan the budgets according to the availability of resources.
4. Non-salary budget is essential for meeting day to day expenses of the schools. Currently the allocated funds for this budget line are scant compared with the allocated budget for salary budget. Sufficient non-salary budget in the range of 20-25 of the recurrent budget should be allocated in order to fulfill the needs of the schools.

5. Members of school councils should be trained to ensure effective utilization of non-salary budgets allocated for improvement in their schools. It goes without saying that building the capacity of SC members is important as they are entrusted with utilization of huge amount of funds provisioned under the NSB scheme.
6. Capacity of local bodies should be built so that they can plan their budgets according to the actual needs in their localities. They should also be empowered to monitor the education spending on non-salary and development heads.
7. The standing committee on education and public accounts committees should be allowed to take up the business on their own. This essentially would allow them to engage in scrutiny of particular issues of efficiency and best value for money highlighted in media or research reports. Currently, these committees only examine bills or any other business referred to them by the provincial assembly. Also, the proceedings of hearings on important cases should be publicized so that the general public can also have an idea of the good work being done by the standing committees.





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